

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2019

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	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	MTN	New York Stock Exchange

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. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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

As of December 5, 2019, 40,257,530 shares of the registrant's common stock were outstanding.

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

	October 31, 2019	July 31, 2019	October 31, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 136,326	\$ 108,850	\$ 141,031
Restricted cash	14,027	9,539	12,005
Trade receivables, net	87,301	270,896	74,240
Inventories, net	127,859	96,539	114,984
Other current assets	62,821	42,116	50,752
Total current assets	428,334	527,940	393,012
Property, plant and equipment, net (Note 8)	2,280,089	1,842,500	1,825,982
Real estate held for sale and investment	96,938	101,021	101,743
Goodwill, net (Note 8)	1,757,463	1,608,206	1,543,941
Intangible assets, net	324,178	306,173	307,268
Operating right-of-use assets (Note 4)	229,709	—	—
Other assets	41,036	40,237	43,976
Total assets	\$ 5,157,747	\$ 4,426,077	\$ 4,215,922
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (Note 8)	\$ 856,934	\$ 607,857	\$ 703,633
Income taxes payable	50,759	62,760	38,303
Long-term debt due within one year (Note 6)	63,807	48,516	48,482
Total current liabilities	971,500	719,133	790,418
Long-term debt, net (Note 6)	2,005,057	1,527,744	1,486,968
Operating lease liabilities (Note 4)	231,182	—	—
Other long-term liabilities (Note 8)	238,964	283,601	273,566
Deferred income taxes, net	188,608	168,759	115,169
Total liabilities	3,635,311	2,699,237	2,666,121
Commitments and contingencies (Note 10)			
Stockholders' equity:			
Preferred stock, \$0.01 par value, 25,000 shares authorized, no shares issued and outstanding	—	—	—
Common stock, \$0.01 par value, 100,000 shares authorized, 46,257, 46,190 and 46,097 shares issued, respectively	462	461	461
Exchangeable shares, \$0.01 par value, 55, 56 and 57 shares issued and outstanding, respectively (Note 5)	1	1	1
Additional paid-in capital	1,126,492	1,130,083	1,130,855
Accumulated other comprehensive loss	(27,269)	(31,730)	(20,596)
Retained earnings	582,235	759,801	551,863
Treasury stock, at cost, 6,000, 5,905, and 5,750 shares, respectively (Note 12)	(379,433)	(357,989)	(322,989)
Total Vail Resorts, Inc. stockholders' equity	1,302,488	1,500,627	1,339,595
Noncontrolling interests	219,948	226,213	210,206
Total stockholders' equity	1,522,436	1,726,840	1,549,801
Total liabilities and stockholders' equity	\$ 5,157,747	\$ 4,426,077	\$ 4,215,922

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

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

	Three Months Ended October 31,	
	2019	2018
Net revenue:		
Mountain and Lodging services and other	\$ 180,031	\$ 144,022
Mountain and Lodging retail and dining	83,559	75,884
Resort net revenue	263,590	219,906
Real Estate	4,180	98
Total net revenue	267,770	220,004
Operating expense (exclusive of depreciation and amortization shown separately below):		
Mountain and Lodging operating expense	228,710	194,112
Mountain and Lodging retail and dining cost of products sold	37,735	34,876
General and administrative	75,055	64,379
Resort operating expense	341,500	293,367
Real Estate operating expense	5,293	1,370
Total segment operating expense	346,793	294,737
Other operating (expense) income:		
Depreciation and amortization	(57,845)	(51,043)
Gain on sale of real property	207	—
Change in estimated fair value of contingent consideration (Note 9)	(1,136)	(1,200)
Gain (loss) on disposal of fixed assets and other, net	2,267	(619)
Loss from operations	(135,530)	(127,595)
Mountain equity investment income, net	1,191	950
Investment income and other, net	277	463
Foreign currency gain (loss) on intercompany loans (Note 6)	360	(2,311)
Interest expense, net	(22,690)	(18,638)
Loss before benefit from income taxes	(156,392)	(147,131)
Benefit from income taxes	46,563	36,405
Net loss	(109,829)	(110,726)
Net loss attributable to noncontrolling interests	3,354	2,931
Net loss attributable to Vail Resorts, Inc.	\$ (106,475)	\$ (107,795)
Per share amounts (Note 5):		
Basic net loss per share attributable to Vail Resorts, Inc.	\$ (2.64)	\$ (2.66)
Diluted net loss per share attributable to Vail Resorts, Inc.	\$ (2.64)	\$ (2.66)
Cash dividends declared per share	\$ 1.76	\$ 1.47

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

Vail Resorts, Inc.
Consolidated Condensed Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three Months Ended	
	October 31,	
	2019	2018
Net loss	\$ (109,829)	\$ (110,726)
Foreign currency translation adjustments and other, net of tax	5,323	(22,636)
Comprehensive loss	(104,506)	(133,362)
Comprehensive loss attributable to noncontrolling interests	2,492	7,198
Comprehensive loss attributable to Vail Resorts, Inc.	\$ (102,014)	\$ (126,164)

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

Vail Resorts, Inc.
Consolidated Condensed Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total Vail Resorts, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Vail Resorts	Exchangeable							
Balance, July 31, 2018	\$ 460	\$ 1	\$ 1,137,467	\$ (2,227)	\$ 726,722	\$(272,989)	\$ 1,589,434	\$ 222,229	\$ 1,811,663
Comprehensive loss:									
Net loss	—	—	—	—	(107,795)	—	(107,795)	(2,931)	(110,726)
Foreign currency translation adjustments, net of tax	—	—	—	(18,369)	—	—	(18,369)	(4,267)	(22,636)
Total comprehensive loss							(126,164)	(7,198)	(133,362)
Stock-based compensation expense	—	—	4,753	—	—	—	4,753	—	4,753
Cumulative effect for adoption of revenue standard	—	—	—	—	(7,517)	—	(7,517)	—	(7,517)
Issuance of shares under share award plans, net of shares withheld for employee taxes	1	—	(11,365)	—	—	—	(11,364)	—	(11,364)
Repurchase of common stock (Note 12)	—	—	—	—	—	(50,000)	(50,000)	—	(50,000)
Dividends (Note 5)	—	—	—	—	(59,547)	—	(59,547)	—	(59,547)
Distributions to noncontrolling interests, net	—	—	—	—	—	—	—	(4,825)	(4,825)
Balance, October 31, 2018	\$ 461	\$ 1	\$ 1,130,855	\$ (20,596)	\$ 551,863	\$(322,989)	\$ 1,339,595	\$ 210,206	\$ 1,549,801
Balance, July 31, 2019	\$ 461	\$ 1	\$ 1,130,083	\$ (31,730)	\$ 759,801	\$(357,989)	\$ 1,500,627	\$ 226,213	\$ 1,726,840
Comprehensive loss:									
Net loss	—	—	—	—	(106,475)	—	(106,475)	(3,354)	(109,829)
Foreign currency translation adjustments and other, net of tax	—	—	—	4,461	—	—	4,461	862	5,323
Total comprehensive loss							(102,014)	(2,492)	(104,506)
Stock-based compensation expense	—	—	5,251	—	—	—	5,251	—	5,251
Issuance of shares under share award plans, net of shares withheld for employee taxes	1	—	(8,842)	—	—	—	(8,841)	—	(8,841)
Repurchase of common stock (Note 12)	—	—	—	—	—	(21,444)	(21,444)	—	(21,444)
Dividends (Note 5)	—	—	—	—	(71,091)	—	(71,091)	—	(71,091)
Distributions to noncontrolling interests, net	—	—	—	—	—	—	—	(3,773)	(3,773)
Balance, October 31, 2019	\$ 462	\$ 1	\$ 1,126,492	\$ (27,269)	\$ 582,235	\$(379,433)	\$ 1,302,488	\$ 219,948	\$ 1,522,436

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

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

	Three Months Ended October 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (109,829)	\$ (110,726)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	57,845	51,043
Stock-based compensation expense	5,251	4,753
Deferred income taxes, net	(43,979)	(31,823)
Other non-cash (income) expense, net	(797)	1,280
Changes in assets and liabilities:		
Trade receivables, net	184,821	157,759
Inventories, net	(27,967)	(26,011)
Accounts payable and accrued liabilities	(26,505)	(14,599)
Deferred revenue	194,597	167,727
Income taxes payable - excess tax benefit from share award exercises	(2,535)	(4,582)
Income taxes payable - other	(9,405)	(7,421)
Other assets and liabilities, net	(12,158)	(10,319)
Net cash provided by operating activities	209,339	177,081
Cash flows from investing activities:		
Capital expenditures	(52,621)	(47,881)
Acquisition of businesses, net of cash acquired	(327,581)	(292,878)
Other investing activities, net	3,448	96
Net cash used in investing activities	(376,754)	(340,663)
Cash flows from financing activities:		
Proceeds from borrowings under Vail Holdings Credit Agreement	492,625	335,625
Proceeds from borrowings under Whistler Credit Agreement	—	7,667
Repayments of borrowings under Vail Holdings Credit Agreement	(175,000)	(80,000)
Repayments of borrowings under Whistler Credit Agreement	(7,529)	—
Employee taxes paid for share award exercises	(8,842)	(11,364)
Dividends paid	(71,091)	(59,547)
Repurchases of common stock	(21,444)	(50,000)
Other financing activities, net	(10,279)	(6,486)
Net cash provided by financing activities	198,440	135,895
Effect of exchange rate changes on cash, cash equivalents and restricted cash	939	(4,317)
Net increase (decrease) in cash, cash equivalents and restricted cash	31,964	(32,004)
Cash, cash equivalents and restricted cash:		
Beginning of period	118,389	185,040
End of period	\$ 150,353	\$ 153,036
Non-cash investing activities:		
Accrued capital expenditures	\$ 32,038	\$ 33,051

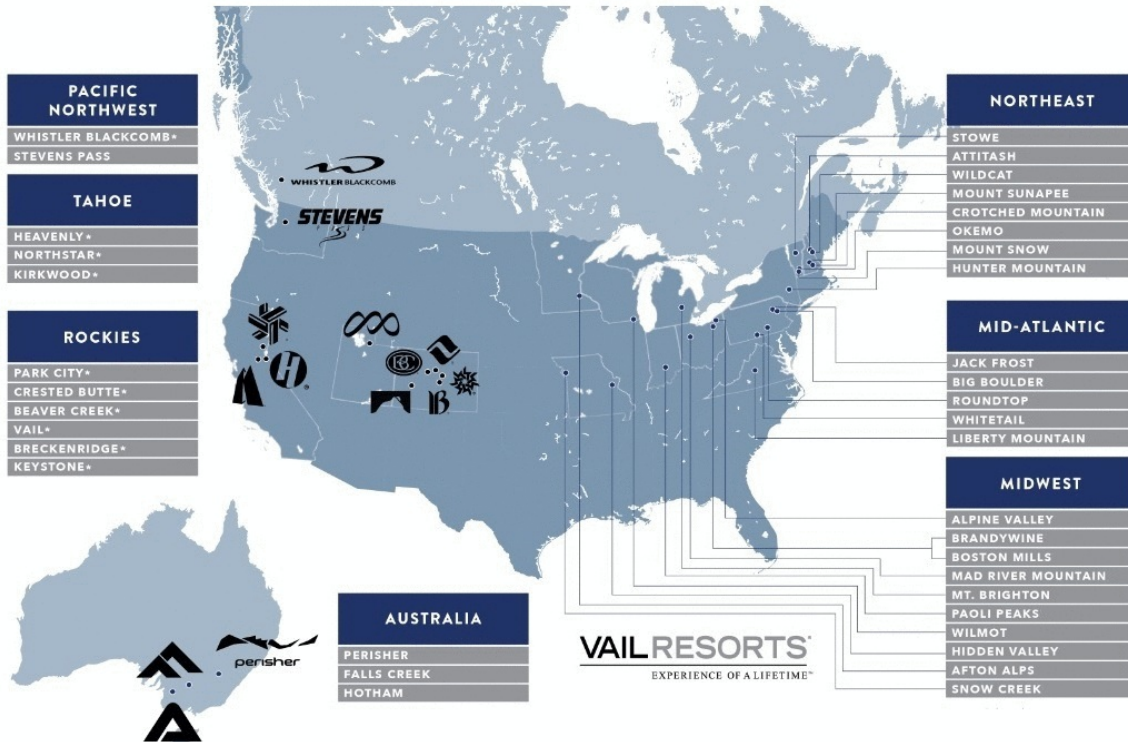
The accompanying Notes are an integral part of these unaudited consolidated condensed financial statements.

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

1. Organization and Business

Vail Resorts, Inc. (“Vail Resorts”) is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the “Company”) operate in three business segments: Mountain, Lodging and Real Estate.

The Company refers to “Resort” as the combination of the Mountain and Lodging segments. In the Mountain segment, the Company operates the following thirty-seven destination mountain resorts and regional ski areas:



**Denotes a destination mountain resort which generally receives a meaningful portion of skier visits from long-distance travelers, as opposed to the Company’s regional ski areas which tend to generate skier visits from their respective local markets.*

Additionally, the Mountain segment includes ancillary services, primarily including ski school, dining and retail/rental operations, and for the Company’s Australian resorts, including lodging and transportation operations. Several of the resorts located in the United States (“U.S.”) operate primarily on federal land under the terms of Special Use Permits granted by the U.S. Department of Agriculture Forest Service. The operations of Whistler Blackcomb are conducted on land owned by the government of the Province of British Columbia, Canada within the traditional territory of the Squamish and Lil’wat Nations. The operations of the Company’s Australian resorts are conducted pursuant to long-term leases and licenses on land owned by the governments of New South Wales and Victoria, Australia. Okemo, Mount Sunapee and Stowe operate on land leased from the respective states in which the resorts are located and on land owned by the Company.

In the Lodging segment, the Company owns and/or manages a collection of luxury hotels and condominiums under its RockResorts brand; other strategic lodging properties and a large number of condominiums located in proximity to the Company’s North American mountain resorts; National Park Service (“NPS”) concessionaire properties including the Grand Teton Lodge Company (“GTLC”), which operates destination resorts in Grand Teton National Park; a Colorado resort ground transportation company and mountain resort golf courses.

Vail Resorts Development Company (“VRDC”), a wholly-owned subsidiary, conducts the operations of the Company’s Real Estate segment, which owns, develops and sells 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 mountain resorts are seasonal in nature with peak operating seasons primarily from mid-November through mid-April in North America. The operating season at the Company's Australian resorts, NPS concessionaire properties and golf courses generally occurs from June to early October.

2. Summary of Significant Accounting Policies

Basis of Presentation

Consolidated Condensed Financial Statements— In the opinion of the Company, the accompanying Consolidated Condensed Financial Statements reflect all adjustments necessary to state 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 fiscal year, particularly given the significant seasonality to the Company's operating cycle. The accompanying Consolidated Condensed Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2019. Certain information and footnote disclosures, including significant accounting policies, normally included in fiscal year financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") have been condensed or omitted. The Consolidated Condensed Balance Sheet as of July 31, 2019 was derived from audited financial statements.

Use of Estimates— The preparation of financial statements in conformity with 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 periods. Actual results could differ from those estimates.

Fair Value of Financial Instruments— The recorded amounts for cash and cash equivalents, receivables, other current assets and accounts payable and accrued liabilities approximate fair value due to their short-term nature. The fair value of amounts outstanding under the Company's credit agreements and the Employee Housing Bonds (as defined in Note 6, Long-Term Debt) approximate book value due to the variable nature of the interest rate, which is a market rate, associated with the debt. The recorded amounts outstanding under the Company's EPR Secured Notes and EB-5 Development Notes (each as defined in Note 6, Long-Term Debt), which were assumed by the Company during the three months ended October 31, 2019, approximate fair value as the debt obligations were recorded at fair value in conjunction with the preliminary purchase accounting for the Peak Resorts acquisition (see Note 7, Acquisitions).

Leases— The Company determines if an arrangement is or contains a lease at inception or modification of the arrangement. An arrangement is or contains a lease if there is one or more assets identified and the right to control the use of any identified asset is conveyed to the Company for a period of time in exchange for consideration. Control over the use of an identified asset means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. Generally, the Company classifies a lease as a finance lease if the terms of the agreement effectively transfer control of the underlying asset; otherwise, it is classified as an operating lease. For contracts that contain lease and non-lease components, the Company accounts for these components separately. For leases with terms greater than twelve months, the associated lease right-of-use ("ROU") assets and lease liabilities are recognized at the estimated present value of the future minimum lease payments over the lease term at commencement date. The Company's leases do not provide a readily determinable implicit rate; therefore, the Company uses an estimated incremental borrowing rate to discount the future minimum lease payments. For leases containing fixed rental escalation clauses, the escalators are factored into the determination of future minimum lease payments. The Company includes options to extend a lease when it is reasonably certain that such options will be exercised. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. See Note 4, Leases for more information.

Recently Issued Accounting Standards

Adopted Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)," which supersedes "Leases (Topic 840)." The standard requires lessees to recognize the assets and liabilities arising from all leases on the balance sheet, including those classified as operating leases under previous accounting guidance, and to disclose key information about leasing arrangements. The standard also allows for an accounting policy election not to recognize on the balance sheet lease assets and liabilities for leases with a term of 12 months or less. Under the new guidance, lessees are required to recognize a lease liability and an ROU asset on their balance sheets, while lessor accounting is largely unchanged. In July 2018, the FASB released ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements" which, among other items, provided an additional and optional transition method. Under this method, an entity initially applies the standard at

the adoption date, including the election of certain transition reliefs, and recognizes a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption.

The Company adopted ASU No. 2016-02 on August 1, 2019 using the modified retrospective transition method as provided by the standard. In accordance with this transition method, results for reporting periods beginning on August 1, 2019 are presented under the new standard, while prior periods were not adjusted and continue to be reported in accordance with the previously applicable accounting guidance. The Company has elected the package of practical expedients permitted under the transition guidance which allowed the Company to not reassess: (i) whether any existing or expired contracts are or contain leases; (ii) lease classification of any expired or existing leases; or (iii) initial direct costs for any existing leases. The Company has made an accounting policy election to not record leases on the balance sheet with an initial term of 12 months or less. The Company will recognize those lease payments in the Consolidated Condensed Statements of Operations on a straight-line basis over the lease term. Additionally, the Company has elected the practical expedient to not evaluate existing or expired land easements that were not previously accounted for as leases. At adoption, the Company was not able to determine the interest rate implicit in its leases; therefore, for existing operating leases, the lease liability was measured using the Company's estimated incremental borrowing rate. For existing leases, the incremental borrowing rate used was based on the remaining lease term at the adoption date. For leases with minimum lease payments adjusted periodically for inflation, the lease liability was measured using the minimum lease payments adjusted by the inflation index at the adoption date.

On August 1, 2019, as a result of adopting the standard, the Company recorded \$225.6 million of operating ROU assets and \$258.0 million of related total operating lease liabilities in the Consolidated Condensed Balance Sheet (of which \$223.1 million was recorded to operating lease liabilities and \$34.9 million was recorded to accounts payable and accrued liabilities). As a result of the adoption, the Company reclassified \$32.4 million of unfavorable lease obligations, deferred rent credits and other similar amounts to the operating ROU assets balance, primarily from other long-term liabilities, which reduced the amount recognized as operating ROU assets to \$225.6 million. The adoption of the new lease standard did not result in a cumulative effect adjustment to beginning retained earnings, and did not materially affect the Company's Consolidated Condensed Statement of Operations or Consolidated Condensed Statement of Cash Flows for the three months ended October 31, 2019. The Company's Canyons finance lease was not affected by the implementation of this standard as the arrangement is classified and recorded as a finance lease arrangement under both the previous and new accounting guidance.

3. Revenues

Disaggregation of Revenues

The following table presents net revenues disaggregated by segment and major revenue type for the three months ended October 31, 2019 and 2018 (in thousands):

	Three Months Ended October 31,	
	2019	2018
Mountain net revenue:		
Lift	\$ 41,829	\$ 24,685
Ski School	8,534	4,272
Dining	21,629	18,292
Retail/Rental	47,915	43,342
Other	60,925	54,415
Total Mountain net revenue	\$ 180,832	\$ 145,006
Lodging net revenue:		
Owned hotel rooms	\$ 19,946	\$ 19,599
Managed condominium rooms	14,740	11,118
Dining	18,143	16,129
Transportation	2,351	2,474
Golf	10,221	9,150
Other	14,166	12,777
	79,567	71,247
Payroll cost reimbursements	3,191	3,653
Total Lodging net revenue	\$ 82,758	\$ 74,900
Total Resort net revenue	\$ 263,590	\$ 219,906
Total Real Estate net revenue	4,180	98
Total net revenue	\$ 267,770	\$ 220,004

Contract Balances

Deferred revenue balances of a short-term nature were \$549.1 million and \$335.7 million as of October 31, 2019 and July 31, 2019, respectively. Deferred revenue balances of a long-term nature, comprised primarily of long-term private club initiation fee revenue, were \$125.3 million and \$124.3 million as of October 31, 2019 and July 31, 2019, respectively. For the three months ended October 31, 2019, the Company recognized approximately \$34.6 million of revenue that was included in the deferred revenue balance as of July 31, 2019. As of October 31, 2019, the weighted average remaining period over which revenue for unsatisfied performance obligations on long-term private club contracts will be recognized was approximately 16 years. Trade receivable balances were \$87.3 million and \$270.9 million as of October 31, 2019 and July 31, 2019, respectively.

Costs to Obtain Contracts with Customers

As of October 31, 2019, \$11.1 million of costs to obtain contracts with customers were recorded within other current assets on the Company's Consolidated Condensed Balance Sheet. The amounts capitalized will be subject to amortization generally beginning in the second quarter of fiscal 2020, commensurate with the revenue recognized for skier visits, and will be recorded within Mountain and Lodging operating expenses on the Company's Consolidated Condensed Statement of Operations.

4. Leases

The Company's operating leases consist primarily of commercial and retail space, office space, employee residential units, vehicles and other equipment. The Company determines if an arrangement is or contains a lease at contract inception or modification. The Company's lease contracts generally range from 1 year to 60 years, with some lease contracts containing one or more lease extension options, exercisable at the Company's discretion. The Company generally does not include these lease extension options in the initial lease term as it is not reasonably certain that it will exercise such options at contract inception. In addition, certain lease arrangements contain fixed and variable lease payments. The variable lease payments are primarily contingent rental payments

based on: (i) a percentage of revenue related to the leased property; (ii) payments based on a percentage of sales over contractual levels; or (iii) lease payments adjusted for changes in an index or market value. These variable lease payments are typically recognized when the underlying event occurs and are included in operating expenses in the Company's Consolidated Condensed Statements of Operations in the same line item as the expense arising from fixed lease payments. The Company's lease agreements may also include non-lease components, such as common area maintenance and insurance, which are accounted for separately as non-lease components. Future lease payments that are contingent and non-lease components are not included in the measurement of the operating lease liability. The Company's lease agreements do not contain any material residual value guarantees or restrictive covenants. Lease expense related to lease payments is recognized on a straight-line basis over the term of the lease.

The Company's leases do not provide a readily determinable implicit rate. As a result, the Company measures the lease liability using an estimated incremental borrowing rate which is intended to reflect the rate of interest the Company would pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The Company applies the estimated incremental borrowing rates at a portfolio level based on the economic environment associated with the lease.

The Company uses the long-lived assets impairment guidance to determine recognition and measurement of an ROU asset impairment, if any. The Company monitors for events or changes in circumstances that require a reassessment.

The components of lease expense for the three months ended October 31, 2019, were as follows (in thousands):

	Three Months Ended October 31, 2019	
Finance leases:		
Amortization of the finance ROU assets	\$	2,438
Interest on lease liabilities	\$	8,509
Operating leases:		
Operating lease expense	\$	10,037
Short-term lease expense ¹	\$	2,353
Variable lease expense	\$	843

¹ Short-term lease expense is attributable to leases with terms of 12 months or less which are not included within the Company's Consolidated Condensed Balance Sheet.

The following table presents the supplemental cash flow information associated with the Company's leasing activities for the three months ended October 31, 2019 (in thousands):

	Three Months Ended October 31, 2019	
Cash flow supplemental information:		
Operating cash outflows for operating leases	\$	11,218
Operating cash outflows for finance leases	\$	1,049
Financing cash outflows for finance leases	\$	5,387

Weighted-average remaining lease terms and discount rates are as follows:

	As of October 31, 2019	
Weighted-average remaining lease term (in years)		
Operating leases		10.9
Finance leases		43.6
Weighted-average discount rate		
Operating leases		4.5%
Finance leases		10.0%

Future minimum lease payments for operating and finance leases as of October 31, 2019 reflected by fiscal year (August 1 through July 31) are as follows (in thousands):

	Operating Leases		Finance Leases	
2020 (November 2019 through July 2020)	\$	38,383	\$	21,190
2021		44,188		28,818
2022		41,256		29,394
2023		36,656		29,982
2024		32,899		30,582
Thereafter		165,267		1,805,047
Total future minimum lease payments		358,649		1,945,013
Less amount representing interest		(92,331)		(1,603,309)
Total lease liabilities	\$	266,318	\$	341,704

Future minimum lease payments in accordance with Topic 840 as of July 31, 2019, reflected by fiscal year, are as follows (in thousands):

	Operating Leases		Capital Leases	
2020	\$	44,984	\$	28,253
2021		42,512		28,818
2022		39,440		29,394
2023		34,840		29,982
2024		30,836		30,582
Thereafter		142,526		1,805,048
Total future minimum lease payments	\$	335,138	\$	1,952,077
Less amount representing interest				(1,611,816)
Net future minimum lease payments			\$	340,261

The current portion of operating lease liabilities of approximately \$35.1 million as of October 31, 2019 is recorded within accounts payables and accrued liabilities in the Consolidated Condensed Balance Sheet. Finance lease liabilities are recorded within long-term debt, net in the Consolidated Condensed Balance Sheets.

The Canyons finance lease obligation represents the only material finance lease entered into by the Company as of October 31, 2019. As of October 31, 2019, the Company has recorded \$125.1 million of finance lease ROU assets in connection with the Canyons lease, net of \$58.5 million of accumulated amortization, which is included within property, plant and equipment in the Company's Consolidated Condensed Balance Sheet.

5. Net Loss per Share

Earnings per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net loss attributable to Vail Resorts stockholders by the weighted-average shares outstanding during the period. 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 Vail Resorts.

In connection with the Company's acquisition of Whistler Blackcomb in October 2016, the Company issued consideration in the form of shares of Vail Resorts common stock (the "Vail Shares") and shares of the Company's wholly-owned Canadian subsidiary ("Exchangeco"). Whistler Blackcomb shareholders elected to receive 3,327,719 Vail Shares and 418,095 shares of Exchangeco (the "Exchangeco Shares"). Both Vail Shares and Exchangeco Shares have a par value of \$0.01 per share, and Exchangeco Shares, while outstanding, are substantially the economic equivalent of Vail Shares and are exchangeable, at any time prior to the seventh anniversary of the closing of the acquisition, into Vail Shares. The Company's calculation of weighted-average shares outstanding includes the Exchangeco Shares.

Presented below is basic and diluted EPS for the three months ended October 31, 2019 and 2018 (in thousands, except per share amounts):

	Three Months Ended October 31,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
Net loss per share:				
Net loss attributable to Vail Resorts	\$ (106,475)	\$ (106,475)	\$ (107,795)	\$ (107,795)
Weighted-average Vail Shares outstanding	40,286	40,286	40,447	40,447
Weighted-average Exchangeco Shares outstanding	56	56	58	58
Total Weighted-average shares outstanding	40,342	40,342	40,505	40,505
Effect of dilutive securities	—	—	—	—
Total shares	40,342	40,342	40,505	40,505
Net loss per share attributable to Vail Resorts	\$ (2.64)	\$ (2.64)	\$ (2.66)	\$ (2.66)

The Company computes the effect of dilutive securities using the treasury stock method and average market prices during the period. The number of shares issuable upon the exercise of share based awards excluded from the calculation of diluted EPS because the effect of their inclusion would have been anti-dilutive totaled approximately 0.7 million and 1.0 million for the three months ended October 31, 2019 and 2018, respectively.

Dividends

The Company paid cash dividends of \$1.76 and \$1.47 per share (\$71.1 million and \$59.5 million in the aggregate) during the three months ended October 31, 2019 and 2018, respectively. On December 5, 2019, the Company's Board of Directors declared a quarterly cash dividend of \$1.76 per share, for Vail Shares, payable on January 9, 2020 to stockholders of record as of December 26, 2019. Additionally, a Canadian dollar equivalent dividend on the Exchangeco Shares will be payable on January 9, 2020 to the shareholders of record on December 26, 2019.

6. Long-Term Debt

Long-term debt, net as of October 31, 2019, July 31, 2019 and October 31, 2018 is summarized as follows (in thousands):

	Maturity	October 31, 2019		July 31, 2019	October 31, 2018	
Vail Holdings Credit Agreement term loan (a)	2024	\$ 1,250,000	\$ 914,375	\$ 950,000		
Vail Holdings Credit Agreement revolver (a)	2024	190,000	208,000	120,000		
Whistler Credit Agreement revolver (b)	2023	37,962	45,454	72,170		
EPR Secured Notes (c)	2034-2036	114,162	—	—		
EB-5 Development Notes (d)	2021	52,000	—	—		
Employee housing bonds	2027-2039	52,575	52,575	52,575		
Canyons obligation	2063	341,704	340,261	335,947		
Other	2020-2032	19,583	19,465	8,821		
Total debt		2,057,986	1,580,130	1,539,513		
Less: Unamortized premiums, discounts and debt issuance costs		(10,878)	3,870	4,063		
Less: Current maturities (e)		63,807	48,516	48,482		
Long-term debt, net		\$ 2,005,057	\$ 1,527,744	\$ 1,486,968		

- (a) On September 23, 2019, in order to fund the acquisition of Peak Resorts, Inc. ("Peak Resorts"), which included the prepayment of certain portions of the outstanding debt and lease obligations of Peak Resorts contemporaneous with the closing of the transaction (see Note 7, Acquisitions), the Company's wholly-owned subsidiary, Vail Holdings, Inc. ("VHI"), entered into the Second Amendment to the Eighth Amended and Restated Credit Agreement (the "Vail Holdings Credit Agreement"), with Bank of America, N.A., as administrative agent, and other lenders named therein, through which those lenders agreed to provide an additional \$335.6 million in incremental term loans and agreed, on behalf of all lenders, to extend the maturity date for the outstanding term loans and revolver facility under the Vail Holdings Credit Agreement to

September 23, 2024. No other material terms of the Vail Holdings Credit Agreement were altered under the amendment. As of October 31, 2019, the Vail Holdings Credit Agreement consists of a \$500.0 million revolving credit facility and a \$1.25 billion term loan facility. The term loan facility is subject to quarterly amortization of principal of approximately \$15.6 million, which will begin on January 31, 2020, in equal installments, for a total of five percent of principal payable in each year and the final payment of all amounts outstanding, plus accrued and unpaid interest due in September 2024. The proceeds of the loans made under the Vail Holdings Credit Agreement may be used to fund the Company's working capital needs, capital expenditures, acquisitions, investments and other general corporate purposes, including the issuance of letters of credit. Borrowings under the Vail Holdings Credit Agreement, including the term loan facility, bear interest annually at LIBOR plus 1.25% as of October 31, 2019 (3.04% as of October 31, 2019). Interest rate margins may fluctuate based upon the ratio of the Company's Net Funded Debt to Adjusted EBITDA on a trailing four-quarter basis. The Vail Holdings 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 each such term is defined in the Vail Holdings Credit Agreement, multiplied by the daily amount by which the Vail Holdings Credit Agreement commitment exceeds the total of outstanding loans and outstanding letters of credit (0.25% as of October 31, 2019). During the three months ended October 31, 2019, the Company entered into an interest rate swap agreement to hedge the cash flows of \$100.0 million in principal amount of its Vail Holdings Credit Agreement.

- (b) Whistler Mountain Resort Limited Partnership ("Whistler LP") and Blackcomb Skiing Enterprises Limited Partnership ("Blackcomb LP"), together "The WB Partnerships," are party to a credit agreement, dated as of November 12, 2013 (as amended, the "Whistler Credit Agreement"), by and among Whistler LP, Blackcomb LP, certain subsidiaries of Whistler LP and Blackcomb LP party thereto as guarantors (the "Whistler Subsidiary Guarantors"), the financial institutions party thereto as lenders and The Toronto-Dominion Bank, as administrative agent. The Whistler Credit Agreement consists of a C\$300.0 million revolving credit facility. As of October 31, 2019, all borrowings under the Whistler Credit Agreement were made in Canadian dollars and by way of the issuance of bankers' acceptances plus 1.75% (approximately 3.76% as of October 31, 2019). The Whistler Credit Agreement also includes a quarterly unused commitment fee based on the Consolidated Total Leverage Ratio, which as of October 31, 2019 is equal to 0.3937% per annum.
- (c) On September 24, 2019, in conjunction with the acquisition of Peak Resorts (see Note 7, Acquisitions), the Company assumed various secured borrowings (the "EPR Secured Notes") under the master credit and security agreements and other related agreements, as amended, (collectively, the "EPR Agreements") with EPT Ski Properties, Inc. and its affiliates ("EPR"). The EPR Secured Notes include the following:
- i. *The Alpine Valley Secured Note.* The \$4.6 million Alpine Valley Secured Note provides for interest payments through its maturity on December 1, 2034. As of October 31, 2019, interest on this note accrued at a rate of 1.04%.
 - ii. *The Boston Mills/Brandywine Secured Note.* The \$23.3 million Boston Mills/Brandywine Secured Note provides for interest payments through its maturity on December 1, 2034. As of October 31, 2019, interest on this note accrued at a rate of 1.75%.
 - iii. *The Jack Frost/Big Boulder Secured Note.* The \$14.3 million Jack Frost/Big Boulder Secured Note provides for interest payments through its maturity on December 1, 2034. As of October 31, 2019, interest on this note accrued at a rate of 1.75%.
 - iv. *The Mount Snow Secured Note.* The \$51.1 million Mount Snow Secured Note provides for interest payments through its maturity on December 1, 2034. As of October 31, 2019, interest on this note accrued at a rate of 1.61%.
 - v. *The Hunter Mountain Secured Note.* The \$21.0 million Hunter Mountain Secured Note provides for interest payments through its maturity on January 5, 2036. As of October 31, 2019, interest on this note accrued at a rate of 8.43%.

The EPR Secured Notes are secured by all or substantially all of the assets of Peak Resorts and its subsidiaries, including mortgages on the Alpine Valley, Boston Mills, Brandywine, Jack Frost, Big Boulder, Mount Snow and Hunter Mountain ski resorts. The EPR Secured Notes bear interest at specified interest rates, as discussed above, which are subject to increase each year by the lesser of (i) three times the percentage increase in the Consumer Price Index or (ii) a capped index (the "Capped CPI Index"), which is 1.75% for the Hunter Mountain Secured Note and 1.50% for all other notes. The EPR Agreements provide for affirmative and negative covenants that restrict, among other things, the ability of Peak Resorts and its subsidiaries to incur indebtedness, dispose of assets, make distributions and make investments. In addition, the EPR Agreements include restrictive covenants, including maximum leverage ratio and consolidated fixed charge ratio. An additional contingent interest payment would be due to EPR if, on a calendar year basis, the gross receipts from the properties securing any of the individual EPR Secured Notes (the "Gross Receipts") are more than the result (the "Interest Quotient") of dividing the total interest charges for the EPR Secured Notes by a specified percentage rate (the "Additional Interest Rate"). In such a case, the additional interest payment would equal the difference between the Gross Receipts and the

Interest Quotient multiplied by the Additional Interest Rate. This calculation is made on an aggregated basis for the notes secured by the Jack Frost, Big Boulder, Boston Mills, Brandywine and Alpine Valley ski resorts, where the Additional Interest Rate is 10.0%; on a standalone basis for the note secured by the Company's Mount Snow ski resort, where the Additional Interest Rate is 12.0%; and on a standalone basis for the note secured by the Company's Hunter Mountain ski resort, where the Additional Interest Rate is 8.0%. Peak Resorts does not have the right to prepay the EPR Secured Notes. The EPR Secured Notes were recorded at their estimated fair value in conjunction with the acquisition of Peak Resorts on September 24, 2019, and as such their respective carrying values approximate fair value as of October 31, 2019. The EPR Agreements grant EPR certain other rights including (i) the option to purchase the Boston Mills, Brandywine, Jack Frost, Big Boulder or Alpine Valley resorts, which is exercisable no sooner than two years and no later than one year prior to the maturity dates of the applicable EPR Secured Note for such properties, with any closings to be held on the applicable maturity dates; and, if EPR exercises the purchase option, EPR will enter into an agreement with the Company for the lease of each acquired property for an initial term of 20 years, plus options to extend the lease for two additional periods of ten years each; (ii) a right of first refusal through 2021, subject to certain conditions, to provide all or a portion of the financing associated with any purchase, ground lease, sale/leaseback, management or financing transaction contemplated by Peak Resorts with respect to any new or existing ski resort properties; and (iii) a right of first refusal through 2021 to purchase the Company's Attitash ski resort in the event the Company were to desire to sell the Attitash ski resort. To date, EPR has not exercised any such purchase options.

In addition, Peak Resorts is required to, maintain a debt service reserve account which amounts are applied to fund interest payments and other amounts due and payable to EPR. As of October 31, 2019 the Company had funded the debt service reserve account in an amount equal to approximately \$2.5 million, which was included in other current assets in the Company's Consolidated Condensed Balance Sheet.

- (d) Peak Resorts serves as the general partner for two limited partnerships, Carinthia Group 1, LP and Carinthia Group 2, LP (together, the "Carinthia Partnerships"), which were formed to raise \$52.0 million through the Immigrant Investor Program administered by the U.S. Citizenship and Immigration Services ("USCIS"), pursuant to the Immigration and Nationality Act (the "EB-5 Program"). The EB-5 Program was created to stimulate the U.S. economy through the creation of jobs and capital investments in U.S. companies by foreign investors. The program allocates immigrant visas to qualified individuals ("EB-5 Investors") seeking lawful permanent resident status based on their investment in a U.S. commercial enterprise. On December 27, 2016, Peak Resorts borrowed \$52.0 million from the Carinthia Partnerships to fund two capital projects at Mount Snow. The amounts were borrowed through two loan agreements, which provided \$30.0 million and \$22.0 million (together, the "EB-5 Development Notes"). Amounts outstanding under the EB-5 Development Notes accrue simple interest at a fixed rate of 1.0% per annum until the maturity date, which is December 27, 2021, subject to an extension of up to two additional years at the option of the borrowers, with lender consent. If the maturity date is extended, amounts outstanding under the EB-5 Development Notes will accrue simple interest at a fixed rate of 7.0% per annum during the first year of extension and a fixed rate of 10.0% per annum during the second year of extension. Upon an event of default (as defined), amounts outstanding under the EB-5 Development Notes shall bear interest at the rate of 5.0% per annum, subject to the extension increases. While the EB-5 Development Notes are outstanding, Peak Resorts is restricted from taking certain actions without the consent of the lenders, including, but not limited to, transferring or disposing of the properties or assets financed with loan proceeds. In addition, Peak Resorts is prohibited from prepaying outstanding amounts owed if such prepayment would jeopardize any of the EB-5 Investors from being admitted to the U.S. via the EB-5 Program.
- (e) Current maturities represent principal payments due in the next 12 months.

Aggregate maturities of debt outstanding as of October 31, 2019 reflected by fiscal year (August 1 through July 31) are as follows (in thousands):

	Total
2020 (November 2019 through July 2020)	\$ 53,829
2021	63,640
2022	115,919
2023	63,719
2024	101,756
Thereafter	1,659,123
Total debt	\$ 2,057,986

The Company recorded gross interest expense of \$22.7 million and \$18.6 million for the three months ended October 31, 2019 and 2018, respectively, of which \$0.4 million and \$0.3 million, respectively, were amortization of deferred financing costs. 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.

In connection with the Company's acquisition of Whistler Blackcomb in October 2016, VHI funded a portion of the purchase price through an intercompany loan to Whistler Blackcomb of \$210.0 million, which was effective as of November 1, 2016, and requires foreign currency remeasurement to Canadian dollars, the functional currency for Whistler Blackcomb. As a result, foreign currency fluctuations associated with the loan are recorded within the Company's results of operations. The Company recognized approximately \$0.4 million and (\$2.3 million), respectively, of non-cash foreign currency gain (loss) on the intercompany loan to Whistler Blackcomb for the three months ended October 31, 2019 and 2018 on the Company's Consolidated Condensed Statements of Operations.

7. Acquisitions

Peak Resorts

On September 24, 2019, the Company, through a wholly-owned subsidiary, acquired 100 percent of the outstanding stock of Peak Resorts, Inc. ("Peak Resorts") at a purchase price of \$11.00 per share or approximately \$264.5 million. In addition, contemporaneous with the closing of the transaction, Peak Resorts was required to pay approximately \$70.2 million of certain outstanding debt instruments and lease obligations in order to complete the transaction. Accordingly, the total purchase price, including the repayment of certain outstanding debt instruments and lease obligations, was approximately \$334.7 million, for which the Company borrowed approximately \$335.6 million under the Vail Holdings Credit Agreement (see Note 6, Long-Term Debt) to fund the acquisition, repayment of debt instruments and lease obligations, and associated acquisition related expenses. The newly acquired resorts include: Mount Snow in Vermont; Hunter Mountain in New York; Attitash Mountain Resort, Wildcat Mountain and Crotched Mountain in New Hampshire; Liberty Mountain Resort, Roundtop Mountain Resort, Whitetail Resort, Jack Frost and Big Boulder in Pennsylvania; Alpine Valley, Boston Mills, Brandywine and Mad River Mountain in Ohio; Hidden Valley and Snow Creek in Missouri; and Paoli Peaks in Indiana. The Company assumed the Special Use Permits from the U.S. Forest Service for Attitash, Mount Snow and Wildcat Mountain, and assumed the land leases for Mad River and Paoli Peaks. The acquisition included the mountain operations of the resorts, including base area skier services (food and beverage, retail and rental, lift ticket offices and ski and snowboard school facilities), as well as lodging operations at certain resorts.

The following summarizes the purchase consideration and the preliminary purchase price allocation to estimated fair values of the identifiable assets acquired and liabilities assumed at the date the transaction was effective (in thousands):

	Acquisition Date Estimated Fair Value
Current assets	\$ 18,976
Property, plant and equipment	425,604
Goodwill	146,361
Identifiable intangible assets	19,219
Other assets	16,809
Assumed long-term debt	(181,714)
Other liabilities	(110,525)
Net assets acquired	\$ 334,730

Identifiable intangible assets acquired in the transaction were primarily related to trade names and property management contracts. The process of estimating the fair value of the property, plant, and equipment includes the use of certain estimates and assumptions related to replacement cost and physical condition at the time of acquisition. The excess of the purchase price over the aggregate estimated fair values of the assets acquired and liabilities assumed was recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies, the assembled workforce of the resorts and other factors, and is not expected to be deductible for income tax purposes. The Company assumed various debt obligations of Peak Resorts, which were recorded at their respective estimated fair values as of the acquisition date (see Note 6, Long-Term Debt). The Company recognized \$3.2 million of acquisition related expenses associated with the transaction within Mountain and Lodging operating expense in its Consolidated Condensed Statement of Operations for the three months ended October 31, 2019. The operating results of Peak Resorts are reported within the Mountain and Lodging segments prospectively from the date of acquisition.

Falls Creek and Hotham Resorts

On April 4, 2019, the Company, through a wholly-owned subsidiary, acquired ski field leases and related infrastructure used to operate two resorts in Victoria, Australia. The Company acquired Australian Alpine Enterprises Holdings Pty. Ltd and all related corporate entities that operate the Falls Creek and Hotham resorts from Living and Leisure Australia Group, a subsidiary of Merlin Entertainments, for a cash purchase price of approximately AU\$178.9 million (\$127.4 million), after adjustments for certain agreed-upon terms, including an increase in the purchase price for operating losses incurred for the period from December 29, 2018 through closing. The acquisition included the mountain operations of both resorts, including base area skier services (ski and snowboard school facilities, retail and rental, reservation and property management operations).

The following summarizes the purchase consideration and the preliminary purchase price allocation to estimated fair values of the identifiable assets acquired and liabilities assumed at the date the transaction was effective (in thousands):

	Acquisition Date Estimated Fair Value
Current assets	\$ 6,986
Property, plant and equipment	54,889
Goodwill	71,538
Identifiable intangible assets and other assets	5,833
Liabilities	(11,894)
Net assets acquired	\$ 127,352

Identifiable intangible assets acquired in the transaction were primarily related to trade names. The process of estimating the fair value of the property, plant, and equipment includes the use of certain estimates and assumptions related to replacement cost and physical condition at the time of acquisition. The excess of the purchase price over the aggregate estimated fair values of assets acquired and liabilities assumed was recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies, the assembled workforce of Falls Creek and Hotham and other factors. None of the goodwill is expected to be deductible for income tax purposes under Australian tax law. The operating results of Falls Creek and Hotham are reported within the Mountain segment prospectively from the date of acquisition.

Stevens Pass Resort

On August 15, 2018, the Company, through a wholly-owned subsidiary, acquired Stevens Pass Resort in the State of Washington from Ski Resort Holdings, LLC, an affiliate of Oz Real Estate ("Ski Resort Holdings"), for total cash consideration of \$64.0 million, after adjustments for certain agreed-upon terms. The Company borrowed \$70.0 million on August 15, 2018 under its Vail Holdings Credit Agreement term loan (see Note 6, Long-Term Debt) to fund the transaction and associated acquisition related expenses. The acquisition included the mountain operations of the resort, including base area skier services (food and beverage, retail and rental, lift ticket offices and ski and snowboard school facilities).

The following summarizes the purchase consideration and the purchase price allocation to estimated fair values of the identifiable assets acquired and liabilities assumed at the date the transaction was effective (in thousands):

	Acquisition Date Estimated Fair Value
Current assets	\$ 752
Property, plant and equipment	34,865
Goodwill	28,878
Identifiable intangible assets	2,680
Deferred income taxes, net	886
Liabilities	(4,029)
Net assets acquired	\$ 64,032

The process of estimating the fair value of the property, plant, and equipment includes the use of certain estimates and assumptions related to replacement cost and physical condition at the time of acquisition. The excess of the purchase price over the aggregate estimated fair values of assets acquired and liabilities assumed was recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies, the assembled workforce of Stevens Pass and other factors, and is expected to be deductible for income tax purposes. The Company recognized \$1.2 million of acquisition related expenses associated with the transaction within

Mountain and Lodging operating expense in its Consolidated Condensed Statement of Operations for the three months ended October 31, 2018. The operating results of Stevens Pass are reported within the Mountain segment prospectively from the date of acquisition.

Triple Peaks

On September 27, 2018, the Company, through a wholly-owned subsidiary, acquired Triple Peaks, LLC (“Triple Peaks”), the parent company of Okemo Mountain Resort in Vermont, Crested Butte Mountain Resort in Colorado, and Mount Sunapee Resort in New Hampshire, for a cash purchase price of approximately \$74.1 million, after adjustments for certain agreed-upon terms. In addition, contemporaneous with the closing of the transaction, Triple Peaks paid \$155.0 million to pay the remaining obligations of the leases that all three resorts had with Ski Resort Holdings, with funds provided by the Company. Accordingly, the total purchase price, including the repayment of lease obligations, was \$229.1 million, for which the Company utilized cash on hand and borrowed \$195.6 million under the Vail Holdings Credit Agreement term loan (see Note 6, Long-Term Debt) to fund the transaction and associated acquisition related expenses. The Company obtained a new Special Use Permit from the U.S. Forest Service for Crested Butte, and assumed the state land leases for Okemo and Mount Sunapee. The acquisition included the mountain operations of the resorts, including base area skier services (food and beverage, retail and rental, lift ticket offices and ski and snowboard school facilities).

The following summarizes the purchase consideration and the purchase price allocation to estimated fair values of the identifiable assets acquired and liabilities assumed at the date the transaction was effective (in thousands):

	Acquisition Date Estimated Fair Value
Current assets	\$ 5,197
Property, plant and equipment	159,799
Goodwill	51,742
Identifiable intangible assets	27,360
Deferred income taxes, net	3,093
Liabilities	(18,098)
Net assets acquired	\$ 229,093

Identifiable intangible assets acquired in the transaction were primarily related to property management contracts and trade names. The process of estimating the fair value of the property, plant, and equipment includes the use of certain estimates and assumptions related to replacement cost and physical condition at the time of acquisition. The excess of the purchase price over the aggregate estimated fair values of assets acquired and liabilities assumed was recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies, the assembled workforce of the resorts and other factors, and is expected to be deductible for income tax purposes. The Company recognized \$2.8 million of acquisition related expenses associated with the transaction within Mountain and Lodging operating expense in its Consolidated Condensed Statement of Operations for the three months ended October 31, 2018. The operating results of Triple Peaks are reported within the Mountain and Lodging segments prospectively from the date of acquisition.

The estimated fair values of assets acquired and liabilities assumed in the acquisitions of Peak Resorts, Falls Creek and Hotham are preliminary and are based on the information that was available as of the respective acquisition dates. The Company believes that this information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the Company is obtaining additional information necessary to finalize those estimated fair values. Therefore, the preliminary measurements of estimated fair values reflected are subject to change. The Company expects to finalize the valuation and complete the purchase consideration allocation no later than one year from the respective acquisition dates.

Pro Forma Financial Information

The following presents the unaudited pro forma consolidated financial information of the Company as if the acquisitions of Peak Resorts, Falls Creek & Hotham, Triple Peaks and Stevens Pass were completed at the beginning of the fiscal year preceding the fiscal year in which each respective acquisition occurred. The following unaudited pro forma financial information includes adjustments for (i) depreciation on acquired property, plant and equipment; (ii) amortization of intangible assets recorded at the date of the transactions; (iii) lease expenses incurred by the prior owners which the Company will not be subject to; (iv) transaction and business integration related costs; and (v) interest expense associated with financing the transactions. This unaudited pro forma financial information is presented for informational purposes only and does not purport to be indicative of the results of future

operations or the results that would have occurred had the transaction taken place on August 1, 2018 (in thousands, except per share amounts).

	Three Months Ended October 31,	
	2019	2018
Pro forma net revenue	\$ 274,429	\$ 259,887
Pro forma net loss attributable to Vail Resorts, Inc.	\$ (111,843)	\$ (118,396)
Pro forma basic net loss per share attributable to Vail Resorts, Inc.	\$ (2.77)	\$ (2.92)
Pro forma diluted net loss per share attributable to Vail Resorts, Inc.	\$ (2.77)	\$ (2.92)

8. Supplementary Balance Sheet Information

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

	October 31, 2019	July 31, 2019	October 31, 2018
Land and land improvements	\$ 745,846	\$ 619,561	\$ 611,155
Buildings and building improvements	1,458,465	1,284,438	1,271,375
Machinery and equipment	1,189,951	1,160,817	1,054,610
Furniture and fixtures	435,663	309,271	295,128
Software	118,961	118,815	113,901
Vehicles	68,662	65,556	63,346
Construction in progress	113,570	79,282	106,378
Gross property, plant and equipment	4,131,118	3,637,740	3,515,893
Accumulated depreciation	(1,851,029)	(1,795,240)	(1,689,911)
Property, plant and equipment, net	\$ 2,280,089	\$ 1,842,500	\$ 1,825,982

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

	October 31, 2019	July 31, 2019	October 31, 2018
Trade payables	\$ 141,714	\$ 96,377	\$ 118,648
Deferred revenue	549,144	335,669	450,300
Accrued salaries, wages and deferred compensation	22,798	50,318	20,961
Accrued benefits	38,695	37,797	30,712
Deposits	34,202	32,108	34,479
Other liabilities	70,381	55,588	48,533
Total accounts payable and accrued liabilities	\$ 856,934	\$ 607,857	\$ 703,633

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

	October 31, 2019	July 31, 2019	October 31, 2018
Private club deferred initiation fee revenue	\$ 109,011	\$ 109,749	\$ 112,669
Unfavorable lease obligation, net	1,651	19,017	21,100
Other long-term liabilities	128,302	154,835	139,797
Total other long-term liabilities	\$ 238,964	\$ 283,601	\$ 273,566

The changes in the net carrying amount of goodwill allocated between the Company's segments for the three months ended October 31, 2019 are as follows (in thousands):

	Mountain	Lodging	Goodwill, net
Balance at July 31, 2019	\$ 1,540,307	\$ 67,899	\$ 1,608,206
Acquisitions (including measurement period adjustments)	146,470	—	146,470
Effects of changes in foreign currency exchange rates	2,787	—	2,787
Balance at October 31, 2019	\$ 1,689,564	\$ 67,899	\$ 1,757,463

9. Fair Value Measurements

The FASB issued fair value guidance that establishes how reporting entities should measure fair value for measurement and disclosure purposes. The guidance establishes a common definition of fair value applicable to all assets and liabilities measured at fair value and 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 cash equivalents, other current assets and Contingent Consideration measured at estimated fair value (all other assets and liabilities measured at fair value are immaterial) (in thousands).

Description	Estimated Fair Value Measurement as of October 31, 2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Money Market	\$ 3,047	\$ 3,047	\$ —	\$ —
Commercial Paper	\$ 2,401	\$ —	\$ 2,401	\$ —
Certificates of Deposit	\$ 7,932	\$ —	\$ 7,932	\$ —
Liabilities:				
Contingent Consideration	\$ 21,900	\$ —	\$ —	\$ 21,900

Description	Estimated Fair Value Measurement as of July 31, 2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Money Market	\$ 3,043	\$ 3,043	\$ —	\$ —
Commercial Paper	\$ 2,401	\$ —	\$ 2,401	\$ —
Certificates of Deposit	\$ 7,871	\$ —	\$ 7,871	\$ —
Liabilities:				
Contingent Consideration	\$ 27,200	\$ —	\$ —	\$ 27,200

Description	Estimated Fair Value Measurement as of October 31, 2018			
	Total	Level 1	Level 2	Level 3
Assets:				
Money Market	\$ 3,026	\$ 3,026	\$ —	\$ —
Commercial Paper	\$ 2,401	\$ —	\$ 2,401	\$ —
Certificates of Deposit	\$ 10,836	\$ —	\$ 10,836	\$ —
Liabilities:				
Contingent Consideration	\$ 23,033	\$ —	\$ —	\$ 23,033

The Company's cash equivalents and other current assets are measured utilizing quoted market prices or pricing models whereby all significant inputs are either observable or corroborated by observable market data.

The changes in Contingent Consideration during the three months ended October 31, 2019 and 2018 were as follows (in thousands):

Balance as of July 31, 2019 and 2018, respectively	\$	27,200	\$	21,900
Payments		(6,436)		(67)
Change in estimated fair value		1,136		1,200
Balance as of October 31, 2019 and 2018, respectively	\$	21,900	\$	23,033

The lease for Park City provides for participating contingent payments (the "Contingent Consideration") to the landlord of 42% of the amount by which EBITDA for the Park City resort operations, as calculated under the lease, exceeds approximately \$35 million, as established at the transaction date, with such threshold amount subsequently increased annually by an inflation linked index and a 10% adjustment for any capital improvements or investments made under the lease by the Company. The estimated fair value of Contingent Consideration includes the future period resort operations of Park City in the calculation of EBITDA on which participating contingent payments are made, which is determined on the basis of estimated subsequent year performance, escalated by an assumed growth factor. The Company estimated the fair value of the Contingent Consideration payments using an option pricing valuation model. Key assumptions included a discount rate of 11.15%, volatility of 17.0% and future period Park City EBITDA, which are unobservable inputs and thus are considered Level 3 inputs. The Company prepared a sensitivity analysis to evaluate the effect that changes on certain key assumptions would have on the estimated fair value of the Contingent Consideration. A change in the discount rate of 100 basis points or a 5% change in estimated subsequent year performance would result in a change in the estimated fair value within the range of approximately \$3.9 million to \$5.6 million.

Contingent Consideration is classified as a liability, which is remeasured to fair value at each reporting date until the contingency is resolved. During the three months ended October 31, 2019, the Company made a payment to the landlord for Contingent Consideration of approximately \$6.4 million and recorded an increase of approximately \$1.1 million primarily related to the estimated Contingent Consideration payment for the fiscal year ending July 31, 2019. These changes resulted in an estimated fair value of the Contingent Consideration of approximately \$21.9 million, which is reflected in other long-term liabilities in the Company's Consolidated Condensed Balance Sheet.

10. Commitments and Contingencies

Metropolitan Districts

The Company credit-enhances \$6.3 million of bonds issued by Holland Creek Metropolitan District ("HCMD") through a \$6.4 million letter of credit issued under the Vail Holdings Credit Agreement. 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 the 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. The Company has recorded a liability of \$2.0 million primarily within other long-term liabilities in the accompanying Consolidated Condensed Balance Sheets, as of October 31, 2019, July 31, 2019 and October 31, 2018, respectively, with respect to the estimated present value of future RSRMD capital improvement fees. The Company estimates it will make capital improvement fee payments under this arrangement through the fiscal year ending July 31, 2031.

Guarantees/Indemnifications

As of October 31, 2019, the Company had various letters of credit outstanding totaling \$73.0 million, consisting of \$53.4 million to support the Employee Housing Bonds and \$19.6 million primarily for workers' compensation, a wind energy purchase agreement and insurance-related deductibles. The Company also had surety bonds of \$10.6 million as of October 31, 2019, primarily to provide collateral for its U.S. workers compensation self-insurance programs.

In addition to the guarantees noted above, the Company has entered into contracts in the normal course of business that 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 related to licensees in connection with third-parties' use of the Company's trademarks and logos, liabilities associated with the infringement of other parties' technology and software products, liabilities associated with the use of easements, liabilities associated with employment of contract workers and the Company's

use of trustees, and liabilities associated with the Company's use of public lands and environmental matters. 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 have agreed to 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 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 Condensed Financial Statements, either because the Company has recorded on its Consolidated Condensed 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 estimated fair value of the indemnification or guarantee to be immaterial based on 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 potential obligations due to the unique set of facts and circumstances 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 for their use of the Company's trademarks and logos. The Company does not record any liabilities with respect to these indemnifications.

Additionally, the Company has entered into strategic long-term season pass alliance agreements with third-party mountain resorts in which the Company has committed to pay minimum revenue guarantees over the remaining terms of these agreements.

Self-Insurance

The Company is self-insured for claims under its U.S. health benefit plans and for the majority of workers' compensation claims in the U.S. Workers compensation claims in the U.S. are subject to stop loss policies. 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 U.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 liabilities (see Note 8, Supplementary Balance Sheet Information).

Legal

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company has adequate insurance coverage and/or has accrued for all loss contingencies for asserted and unasserted matters deemed to be probable losses and estimable. As of October 31, 2019, July 31, 2019 and October 31, 2018, the accruals for the above loss contingencies were not material individually or in the aggregate.

11. Segment Information

The Company has three reportable segments: Mountain, Lodging and Real Estate. The Company refers to "Resort" as the combination of the Mountain and Lodging segments. The Mountain segment includes the operations of the Company's mountain resorts/ski areas and related ancillary activities. The Lodging segment includes the operations of the Company's owned hotels, RockResorts, NPS concessionaire properties, condominium management, Colorado resort ground transportation operations and mountain resort golf operations. The Real Estate segment owns, develops and sells 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 or loss on sale of real property). 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.

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 loss, net change in cash and cash equivalents or other financial statement data presented in the Consolidated Condensed Financial Statements as indicators of financial performance or liquidity.

The Company utilizes Reported EBITDA in evaluating the 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 or loss 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 following table presents financial information by reportable segment, which is used by management in evaluating performance and allocating resources (in thousands):

	Three Months Ended October 31,	
	2019	2018
Net revenue:		
Lift	\$ 41,829	\$ 24,685
Ski school	8,534	4,272
Dining	21,629	18,292
Retail/rental	47,915	43,342
Other	60,925	54,415
Total Mountain net revenue	180,832	145,006
Lodging	82,758	74,900
Total Resort net revenue	263,590	219,906
Real Estate	4,180	98
Total net revenue	\$ 267,770	\$ 220,004
Segment operating expense:		
Mountain	\$ 262,008	\$ 222,363
Lodging	79,492	71,004
Resort	341,500	293,367
Real Estate, net	5,293	1,370
Total segment operating expense	\$ 346,793	\$ 294,737
Gain on sale of real property	\$ 207	\$ —
Mountain equity investment income, net	\$ 1,191	\$ 950
Reported EBITDA:		
Mountain	\$ (79,985)	\$ (76,407)
Lodging	3,266	3,896
Resort	(76,719)	(72,511)
Real Estate	(906)	(1,272)
Total Reported EBITDA	\$ (77,625)	\$ (73,783)
Real estate held for sale and investment	\$ 96,938	\$ 101,743
Reconciliation to net loss attributable to Vail Resorts, Inc.:		
Total Reported EBITDA	\$ (77,625)	\$ (73,783)
Depreciation and amortization	(57,845)	(51,043)
Change in estimated fair value of contingent consideration	(1,136)	(1,200)
Gain (loss) on disposal of fixed assets and other, net	2,267	(619)
Investment income and other, net	277	463
Foreign currency gain (loss) on intercompany loans	360	(2,311)
Interest expense, net	(22,690)	(18,638)
Loss before benefit from income taxes	(156,392)	(147,131)
Benefit from income taxes	46,563	36,405
Net loss	(109,829)	(110,726)
Net loss attributable to noncontrolling interests	3,354	2,931
Net loss attributable to Vail Resorts, Inc.	\$ (106,475)	\$ (107,795)

12. Share Repurchase Program

On March 9, 2006, the Company's Board of Directors approved a share repurchase program, authorizing the Company to repurchase up to 3,000,000 Vail Shares. On July 16, 2008, the Company's Board of Directors increased the authorization by an additional 3,000,000 Vail Shares, and on December 4, 2015, the Company's Board of Directors increased the authorization by an additional 1,500,000 Vail Shares for a total authorization to repurchase up to 7,500,000 Vail Shares. The Company repurchased 95,618 Vail Shares (at a total cost of approximately \$21.4 million) during the three months ended October 31, 2019. The Company repurchased 197,896 Vail Shares (at a total cost of \$50.0 million) during the three months ended October 31, 2018. Since inception of its share repurchase program through October 31, 2019, the Company has repurchased 6,000,341 Vail Shares for approximately \$379.4 million. As of October 31, 2019, 1,499,659 Vail Shares remained available to repurchase under the existing share repurchase program, which has no expiration date. Vail Shares purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of Vail Shares under the Company's employee share award plan.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Vail Resorts, Inc., together with its subsidiaries, is referred to throughout this Quarterly Report on Form 10-Q for the period ended October 31, 2019 ("Form 10-Q") as "we," "us," "our" or the "Company."

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended July 31, 2019 ("Form 10-K") and the Consolidated Condensed Financial Statements as of October 31, 2019 and 2018 and for the three months then ended, included in Part I, Item 1 of this Form 10-Q, which provide additional information regarding our financial position, results of operations and cash flows. To the extent that the following MD&A contains statements which are not of a historical nature, such statements are forward-looking statements, which involve risks and uncertainties. See "Forward-Looking Statements" below. These risks include, but are not limited to, those discussed in our filings with the Securities and Exchange Commission ("SEC"), including the risks described in Item 1A "Risk Factors" of Part I of our Form 10-K, which was filed on September 26, 2019.

The MD&A includes discussion of financial performance within each of our three segments. We have 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 or loss on sale of real property) and Net Debt (defined as long-term debt, net plus long-term debt due within one year less cash and cash equivalents), in the following discussion because we consider these measurements to be significant indications of our financial performance and available capital resources. Resort Reported EBITDA, Total Reported EBITDA and Net Debt are not measures of financial performance or liquidity under accounting principles generally accepted in the United States ("GAAP"). We utilize segment Reported EBITDA in evaluating our performance and in allocating resources to our segments. We also believe that Net Debt is an important measurement as it is an indicator of our ability to obtain additional capital resources for our future cash needs. Refer to the end of the Results of Operations section for a reconciliation of Reported EBITDA to net loss attributable to Vail Resorts, Inc. and Net Debt to long-term debt, net.

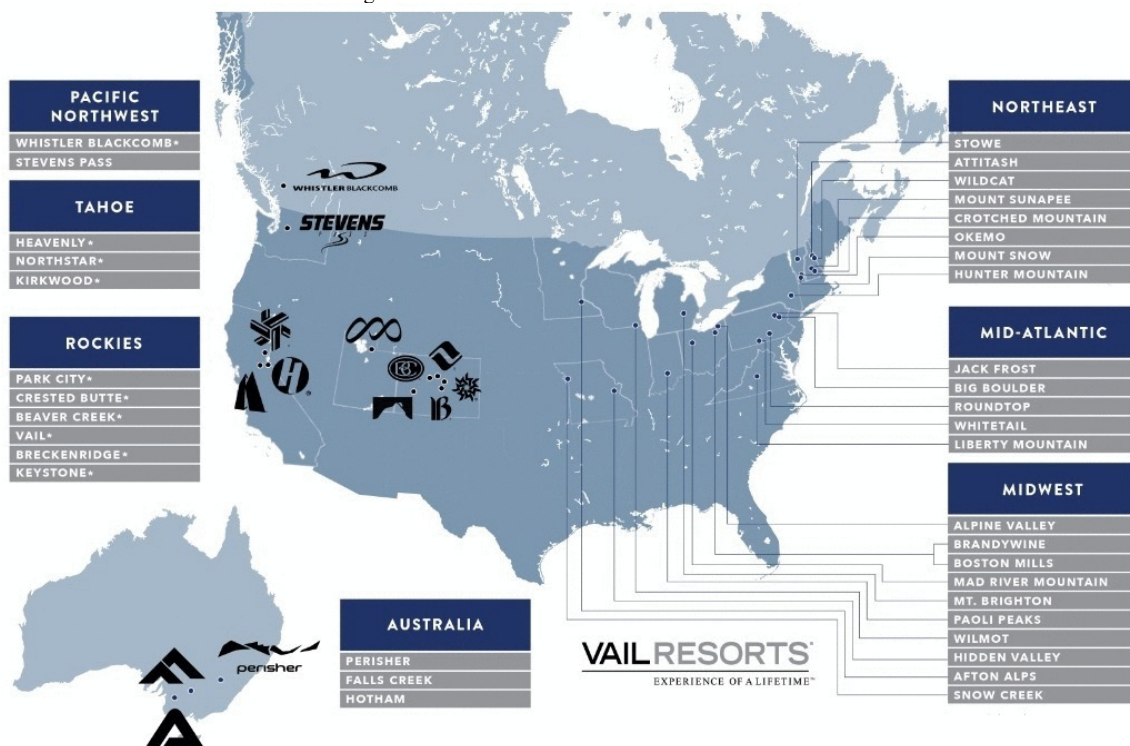
Items excluded from Reported EBITDA and Net Debt are significant components in understanding and assessing financial performance or liquidity. Reported EBITDA and Net Debt should not be considered in isolation or as an alternative to, or substitute for, net income (loss), net change in cash and cash equivalents or other financial statement data presented in the Consolidated Condensed Financial Statements as indicators of financial performance or liquidity. Because Resort Reported EBITDA, Total Reported EBITDA and Net Debt are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, Resort Reported EBITDA, Total Reported EBITDA and Net Debt, as presented herein, may not be comparable to other similarly titled measures of other companies. In addition, our segment Reported EBITDA (i.e. Mountain, Lodging and Real Estate), the measure of segment profit or loss required to be disclosed in accordance with GAAP, may not be comparable to other similarly titled measures of other companies.

Overview

Our operations are grouped into three integrated and interdependent segments: Mountain, Lodging and Real Estate. We refer to "Resort" as the combination of the Mountain and Lodging segments.

Mountain Segment

The Company refers to “Resort” as the combination of the Mountain and Lodging segments. In the Mountain segment, the Company operates the following thirty-seven destination mountain resorts and regional ski areas:



*Denotes a destination mountain resort which generally receives a meaningful portion of skier visits from long-distance travelers, as opposed to our regional ski areas which tend to generate skier visits from their respective local markets.

Additionally, we operate ancillary services, primarily including ski school, dining and retail/rental operations, and for our Australian resorts, including lodging and transportation operations. Mountain segment revenue is seasonal, with the majority of revenue earned from our North American mountain resorts and ski areas occurring in our second and third fiscal quarters and the majority of revenue earned from our Australian resorts occurring in our first and fourth fiscal quarters. Our North American mountain resorts are generally open for business from mid-November through mid-April, which is the peak operating season for the Mountain segment, and our Australian resorts are typically open for business from June to early October. Consequently, our first fiscal quarter is a seasonally low period as our North American ski operations are generally not open for business until our second fiscal quarter, while the activity of our Australian resorts' peak season and our North American summer operating results are not sufficient to offset the losses incurred during the seasonally low periods at our North American mountain resorts and ski areas. Revenue of the Mountain segment during the first and fourth fiscal quarters is primarily generated from summer and group related visitation at our North American mountain resorts, retail/rental operations and peak season Australian resort operations.

Lodging Segment

Operations within the Lodging segment include: (i) ownership/management of a group of luxury hotels through the RockResorts brand proximate to our Colorado and Utah mountain resorts; (ii) ownership/management of non-RockResorts branded hotels and condominiums proximate to our North American mountain resorts; (iii) National Park Service (“NPS”) concessionaire properties including the Grand Teton Lodge Company (“GTLC”); (iv) a Colorado resort ground transportation company; and (v) mountain resort golf courses.

Revenue of the lodging segment during our first fiscal quarter is generated primarily by the operations of our NPS concessionaire properties (as their peak operating season generally occurs during the months of June to October), as well as golf operations and seasonally low operations from our other owned and managed properties and businesses. Lodging properties (including managed condominium rooms) at or around our mountain resorts, and our Colorado resort ground transportation company, are closely

aligned with the performance of the Mountain segment and generally experience similar seasonal trends. Management primarily focuses on Lodging net revenue excluding payroll cost reimbursements and Lodging operating expense excluding reimbursed payroll costs (which are not measures of financial performance under GAAP) as the reimbursements are made based upon the costs incurred with no added margin, as such the revenue and corresponding expense do not affect our Lodging Reported EBITDA, which we use to evaluate Lodging segment performance.

Real Estate Segment

The principal activities of our Real Estate segment include the sale of land parcels to third-party developers and planning for future real estate development projects, including zoning and acquisition of applicable permits. We continue undertaking preliminary planning and design work on future projects and are pursuing opportunities with third-party developers rather than undertaking our own significant vertical development projects. Additionally, real estate development projects by third-party developers most often result in the creation of certain resort assets that provide additional benefit to the Mountain segment. We believe that, due to our low carrying cost of real estate land investments, we are well situated to promote future projects by third-party developers while limiting our financial risk. Our revenue from the Real Estate segment and associated expense can fluctuate significantly 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

Together with those risk factors we have identified in our Form 10-K, we have identified the following important factors (as well as risks and uncertainties associated with such factors) that could impact our future financial performance or condition:

- The timing and amount of snowfall can have an impact on Mountain and Lodging revenue, particularly with regards to skier visits and the duration and frequency of guest visitation. To help mitigate this impact, we sell a variety of pass products prior to the beginning of the ski season which results in a more stabilized stream of lift revenue. Additionally, our pass products provide a compelling value proposition to our guests, which in turn create a guest commitment predominately prior to the start of the ski season. Through December 2, 2019, sales of North American ski season pass products increased approximately 22% in units and 17% in sales dollars as compared to the prior year period ended December 3, 2018, including Military Pass sales and Peak Resorts pass sales in both periods and adjusted to eliminate the impact of foreign currency by applying an exchange rate of \$0.75 between the Canadian dollar and U.S. dollar in both periods for Whistler Blackcomb pass sales. Excluding sales of Military Passes, sales of pass products increased approximately 22% in units and 16% in sales dollars over the comparable prior year period. We cannot predict the ultimate impact that sales of our pass products will have on total lift revenue or effective ticket price for the 2019/2020 North American ski season.
- Key North American economic indicators have remained steady through calendar year 2019, including strong consumer confidence and declines in the unemployment rate. However, the growth in the North American economy may be impacted by economic challenges in North America or declining or slowing growth in economies outside of North America, accompanied by devaluation of currencies, rising inflation, trade tariffs and lower commodity prices. Given these economic uncertainties, we cannot predict what the impact of the overall North American or global economy will be on overall travel and leisure spending or more specifically, on our guest visitation, guest spending or other related trends for the upcoming 2019/2020 North American ski season.
- As of October 31, 2019, we had \$231.4 million available under the revolver component of our Eighth Amended and Restated Credit Agreement, dated as of August 15, 2018 and as amended most recently on September 23, 2019 (the "Vail Holdings Credit Agreement"), which represents the total commitment of \$500.0 million less outstanding borrowings of \$190.0 million and certain letters of credit outstanding of \$78.6 million. Additionally, we have a credit facility which supports the liquidity needs of Whistler Blackcomb (the "Whistler Credit Agreement"). As of October 31, 2019, we had C\$249.1 million (\$189.1 million) available under the revolver component of the Whistler Credit Agreement (which represents the total commitment of C\$300.0 million (\$227.8 million) less outstanding borrowings of C\$50.0 million (\$38.0 million) and a letter of credit outstanding of C\$0.9 million (\$0.7 million)).

We believe that the terms of our credit agreements allow for sufficient flexibility in our ability to make future acquisitions, investments, distributions to stockholders and incur additional debt. This, combined with the continued positive cash flow from operating activities of our Mountain and Lodging segments less resort capital expenditures, has and is anticipated to continue to provide us with significant liquidity. We believe our liquidity will allow us to consider strategic investments and other forms of returning value to our stockholders including additional share repurchases and the continued payment of a quarterly cash dividend.

- On September 24, 2019, through a wholly-owned subsidiary, we acquired 100 percent of the outstanding stock of Peak Resorts, Inc. (“Peak Resorts”) at a purchase price of \$11.00 per share or approximately \$264.5 million. In addition, contemporaneous with the closing the transaction, Peak Resorts was required to pay approximately \$70.2 million of certain outstanding debt instruments and lease obligations in order to complete the transaction. Accordingly, the total purchase price, including the repayment of certain outstanding debt instruments and lease obligations, was approximately \$334.7 million, for which we borrowed approximately \$335.6 million under the Vail Holdings Credit Agreement to fund the acquisition, repayment of debt instruments and lease obligations, and associated acquisition related expenses. The newly acquired resorts include: Mount Snow in Vermont; Hunter Mountain in New York; Atitash Mountain Resort, Wildcat Mountain and Crotched Mountain in New Hampshire; Liberty Mountain Resort, Roundtop Mountain Resort, Whitetail Resort, Jack Frost and Big Boulder in Pennsylvania; Alpine Valley, Boston Mills, Brandywine and Mad River Mountain in Ohio; Hidden Valley and Snow Creek in Missouri; and Paoli Peaks in Indiana. The acquisition included the mountain operations of the resorts, including base area skier services (food and beverage, retail and rental, lift ticket offices and ski and snowboard school facilities), as well as lodging operations at certain resorts. We expect that the acquisition of Peak Resorts will positively contribute to our annual results of operations; however we cannot predict the ultimate impact the new resorts will have on our future results of operations.

RESULTS OF OPERATIONS

Summary

Below is a summary of operating results for the three months ended October 31, 2019, compared to the three months ended October 31, 2018 (in thousands):

	Three Months Ended October 31,	
	2019	2018
Mountain Reported EBITDA	\$ (79,985)	\$ (76,407)
Lodging Reported EBITDA	3,266	3,896
Resort Reported EBITDA	\$ (76,719)	\$ (72,511)
Real Estate Reported EBITDA	\$ (906)	\$ (1,272)
Loss before benefit from income taxes	\$ (156,392)	\$ (147,131)
Net loss attributable to Vail Resorts, Inc.	\$ (106,475)	\$ (107,795)

The consolidated condensed results of operations, including any consolidated financial metrics pertaining thereto, include the operations of Peak Resorts (acquired September 24, 2019), Falls Creek and Hotham (acquired April 4, 2019), Triple Peaks (acquired September 27, 2018) and Stevens Pass (acquired August 15, 2018), prospectively from their respective dates of acquisition.

Mountain Segment

Three months ended October 31, 2019 compared to the three months ended October 31, 2018

Mountain segment operating results for the three months ended October 31, 2019 and 2018 are presented by category as follows (in thousands, except effective ticket price ("ETP")). ETP is calculated as lift revenue divided by total skier visits for each applicable period presented.

	Three Months Ended October 31,		Percentage Increase (Decrease)
	2019	2018	
Net Mountain revenue:			
Lift	\$ 41,829	\$ 24,685	69.5 %
Ski school	8,534	4,272	99.8 %
Dining	21,629	18,292	18.2 %
Retail/rental	47,915	43,342	10.6 %
Other	60,925	54,415	12.0 %
Total Mountain net revenue	180,832	145,006	24.7 %
Mountain operating expense:			
Labor and labor-related benefits	91,475	76,250	20.0 %
Retail cost of sales	23,279	22,416	3.8 %
General and administrative	64,669	54,703	18.2 %
Other	82,585	68,994	19.7 %
Total Mountain operating expense	262,008	222,363	17.8 %
Mountain equity investment income, net	1,191	950	25.4 %
Mountain Reported EBITDA	\$ (79,985)	\$ (76,407)	(4.7)%
Total skier visits	934	507	84.2 %
ETP	\$ 44.78	\$ 48.69	(8.0)%

Mountain Reported EBITDA includes \$4.4 million and \$3.9 million of stock-based compensation expense for the three months ended October 31, 2019 and 2018, respectively.

Our first fiscal quarter historically results in negative Mountain Reported EBITDA, as our North American mountain resorts and ski areas generally do not open for ski operations until our second fiscal quarter, which begins in November (with the exception of Keystone, which opened in October in current year). The first fiscal quarter generally consists of operating and administrative expenses, summer activities (including dining), retail/rental operations and the operations of our Australian resorts, for which the winter operating season generally occurs from June through early October.

Mountain Reported EBITDA decreased by \$3.6 million, or 4.7%, reflecting incremental off-season losses from Peak Resorts, Triple Peaks and Stevens Pass (acquired in September 2019, September 2018 and August 2018, respectively) and an increase in general and administrative expense, partially offset by the incremental ski season operations of Falls Creek and Hotham (acquired in April 2019) and improved summer operations results at Whistler Blackcomb. Operating results from Perisher, which are translated from Australian dollars to U.S. dollars, were adversely affected by a decrease in the Australian dollar exchange rates relative to the U.S. dollar as compared to prior year, resulting in a decline in Mountain Reported EBITDA of approximately \$2 million, which the Company calculated on a constant currency basis by applying current period foreign exchange rates to the prior period results. Additionally, Mountain segment results include \$9.0 million and \$6.6 million of acquisition and integration related expenses for the three months ended October 31, 2019 and 2018, respectively, which are recorded within Mountain other operating expense.

Lift revenue increased \$17.1 million, or 69.5%, and ski school revenue increased \$4.3 million, or 99.8%, primarily as a result of incremental revenue from Falls Creek and Hotham, as well as the early ski season opening of Keystone in October as a result of our recent investments in snowmaking. Dining revenue increased \$3.3 million, or 18.2%, primarily due to incremental revenue from Peak Resorts, Falls Creek and Hotham, as well as increases in revenue at our western U.S. resorts.

Retail/rental revenue increased \$4.6 million, or 10.6%, primarily as a result of incremental revenue from Falls Creek and Hotham as well as increases in revenue at our Colorado stores. Other revenue mainly consists of summer visitation and mountain activities revenue, employee housing revenue, guest services revenue, commercial leasing revenue, marketing and internet advertising revenue, private club revenue (which includes both club dues and amortization of initiation fees), municipal services revenue and

other recreation activity revenue. Other revenue is also comprised of Australian resort lodging and transportation revenue. Other revenue increased \$6.5 million, or 12.0%, primarily as a result of incremental revenue from Falls Creek and Hotham, Triple Peaks and Peak Resorts, as well as increases in summer activities revenue at Whistler Blackcomb and at our western U.S. resorts.

Operating expense increased \$39.6 million, or 17.8%, which was primarily attributable to the incremental post-acquisition operating expenses from Falls Creek and Hotham, Peak Resorts, Triple Peaks and Stevens Pass. Additionally, operating expense includes \$9.0 million and \$6.6 million of acquisition and integration related expenses for the three months ended October 31, 2019 and 2018, respectively.

Labor and labor-related benefits increased 20.0% primarily due to incremental expenses from Falls Creek and Hotham, Triple Peaks and Peak Resorts, as well as normal wage adjustments. Retail cost of sales increased 3.8% compared to an increase in retail sales of 5.7%. General and administrative expense increased 18.2% primarily due to an increase in allocated corporate overhead costs primarily associated with marketing, human resources, legal and information technology, as well as incremental expenses from Falls Creek, Hotham and Peak Resorts. Other expense increased 19.7%, primarily due to incremental operating expenses from Peak Resorts, Falls Creek and Hotham and Triple Peaks, as well as an increase in acquisition and integration related expenses.

Mountain equity investment income, net primarily includes our share of income from the operations of a real estate brokerage joint venture.

Lodging Segment

Three months ended October 31, 2019 compared to the three months ended October 31, 2018

Lodging segment operating results for the three months ended October 31, 2019 and 2018 are presented by category as follows (in thousands, except average daily rates (“ADR”) and revenue per available room (“RevPAR”)):

	Three Months Ended October 31,		Percentage Increase (Decrease)
	2019	2018	
Lodging net revenue:			
Owned hotel rooms	\$ 19,946	\$ 19,599	1.8 %
Managed condominium rooms	14,740	11,118	32.6 %
Dining	18,143	16,129	12.5 %
Transportation	2,351	2,474	(5.0)%
Golf	10,221	9,150	11.7 %
Other	14,166	12,777	10.9 %
	79,567	71,247	11.7 %
Payroll cost reimbursements	3,191	3,653	(12.6)%
Total Lodging net revenue	82,758	74,900	10.5 %
Lodging operating expense:			
Labor and labor-related benefits	37,615	33,451	12.4 %
General and administrative	10,386	9,676	7.3 %
Other	28,300	24,224	16.8 %
	76,301	67,351	13.3 %
Reimbursed payroll costs	3,191	3,653	(12.6)%
Total Lodging operating expense	79,492	71,004	12.0 %
Lodging Reported EBITDA	\$ 3,266	\$ 3,896	(16.2)%
Owned hotel statistics:			
ADR	\$ 238.49	\$ 232.87	2.4 %
RevPAR	\$ 163.61	\$ 161.96	1.0 %
Managed condominium statistics:			
ADR	\$ 189.22	\$ 188.92	0.2 %
RevPAR	\$ 52.83	\$ 51.44	2.7 %
Owned hotel and managed condominium statistics (combined):			
ADR	\$ 210.60	\$ 210.85	(0.1)%
RevPAR	\$ 79.18	\$ 82.44	(4.0)%

Lodging Reported EBITDA includes \$0.8 million of stock-based compensation expense for both the three months ended October 31, 2019 and 2018. Lodging Reported EBITDA decreased \$0.6 million, or 16.2%, primarily due to an increase in expenses across our lodging properties, partially offset by the benefit of the incremental operations of Peak Resorts (acquired in September 2019).

Revenue from managed condominium rooms increased \$3.6 million, or 32.6%, primarily due to incremental revenue from our managed lodging properties at Crested Butte, Okemo and Tahoe. Dining revenue increased \$2.0 million, or 12.5%, primarily due to incremental revenue from our Peak Resorts, Crested Butte and Okemo lodging properties, as well as increased dining revenue at our Park City lodging properties. Golf revenue increased \$1.1 million, or 11.7%, primarily due to incremental revenue from our Okemo and Peak Resorts golf operations. Other revenue increased \$1.4 million, or 10.9%, primarily due to a business interruption insurance recovery related to a closed event facility in Breckenridge, as well as incremental revenue from our lodging properties at Okemo, Crested Butte and Peak Resorts.

Operating expense (excluding reimbursed payroll costs) increased 13.3%. Labor and labor related benefits increased 12.4% primarily due to incremental labor expenses from Okemo, Crested Butte and Peak Resorts, as well as normal wage increases. General and administrative expense increased 7.3% due to higher corporate overhead costs. Other expenses increased 16.8%

primarily due to incremental expenses from Okemo, Crested Butte, and Peak Resorts, as well as increases in variable operating expenses associated with increases in revenue.

Revenue from payroll cost reimbursement and the corresponding reimbursed payroll costs relate to payroll costs at managed hotel properties where we are the employer and all payroll costs are reimbursed by the owners of the properties under contractual arrangements. Since the reimbursements are made based upon the costs incurred with no added margin, the revenue and corresponding expense have no effect on our Lodging Reported EBITDA.

Real Estate Segment

Our Real Estate net 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 profit margins; therefore, as the real estate inventory mix changes, it can greatly impact Real Estate segment net revenue, operating expense, gain on sale of real property and Real Estate Reported EBITDA.

Three months ended October 31, 2019 compared to the three months ended October 31, 2018

Real Estate segment operating results for the three months ended October 31, 2019 and 2018 are presented by category as follows (in thousands):

	Three Months Ended October 31,		Percentage Increase (Decrease)
	2019	2018	
Total Real Estate net revenue	\$ 4,180	\$ 98	4,165.3%
Real Estate operating expense:			
Cost of sales (including sales commission)	3,932	—	nm
Other	1,361	1,370	0.7%
Total Real Estate operating expense	5,293	1,370	286.4%
Gain on sale of real property	207	—	nm
Real Estate Reported EBITDA	\$ (906)	\$ (1,272)	28.8%

Three months ended October 31, 2019

During the three months ended October 31, 2019, we closed on the sale of a development land parcel for \$4.1 million which was recorded within Real Estate net revenue, with a corresponding cost of sale (including sales commission) of \$3.9 million.

Other operating expense of \$1.4 million was primarily comprised of general and administrative costs, such as labor and labor-related benefits, professional services and allocated corporate costs.

Three months ended October 31, 2018

Other operating expense of \$1.4 million was primarily comprised of general and administrative costs, such as labor and labor-related benefits, professional services and allocated corporate costs.

Other Items

In addition to segment operating results, the following material items contributed to our overall financial results for the three months ended October 31, 2019 and 2018 (in thousands).

	Three Months Ended October 31,		Increase (Decrease)
	2019	2018	
Depreciation and amortization	\$ (57,845)	\$ (51,043)	13.3%
Foreign currency gain (loss) on intercompany loans	\$ 360	\$ (2,311)	115.6%
Interest expense, net	\$ (22,690)	\$ (18,638)	21.7%
Benefit from income taxes	\$ 46,563	\$ 36,405	27.9%
Effective tax rate benefit	29.8%	24.7%	5.1 pts

Depreciation and amortization. Depreciation and amortization expense for the three months ended October 31, 2019 increased \$6.8 million, compared to the same period in the prior year, primarily due to assets acquired in the Peak Resorts, Falls Creek and Hotham, Triple Peaks and Stevens Pass acquisitions.

Foreign currency gain on intercompany loans. Foreign currency gain on intercompany loans for the three months ended October 31, 2019 increased \$2.7 million as a result of the Canadian dollar strengthening relative to the U.S. dollar compared to the same period in the prior year, and was associated with an intercompany loan from Vail Holdings, Inc. to Whistler Blackcomb in the original amount of \$210.0 million that was funded, effective as of November 1, 2016, in connection with the acquisition of Whistler Blackcomb. This intercompany loan requires foreign currency remeasurement to Canadian dollars, the functional currency for Whistler Blackcomb. As a result, foreign currency fluctuations associated with the loan are recorded within our results of operations.

Interest expense, net. Interest expense, net for the three months ended October 31, 2019 increased \$4.1 million, compared to the same period in the prior year, primarily due to interest expense associated with incremental term loan borrowings under the Vail Holdings Credit Agreement of \$335.6 million, which were used to fund the Peak Resorts acquisition, as well as incremental interest expense associated with debt obligations assumed in the Peak Resorts acquisition.

Benefit from income taxes. The effective tax rate benefit for the three months ended October 31, 2019 was 29.8%, compared to 24.7% for the three months ended October 31, 2018. The interim period effective tax rate is primarily driven by (i) anticipated pre-tax book income for the full fiscal year, adjusted for items that are deductible/non-deductible for tax purposes only (i.e., permanent items); (ii) excess tax benefits from employee share awards and enacted tax legislation, which are both recorded as discrete items; (iii) taxable income generated by state and foreign jurisdictions that varies from anticipated consolidated pre-tax book loss and (iv) the amount of net loss attributable to noncontrolling interests.

The increase in the effective tax rate benefit during the three months ended October 31, 2019 compared to the three months ended October 31, 2018 was primarily due to the U.S. federal tax reform rate reduction impact on the lapse in the statute of limitations for an uncertain tax position, partially offset by a decrease in excess tax benefits from employee share awards that were exercised (stock appreciation rights) and that vested (restricted stock awards), which are recorded within benefit from income taxes on the Company's Consolidated Condensed Statements of Operations. Excess tax benefits totaled \$2.5 million and \$4.6 million, respectively, for the three months ended October 31, 2019 and 2018.

Reconciliation of Segment Earnings and Net Debt

The following table reconciles from segment Reported EBITDA to net loss attributable to Vail Resorts, Inc. (in thousands):

	Three Months Ended October 31,	
	2019	2018
Mountain Reported EBITDA	\$ (79,985)	\$ (76,407)
Lodging Reported EBITDA	3,266	3,896
Resort Reported EBITDA	(76,719)	(72,511)
Real Estate Reported EBITDA	(906)	(1,272)
Total Reported EBITDA	(77,625)	(73,783)
Depreciation and amortization	(57,845)	(51,043)
Gain (loss) on disposal of fixed assets and other, net	2,267	(619)
Change in estimated fair value of contingent consideration	(1,136)	(1,200)
Investment income and other, net	277	463
Foreign currency gain (loss) on intercompany loans	360	(2,311)
Interest expense, net	(22,690)	(18,638)
Loss before benefit from income taxes	(156,392)	(147,131)
Benefit from income taxes	46,563	36,405
Net loss	(109,829)	(110,726)
Net loss attributable to noncontrolling interests	3,354	2,931
Net loss attributable to Vail Resorts, Inc.	\$ (106,475)	\$ (107,795)

The following table reconciles Net Debt to long-term debt, net (in thousands):

	October 31,	
	2019	2018
Long-term debt, net	\$ 2,005,057	\$ 1,486,968
Long-term debt due within one year	63,807	48,482
Total debt	2,068,864	1,535,450
Less: cash and cash equivalents	136,326	141,031
Net Debt	\$ 1,932,538	\$ 1,394,419

LIQUIDITY AND CAPITAL RESOURCES

Changes in significant sources of cash for the three months ended October 31, 2019 and 2018 are presented by categories as follows (in thousands).

	Three Months Ended October 31,	
	2019	2018
Net cash provided by operating activities	\$ 209,339	\$ 177,081
Net cash used in investing activities	\$ (376,754)	\$ (340,663)
Net cash provided by financing activities	\$ 198,440	\$ 135,895

Historically, our operations generate seasonally low operating cash flow in the first fiscal quarter given that the first and the prior year's fourth fiscal quarters have limited North American Mountain segment operations.

Three months ended October 31, 2019 compared to the three months ended October 31, 2018

We generated \$209.3 million of cash from operating activities during the three months ended October 31, 2019, an increase of \$32.2 million compared to \$177.1 million of cash generated during the three months ended October 31, 2018. The increase in operating cash flows was primarily a result of an increase in season pass accounts receivable collections combined with increased

season pass sales during the three months ended October 31, 2019 compared to the prior year. These increases were partially offset by decreased Mountain and Lodging operating results during the three months ended October 31, 2019 compared to the prior year, as well as a decrease in accounts payable (excluding accounts payable assumed through acquisitions) and an increase in cash interest payments primarily associated with incremental term loan borrowings under our Vail Holdings Credit Agreement.

Cash used in investing activities for the three months ended October 31, 2019 increased by \$36.1 million primarily due to cash payments of \$327.6 million, net of cash acquired, related to the acquisition of Peak Resorts during the three months ended October 31, 2019, as compared to cash payments of \$292.9 million, net of cash acquired, related to the acquisitions of Triple Peaks and Stevens Pass during the three months ended October 31, 2018. In addition, cash used in investing activities increased due to additional capital expenditures of \$4.7 million during the three months ended October 31, 2019 compared to the three months ended October 31, 2018.

Cash provided by financing activities increased by \$62.5 million during the three months ended October 31, 2019 compared to the three months ended October 31, 2018, primarily due to an increase in proceeds from incremental borrowings under the term loan portion of our Vail Holdings Credit Agreement from \$265.6 million during the three months ended October 31, 2018, which were used to fund the Triple Peaks and Stevens Pass acquisitions, to \$335.6 million during the three months ended October 31, 2019, which were used to fund the Peak Resorts acquisition. Additionally, repurchases of common stock decreased by \$28.6 million and employee taxes paid related to exercises of share awards decreased by \$2.5 million. These increases in cash provided by financing activities were partially offset by (i) an increase of \$15.2 million in net payments on borrowings under our Whistler Credit Agreement, (ii) an increase of \$8.0 million in net payments on borrowings under the revolver component of our Vail Holdings Credit Agreement, (iii) an increase in dividends paid of \$11.5 million and (iv) a payment for contingent consideration with regard to our lease for Park City.

Significant Sources of Cash

We had \$136.3 million of cash and cash equivalents as of October 31, 2019, compared to \$141.0 million as of October 31, 2018. We currently anticipate that our Mountain and Lodging segment operating results will continue to provide a significant source of future operating cash flows (primarily those generated in our second and third fiscal quarters).

In addition to our \$136.3 million of cash and cash equivalents at October 31, 2019, we had \$231.4 million available under the revolver component of our Vail Holdings Credit Agreement as of October 31, 2019 (which represents the total commitment of \$500.0 million less outstanding borrowings of \$190.0 million and certain letters of credit outstanding of \$78.6 million). Additionally, we had C\$249.1 million (\$189.1 million) available under the revolver component of our Whistler Credit Agreement (which represents the total commitment of C\$300.0 million (\$227.8 million) less outstanding borrowings of C\$50.0 million (\$38.0 million) and a letter of credit outstanding of C\$0.9 million (\$0.7 million). We expect that our liquidity needs in the near term will be met by continued use of operating cash flows and borrowings under both the Vail Holdings Credit Agreement and Whistler Credit Agreement, if needed. The Vail Holdings Credit Agreement and the Whistler Credit Agreement provide adequate flexibility and are priced favorably with any new borrowings currently priced at LIBOR plus 1.50% and Bankers Acceptance Rate plus 1.75%, respectively.

Significant Uses of Cash

Capital Expenditures

We have historically invested significant amounts of cash in capital expenditures for our resort operations, and we expect to continue to do so, subject to operating performance particularly as it relates to discretionary projects. In addition, we may incur capital expenditures for retained ownership interests associated with third-party real estate development projects. Currently planned capital expenditures primarily include investments that will allow us to maintain our high-quality standards, as well as certain incremental discretionary improvements at our Resorts, throughout our owned hotels and in technology that can impact the full network. We evaluate additional discretionary capital improvements based on an expected level of return on investment. We currently anticipate we will spend approximately \$139 million to \$143 million on resort capital expenditures during calendar year 2019, excluding one-time items associated with integrations, the one-time Triple Peaks and Stevens Pass transformation plan, summer capital, real estate related capital and reimbursable investments. We expect that our total capital plan will be approximately \$190 million to \$195 million, including items noted above for integration and acquisitions, summer capital, real estate related projects and approximately \$18 million of reimbursable investments associated with insurance recoveries and tenant improvements. Included in these estimated capital expenditures are approximately \$85 million to \$90 million of maintenance capital expenditures, which are necessary to maintain appearance and level of service appropriate to our resort operations. Discretionary expenditures for calendar year 2019 include, among other projects, significant investments in our snowmaking systems in Colorado that have transformed the early-season terrain experience at Vail, Keystone and Beaver Creek; technology investments to increase lift ticket express fulfillment capacity through new mobile technology across many of our North American resorts to allow skiers and

snowboarders who purchased tickets in advance to bypass the ticket window entirely; and a new permanent Tombstone BBQ restaurant at Park City. We also made significant one-time investments across the recently acquired resorts of Crested Butte, Okemo, Mount Sunapee and Stevens Pass, which will include replacing and upgrading the Daisy and Brooks lifts at Stevens Pass and the Teocalli Lift at Crested Butte and on-mountain restaurant upgrades at Okemo. We invested approximately \$14 million in the first phase of a two-year, \$35 million investment program for these newly acquired resorts. Additionally, we plan to spend approximately \$7 million in capital for the integration of Triple Peaks and Stevens Pass, \$2 million in capital for the integration of Peak Resorts and \$1 million in capital for the integration of Falls Creek and Hotham. The calendar year 2019 capital plan also includes \$3 million of investment related to our sustainability commitment focused on energy efficiency opportunities in snowmaking as well as other electrical and lighting applications.

Approximately \$131 million was spent for capital expenditures in calendar year 2019 as of October 31, 2019, leaving approximately \$59 million to \$64 million to spend in the remainder of calendar year 2019, including anticipated investments for integration and acquisitions, summer capital, real estate related projects and reimbursable investments associated with insurance recoveries and tenant improvements.

We expect that our capital plan for calendar 2020 will be approximately \$155 million to \$160 million, excluding one-time items associated with integrations, the one-time Triple Peaks and Stevens Pass transformation plan, one-time Peak Resorts capital improvements, real estate related capital and reimbursable investments associated with insurance recoveries that we had originally expected to occur in calendar 2019. We expect that our total capital plan will be approximately \$210 million to \$215 million, including items noted above for integration and acquisitions, summer capital, real estate related projects and approximately \$4 million of reimbursable investments associated with insurance recoveries. We currently plan to utilize cash on hand, borrowings available under our credit agreements and/or cash flow generated from future operations to provide the cash necessary to complete our capital plans.

Acquisition of Peak Resorts

On September 23, 2019, we entered into an amendment to our Vail Holdings Credit Agreement in which the term loan was increased by approximately \$335.6 million, and we utilized the proceeds to fund the acquisition of 100 percent of the outstanding stock of Peak Resorts on September 24, 2019 at a purchase price of \$11.00 per share or approximately \$264.5 million, and to prepay certain portions of Peak Resorts outstanding debt and lease obligations that were required to be paid in order to complete the transaction.

Debt

As of October 31, 2019, principal payments on the majority of our long-term debt (\$1,760.9 million of the total \$2,058.0 million debt outstanding as of October 31, 2019) are not due until fiscal 2024 and beyond. As of October 31, 2019 and 2018, total long-term debt, net (including long-term debt due within one year) was \$2,068.9 million and \$1,535.5 million, respectively. Net Debt (defined as long-term debt, net plus long-term debt due within one year less cash and cash equivalents) increased from \$1,394.4 million as of October 31, 2018 to \$1,932.5 million as of October 31, 2019, primarily due to \$335.6 million in incremental term loans, as discussed above, resulting from the September 23, 2019 amendment of our Vail Holdings Credit Agreement. Additionally, in conjunction with the acquisition of Peak Resorts, we assumed certain debt obligations of Peak Resorts, which have maturities ranging from 2021 through 2036 and were recorded at their estimated fair values of approximately \$181.7 million. See Notes to the Consolidated Condensed Financial Statements for additional information.

The Vail Holdings Credit Agreement provides for (i) a revolving loan facility in an aggregate principal amount of \$500.0 million and (ii) a term loan facility of \$1.25 billion. We expect that our liquidity needs in the near term will be met by continued use of operating cash flows and borrowings under both the Vail Holdings Credit Agreement and Whistler Credit Agreement.

Our debt service requirements can be impacted by changing interest rates as we had approximately \$1.4 billion of variable-rate debt outstanding as of October 31, 2019. A 100-basis point change in our borrowing rates would cause our annual interest payments to change by approximately \$14.3 million. Additionally, the annual payments associated with the financing of the Canyons Resort transaction increase by the greater of CPI less 1%, or 2%. The fluctuation in our debt service requirements, in addition to interest rate and inflation changes, may be impacted by future borrowings under our credit agreements or other alternative financing arrangements we may enter into. Our long term liquidity needs depend upon operating results that impact the borrowing capacity under our credit agreements, which can be mitigated by adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. We can respond to liquidity impacts of changes in the business and economic environment by managing our capital expenditures, the timing of new real estate development activity and the payment of our regular quarterly cash dividend on our common stock.

Dividend Payments

In fiscal 2011, our Board of Directors approved the commencement of a regular quarterly cash dividend on our common stock at an annual rate of \$0.60 per share, subject to quarterly declaration. Since the initial commencement of a regular quarterly cash dividend, our Board of Directors has annually approved an increase to our cash dividend on our common stock and on March 7, 2019, our Board of Directors approved a 20% increase to our quarterly cash dividend to \$1.76 per share (or approximately \$70.9 million per quarter based upon shares outstanding as of October 31, 2019). For the three months ended October 31, 2019, we paid cash dividends of \$1.76 per share (\$71.1 million in the aggregate). These dividends were funded through available cash on hand and borrowings under the revolving portion of our Vail Holdings Credit Agreement. Subject to the discretion of our Board of Directors, applicable law and contractual restrictions, we anticipate paying regular quarterly cash dividends on our common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend on our available cash on hand, anticipated cash needs, overall financial condition, restrictions contained in our Vail Holdings Credit Agreement, future prospects for earnings and cash flows, as well as other factors considered relevant by our Board of Directors.

Share Repurchase Program

Our share repurchase program is conducted under authorizations made from time to time by our Board of Directors. On March 9, 2006, our Board of Directors initially authorized the repurchase of up to 3,000,000 shares of Vail Resorts common stock ("Vail Shares") and later authorized additional repurchases of up to 3,000,000 Vail Shares (July 16, 2008) and 1,500,000 Vail Shares (December 4, 2015), for a total authorization to repurchase up to 7,500,000 Vail Shares. During the three months ended October 31, 2019, we repurchased 95,618 Vail Shares (at a total cost of approximately \$21.4 million). During the three months ended October 31, 2018, we repurchased 197,896 Vail Shares at a total cost of \$50.0 million. Since inception of this stock repurchase program through October 31, 2019, we have repurchased 6,000,341 Vail Shares at a cost of approximately \$379.4 million. As of October 31, 2019, 1,499,659 Vail Shares remained available to repurchase under the existing repurchase authorization. Vail Shares purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under our share award plan. Repurchases under the 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 Vail Shares that may be repurchased under the program will depend on several factors, including our future financial performance, our available cash resources and competing uses for cash that may arise in the future, the restrictions in our Vail Holdings Credit Agreement, prevailing prices of Vail Shares and the number of Vail Shares that become available for sale at prices that we believe are attractive. The share repurchase program has no expiration date.

Covenants and Limitations

We must abide by certain restrictive financial covenants under our credit agreements. The most restrictive of those covenants include the following covenants: for the Vail Holdings Credit Agreement, Net Funded Debt to Adjusted EBITDA ratio and the Interest Coverage ratio (each as defined in the Vail Holdings Credit Agreement); for the Whistler Credit Agreement, Consolidated Total Leverage Ratio and Consolidated Interest Coverage Ratio (each as defined in the Whistler Credit Agreement); and for the EPR Secured Notes, Maximum Leverage Ratio and Consolidated Fixed Charge Ratio (each as defined in the EPR Agreements). In addition, our financing arrangements limit our ability to make certain restricted payments, pay dividends on or redeem or repurchase stock, make certain investments, make certain affiliate transfers and may limit our ability to enter into certain mergers, consolidations or sales of assets and incur certain indebtedness. Our borrowing availability under the Vail Holdings Credit Agreement is primarily determined by the Net Funded Debt to Adjusted EBITDA ratio, which is based on our segment operating performance, as defined in the Vail Holdings Credit Agreement. Our borrowing availability under the Whistler Credit Agreement is primarily determined based on the commitment size of the credit facility and our compliance with the terms of the Whistler Credit Agreement.

We were in compliance with all restrictive financial covenants in our debt instruments as of October 31, 2019. We expect that we will meet all applicable financial maintenance covenants in our credit agreements throughout the fiscal year ending July 31, 2020. However, there can be no assurance we will meet such financial covenants. If such covenants are not met, we would be required to seek a waiver or amendment from the banks participating in the credit agreements. There can be no assurance that such waivers or amendments would be granted, which could have a material adverse impact on our liquidity.

OFF BALANCE SHEET ARRANGEMENTS

We do not have off balance sheet transactions that are expected to have a material effect on our financial condition, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources.

FORWARD-LOOKING STATEMENTS

Except for any historical information contained herein, the matters discussed or incorporated by reference in this Form 10-Q contain certain forward-looking statements within the meaning of the federal securities laws. These statements relate to analyses and other information available as of the date hereof, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our contemplated 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 weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries;*
- *unfavorable weather conditions or the impact of natural disasters;*
- *risks related to our reliance on information technology, including our failure to maintain the integrity of our customer or employee data and our ability to adapt to technological developments or industry trends;*
- *risks related to cyber-attacks;*
- *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 and changing consumer preferences;*
- *the seasonality of our business combined with adverse events that occur during our peak operating periods;*
- *competition in our mountain and lodging businesses;*
- *the high fixed cost structure of our business;*
- *our ability to fund resort capital expenditures;*
- *risks related to a disruption in our water supply that would impact our snowmaking capabilities and operations;*
- *our reliance on government permits or approvals for our use of public land or to make operational and capital improvements;*
- *risks related to federal, state, local and foreign government laws, rules and regulations;*
- *risks related to changes in security and privacy laws and regulations which could increase our operating costs and adversely affect our ability to market our products and services effectively;*
- *risks related to our workforce, including increased labor costs, loss of key personnel and our ability to hire and retain a sufficient seasonal workforce;*
- *adverse consequences of current or future legal claims;*
- *a deterioration in the quality or reputation of our brands, including our ability to protect our intellectual property and the risk of accidents at our mountain resorts;*
- *our ability to successfully integrate acquired businesses, or that acquired businesses may fail to perform in accordance with expectations, including Hotham, Falls Creek, Peak Resorts or future acquisitions;*
- *our ability to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 with respect to acquired businesses;*
- *risks associated with international operations;*
- *fluctuations in foreign currency exchange rates where the Company has foreign currency exposure, primarily the Canadian and Australian dollars;*
- *changes in accounting judgments and estimates, accounting principles, policies or guidelines or adverse determinations by taxing authorities, as well as risks associated with uncertainty of the impact of tax reform legislation in the United States; and*
- *a materially adverse change in our financial condition.*

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-Q, 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 we make for a number of reasons, including those described in Part I, Item 1A “Risk Factors” of our Form 10-K. All forward-looking statements are made only as of the date hereof. Except as may be required by law, we do not intend to update these forward-looking statements, even if new information, future events or other circumstances have made them incorrect or misleading.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Our exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. As of October 31, 2019, we had approximately \$1.4 billion of variable rate indebtedness, representing approximately 69.3% of our total debt outstanding, at an average interest rate during the three months ended October 31, 2019 of 3.4%. Based on variable-rate borrowings outstanding as of October 31, 2019, a 100-basis point (or 1.0%) change in our borrowing rates would result in our annual interest payments changing by approximately \$14.3 million. Our market risk exposure fluctuates based on changes in underlying interest rates.

During the three months ended October 31, 2019, we entered into an interest rate swap agreement to fix the interest rate on a portion of our Vail Holdings Credit Agreement, which has the effect of fixing the underlying floating interest rate component of \$100.0 million of the principal amount outstanding.

Foreign Currency Exchange Rate Risk. We are exposed to currency translation risk because the results of our international entities are reported in local currency, which we then translate to U.S. dollars for inclusion in our Consolidated Condensed Financial Statements. As a result, changes between the foreign exchange rates, in particular the Canadian dollar and Australian dollar compared to the U.S. dollar, affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. Additionally, we also have foreign currency transaction exposure from an intercompany loan to Whistler Blackcomb that is not deemed to be permanently invested, which have and could materially change due to fluctuations in the Canadian dollar exchange rate. The results of Whistler Blackcomb and our Australian resorts are reported in Canadian dollars and Australian dollars, respectively, which we then translate to U.S. dollars for inclusion in our Consolidated Condensed Financial Statements. We do not currently enter into hedging arrangements to minimize the impact of foreign currency fluctuations on our operations.

The following table summarizes the amounts of foreign currency translation adjustments and other, net of tax, representing gains (losses), and foreign currency gain (loss) on intercompany loans recognized, in comprehensive loss (in thousands).

	Three Months Ended October 31,	
	2019	2018
Foreign currency translation adjustments and other, net of tax	\$ 5,323	\$ (22,636)
Foreign currency gain (loss) on intercompany loans	\$ 360	\$ (2,311)

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company, under the supervision and with participation of the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of the Company’s disclosure controls and procedures as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Act”) as of the end of the period covered by this report on Form 10-Q.

During the three months ended October 31, 2019, the Company implemented certain internal controls in connection with its adoption of the new lease accounting standard. There were no other changes in the Company’s internal control over financial reporting that occurred during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Based upon their evaluation of the Company’s disclosure controls and procedures, the CEO and the CFO concluded that the disclosure controls and procedures 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 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.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In May 2016, Kirkwood received a Notice of Violation (“NOV”) from the State of California Central Valley Regional Water Quality Control Board (the “Regional Water Board”) regarding the disposition of asphalt grindings used in parking lot surfacing in and around Kirkwood Creek. We have cooperated with the Regional Water Board staff and the California Department of Fish and Wildlife (“CDFW”) to satisfactorily resolve the matters identified in the NOV.

On December 13, 2017, Kirkwood entered into a Settlement Agreement and Stipulation for Entry of Administrative Liability Order (“Stipulated Order”) with the Regional Water Board and CDFW. Under the Stipulated Order, Kirkwood agreed to be responsible for monetary penalties and agency costs totaling approximately \$0.8 million, of which approximately half will be fulfilled by a supplemental environmental project run by the National Fish and Wildlife Foundation. All of these amounts have been paid by third-party insurance. The remaining remediation work required by the Stipulated Order and requested by the agencies was completed in 2019. No further remediation work is expected.

We do not expect the resolution of the above item to have a material impact on our results of operations or cash flows.

We are a party to various lawsuits arising in the ordinary course of business. We believe that we have adequate insurance coverage and/or have accrued for all loss contingencies for asserted and unasserted matters and that, although the ultimate outcome of such claims cannot be ascertained, current pending and threatened claims are not expected, individually or in the aggregate, to have a material adverse impact on our financial position, results of operations and cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K, filed with the SEC on September 26, 2019, as of and for the year ended July 31, 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Exchangeable Shares

On October 17, 2016, the Company acquired all of the outstanding common shares of Whistler Blackcomb. Part of the consideration paid to Whistler Blackcomb shareholders consisted of 3,327,719 Vail Shares and 418,095 shares of the Company’s wholly-owned Canadian subsidiary (the “Exchangeco Shares”). Each Exchangeco Share is exchangeable by the holder thereof for one Vail Share (subject to customary adjustments for stock splits or other reorganizations). In addition, the Company may require all outstanding Exchangeco Shares to be exchanged into an equal number of Vail Shares upon the occurrence of certain events and at any time following the seventh anniversary of the closing of the transaction. Exchangeco Shares, while outstanding, are substantially the economic equivalent of the corresponding Vail Shares. As of October 31, 2019, 55,409 Exchangeco Shares had not yet been exchanged into Vail Shares.

The shares issued at closing of the Whistler Blackcomb acquisition were issued in reliance upon Section 3(a)(10) of the Securities Act of 1933, as amended (the “Securities Act”), which exempts from the registration requirements under the Securities Act any securities that are issued in exchange for one or more bona fide outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court expressly authorized by law to grant such approval. Although exempt from the registration requirements under the Securities Act, such shares are listed and freely tradeable on the New York Stock Exchange.

Repurchase of Equity Securities

The following table sets forth our purchases of shares of our common stock during the first quarter of fiscal 2020:

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)
August 1, 2019 - August 31, 2019	—	\$ —	—	1,595,277
September 1, 2019 - September 30, 2019	—	\$ —	—	1,595,277
October 1, 2019 - October 31, 2019	95,618	\$ 224.28	95,618	1,499,659
Total	95,618	\$ 224.28	95,618	1,499,659

- (1) The share repurchase program is conducted under authorizations made from time to time by our Board of Directors. The Board of Directors initially authorized the repurchase of up to 3,000,000 Vail Shares (March 9, 2006), and later authorized additional repurchases of up to 3,000,000 Vail Shares (July 16, 2008) and 1,500,000 Vail Shares (December 4, 2015), for a total authorization to repurchase up to 7,500,000 Vail Shares. As of October 31, 2019, 1,499,659 Vail Shares remained available to repurchase under the existing repurchase authorization. Repurchases under these authorizations may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. These authorizations have no expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

Exhibit Number	Description
10.1	<u>Second Amendment to the Eighth Amended and Restated Credit Agreement, dated as of September 23, 2019, among Vail Holdings, Inc., as borrower, and Bank of America, N.A., as administrative agent, on its own behalf and on behalf of the Lenders party thereto.</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32	<u>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.</u>
101.INS	XBRL Instance Document - the instance document does not appear in the interactive data file as its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Definition Linkbase Document.
101.LAB	XBRL Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from this Quarterly Report on Form 10-Q, formatted in inline XBRL.

**SECOND AMENDMENT TO
EIGHTH AMENDED AND RESTATED CREDIT AGREEMENT**

This SECOND AMENDMENT TO EIGHTH AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”) is dated as of September 23, 2019, but effective as of the Effective Date (hereinafter defined), among VAIL HOLDINGS, INC., a Colorado corporation (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).

RECITALS

A. The Company has entered into that certain Eighth Amended and Restated Credit Agreement dated as of August 15, 2018, 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 Eighth Amended and Restated Credit Agreement dated as of April 15, 2019, and as further amended, restated, or otherwise modified from time to time, the “*Credit Agreement*”; capitalized terms used but not defined herein have the meanings set forth in the Credit Agreement), providing for a term loan, revolving credit loans, letters of credit, and swing line loans.

B. The Company has requested certain amendments to the Credit Agreement.

Subject to the terms and conditions set forth herein, the Company, the Lenders party hereto, the Guarantors (by execution of the attached Guarantors’ Consent and Agreement), and Administrative Agent agree as follows:

1. **Amendments to the Credit Agreement.** Effective as of the Effective Date, the parties hereto agree that:

(a) **New Definitions.** *Section 1.1* of the Credit Agreement is amended by inserting the following new definitions alphabetically to read as follows:

“*Peak Resorts* means Peak Resorts, Inc., a corporation existing under the Laws of the State of Missouri.”

“*Peak Resorts Acquisition* means the acquisition of the Peak Resorts Acquisition Subsidiaries by the Company pursuant to the Peak Resorts Acquisition Agreement and repayment of certain indebtedness of the Peak Resorts Acquisition Subsidiaries.”

“*Peak Resorts Acquisition Agreement* means the Agreement and Plan of Merger, dated as of July 20, 2019, by and among the Company, VRAD Holdings, Inc., Peak Resorts and, solely with respect to Section 9.14 thereof, VRI.”

“*Peak Resorts Acquisition Subsidiaries* means, collectively, Peak Resorts and any direct or indirect Subsidiary of Peak Resorts existing on the Second Amendment Closing Date.”

“*Second Amendment Closing Date* means September 23, 2019.”

(b) Amendment to Definitions. The following definitions set forth in *Section 1.1* of the Credit Agreement are amended and restated in their entirety as follows:

“**Critical Assets** means all improvements, assets, and Rights essential to ski resort operations owned or acquired by any Company; *provided that* the assets of the Whistler Acquisition Subsidiaries and the Peak Resorts Acquisition Subsidiaries shall not be deemed ‘Critical Assets’.”

“**Fee Letter** means the letter agreement dated August 15, 2018, among Borrower, Administrative Agent and BofA Securities, Inc., as successor to Merrill Lynch, Pierce, Fenner & Smith Incorporated.”

“**Joint Lead Arrangers** means BofA Securities, Inc., U.S. Bank National Association and Wells Fargo Securities, LLC, in their respective capacities as joint lead arrangers and joint bookrunners.”

“**Maximum Facility Amount** means, on any date of determination, the greater of (a) \$1,500,000,000, and (b) the product of (i) 2.75 and (ii) Adjusted EBITDA for the four fiscal quarters ending on the last day of the immediately preceding fiscal quarter.”

“**Termination Date** means (a) for purposes of the Revolver Facility, the earlier of (i) September 23, 2024; and (ii) the effective date upon which Revolver Lenders’ Revolver Commitments are otherwise canceled or terminated, and (b) for purposes of the Term Loan Facility, (i) the earlier of September 23, 2024, and (ii) the effective date of any other termination, cancellation or acceleration of the Term Loan Facility.”

(c) Amendment to Definitions. The first sentence following the table set forth in the definition of “*Applicable Margin*” in *Section 1.1* of the Credit Agreement is amended and restated as follows:

“Prior to Administrative Agent’s receipt of the Companies’ consolidated Financial Statements for the Companies’ fiscal quarter ended October 31, 2019, the ratio of Net Funded Debt to Adjusted EBITDA shall be fixed at Level III.”

(d) Amendment to Definitions. *Clause (g)* of the definition of “*Permitted Debt*” in *Section 1.1* of the Credit Agreement is amended and restated as follows:

“(g) (i) Non-Recourse Debt of Unrestricted Subsidiaries, and (ii) other Debt of Unrestricted Subsidiaries, whether or not recourse to the Restricted Companies, so long as any guaranties or other contingent obligations of the Restricted Companies in respect of such Debt is permitted pursuant to **clause (h)(ii)** below;”

(e) Amendment to Definitions. *Section 1.1* of the Credit Agreement is amended by deleting the definition of “*MLPF&S*” therefrom.

(f) Amendment of Section 1.8. *Section 1.8* of the Credit Agreement is amended and restated as follows:

“1.8 Whistler Acquisition Subsidiaries and Peak Acquisition Subsidiaries. Notwithstanding any requirement to the contrary in this Agreement, the Whistler Acquisition Subsidiaries and the Peak Resorts Acquisition Subsidiaries shall be deemed “*Unrestricted Subsidiaries*”; provided that the Whistler Acquisition Subsidiaries and the Peak Resorts Acquisition

Subsidiaries shall be treated as “*Restricted Subsidiaries*” for the purposes of the definition of Adjusted EBITDA for all purposes under this Agreement and Net Funded Debt and interest on Funded Debt attributable to the Whistler Acquisition Subsidiaries and the Peak Resorts Acquisition Subsidiaries shall be included in the calculation of the financial covenants set forth in **Sections 11.1** and **11.2** (provided, in each case, only Borrower’s equity ownership percentage of Adjusted EBITDA, Net Funded Debt and interest on Funded Debt attributable to the Whistler Acquisition Subsidiaries shall be included in such calculation). Borrower shall pledge 65% of the Equity Interest of VHF B.V. and 100% of the Equity Interests of Peak Resorts to Administrative Agent, for the benefit of Lenders.”

(g) Amendment of Article 1. *Article 1* of the Credit Agreement is amended to add a new *Section 1.10* to read as follows:

“1.10 **Interest Rates.** Administrative Agent does not warrant, nor accept responsibility, nor shall Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of “Eurocurrency Rate” or with respect to any rate that is an alternative or replacement for successor to any of such rate (including, without limitation, any LIBOR Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes.”

(h) Amendment of Section 2.1(b). *Section 2.1(b)* of the Credit Agreement is amended and restated as follows:

“(b) Term Loan Lenders made Term Loans to Borrower on May 1, 2015, October 14, 2016, and during the Delayed Draw Availability Period. Subject to and in reliance upon the terms, conditions, representations, and warranties in the Loan Papers, each Term Loan Lender severally, but not jointly, agrees to make one or more Term Loans in Dollars to Borrower on the Second Amendment Closing Date, in an aggregate amount together with the Term Loans made on May 1, 2015, October 14, 2016, and during the Delayed Draw Availability Period not to exceed such Term Loan Lender’s Commitment Percentage of the Term Loan Facility. Each Term Loan Borrowing shall consist of Term Loans made simultaneously by the Term Loan Lenders in accordance with their respective Commitment Percentage of the Term Loan Facility. Amounts borrowed under this **Section 2.1(b)** and repaid or prepaid may not be reborrowed.”

(i) Amendment of Section 3.2(c). *Section 3.2(c)* of the Credit Agreement is amended and restated as follows:

“(c) Borrower shall repay the outstanding principal amount of each Swing Line Loan on the earlier to occur of (i) the date that is fifteen (15) Business Days after such Swing Line Loan is made, and (ii) the Termination Date for the Revolver Facility.”

(j) Amendment of Section 3.2(d). *Section 3.2(d)* of the Credit Agreement is amended and restated as follows:

“(d) The Term Loan Principal Debt is due and payable in equal quarterly installments, such that five percent (5%) of the Term Loan Principal Debt outstanding on the Second Amendment Closing Date is repaid in each consecutive period of four (4) Quarterly Dates, with the first such payment due on January 31, 2020, and continuing on each consecutive Quarterly Date thereafter. A final payment is due on the Termination Date for the Term Loan Facility in an amount equal to all Term Loan Principal Debt then outstanding.”

(k) Amendment of Section 9.2. The first sentence in *Section 9.2* of the Credit Agreement is amended and restated as follows:

“Borrower will use all of the proceeds of (a) Revolving 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*, to make capital expenditures permitted under *Section 10.18*, and for other general corporate purposes, and (b) Term Loans to redeem the 2019 VRI Subordinated Notes and the Vail Bonds and to consummate the Whistler Acquisition, the 2018 Acquisitions and the Peak Resorts Acquisition.”

(l) Amendment of Section 9.7(b). *Section 9.7(b)* of the Credit Agreement is amended to replace each reference to “10%” therein to read as “7.5%”.

(m) Amendment of Section 10.08(u). *Section 10.08(u)* of the Credit Agreement is amended and restated to read as follows:

“(u) (i) loans, advances, investments in the Whistler Acquisition Subsidiaries required to consummate the Whistler Acquisition and (ii) loans, advances, investments in the Peak Resorts Acquisition Subsidiaries to consummate the Peak Resorts Acquisition;”

(n) Amendment of Section 10.11(a). *Section 10.11(a)* of the Credit Agreement is amended to add a new *clause (iv)* to read as follows:

“(iv) the Company, VRAD Holdings, Inc. and the Peak Resorts Acquisition Subsidiaries may consummate the Peak Resorts Acquisition.”

(o) Amendment of Section 10.11. *Section 10.11* of the Credit Agreement is amended to add a new *clause (c)* to read as follows:

“(c) No limited liability company organized or formed under the laws of the State of Delaware (a “Delaware LLC”) shall divide into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Company Act without giving Administrative Agent prior written notice of such division.”

(p) Amendment of Section 15. *Section 15* of the Credit Agreement is amended to add a new *Section 15.25* to read as follows:

“15.25 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Papers provide support, through a guarantee or otherwise, for any Financial Hedge or any other agreement or instrument that is a QFC (such support, “**QFC Credit Support**”, and each such QFC, a “**Supported QFC**”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and *Title II* of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Papers and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such

Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Papers that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Papers were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

As used in this **Section 15.25**, the following terms have the following meanings:

“**BHC Act Affiliate**” of a party means an “*affiliate*” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**Covered Entity**” means any of the following: (i) a “*covered entity*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §252.82(b); (ii) a “*covered bank*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §47.3(b); or (iii) a “*covered FSI*” as that term is defined in, and interpreted in accordance with, 12 C.F.R. §382.2(b).

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§252.81, 47.2 or 382.1, as applicable.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).”

(q) Amendment to Schedule 1. The “*Lenders and Commitments*” table set forth on *Schedule 1* to the Credit Agreement is amended and restated in its entirety as set forth on **Schedule 1** attached hereto.

(r) Amendment to Schedule 8.2. *Schedule 8.2* to the Credit Agreement is amended and restated in its entirety as set forth on **Schedule 8.2** attached hereto.

2 . Representations and Warranties. As a material inducement to the Lenders and Administrative Agent to execute and deliver this Amendment, the Company represents and warrants to the Lenders and Administrative Agent (with the knowledge and intent that Administrative Agent and the Lenders party hereto are relying upon the same in entering into this Amendment) that: (a) the Company and the Guarantors have all requisite authority and power to execute, deliver, and perform their respective obligations under this 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 entities; (b) upon execution and delivery by the Company, the Guarantors, Administrative Agent, and the Lenders party hereto, this Amendment will constitute the legal and binding obligation of each of the Company, and the Guarantors, enforceable against

such entities in accordance with the terms of this 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) before and after giving effect to this Amendment, all representations and warranties in the Loan Papers are true and correct 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) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing.

3. Conditions Precedent to Effective Date. This Amendment shall be effective on the date (the "*Effective Date*") upon which Administrative Agent receives each of the following items:

- (a) counterparts of this Amendment executed by the Company, Administrative Agent, and the Lenders;
- (b) a restated Revolver Note payable to each Revolver Lender that so requests;
- (c) a restated Term Loan Note payable to each Term Loan Lender that so requests;
- (d) the Guarantors' Consent and Agreement executed by each Guarantor;
- (e) payment of all fees payable on or prior to the Effective Date pursuant to the Credit Agreement and Fee Letter (as amended by that certain Fee Letter Amendment dated of even date hereof);
- (f) a certificate of each Company dated as of the Effective Date signed by a Responsible Officer of Borrower and each Guarantor (A) certifying and attaching the resolutions adopted by each such entity approving or consenting to this Amendment, and (B) in the case of Borrower, certifying that, before and after giving effect to this Amendment, (1) the representations and warranties contained in *Section 8* of the Credit Agreement and the other Loan Papers are true and correct on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and (2) no Default or Potential Default exists or would result from this Amendment;
- (g) Legal opinions of in-house counsel to the Restricted Companies and Gibson, Dunn & Crutcher, LLP, special New York counsel to the Restricted Companies, each in form and substance satisfactory to Administrative Agent; and
- (h) evidence that all conditions precedent to the consummation of the Peak Resorts Acquisition other than the payment of consideration thereunder using the proceeds of the Term Loans and such other conditions that can only be satisfied substantially concurrently with the closing of the Peak Resorts Acquisition have been satisfied, together with executed copies of the Peak Resorts Acquisition Agreement and any material agreement related thereto, in each case, in form and substance satisfactory to Administrative Agent and its counsel.

4. New Lender; Assignment and Reallocation of Commitments.

(a) On the Effective Date, each of the banks and financial institutions party to this Amendment and identified on the signature pages hereto as New Lenders (each a "*New Lender*") (i) shall be deemed automatically to have become a party to the Credit Agreement and have all the rights and obligations of a "Lender" under the Credit Agreement as if it were an original signatory thereto and (ii) agrees to be bound

by the terms and conditions set forth in the Credit Agreement as if it were an original signatory thereto. Each New Lender hereby confirms that it has received a copy of the Loan Papers and the exhibits related thereto, together with copies of the documents which were required to be delivered under the Credit Agreement as a condition to the making of the Loans and other extensions of credit thereunder. Each New Lender acknowledges and agrees that it has made and will continue to make, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, its own credit analysis and decisions relating to the Credit Agreement. Each New Lender further acknowledges and agrees that Administrative Agent has not made any representations or warranties about the credit worthiness of Borrower or any of its Subsidiaries or any other party to the Credit Agreement or any other Loan Paper or with respect to the legality, validity, sufficiency or enforceability of the Credit Agreement or any other Loan Paper or the value of any security therefor.

(b) On the Effective Date, each Lender (including each New Lender) hereby sells, assigns, transfers and conveys to the other Lenders, and each Lender hereby purchases and accepts, so much of the Revolver Commitment, the outstanding Revolver Commitment Usage, the Term Loan Principal Debt, LC Exposure and Swing Line Borrowings under the Credit Agreement such that immediately after giving effect to this Amendment, the Revolver Commitment and the Term Loan Commitment of each Lender shall be as set forth on **Schedule 1** hereto. The foregoing assignments, transfers and conveyances are without recourse to any Lender and without warranties whatsoever by Administrative Agent, L/C Issuer or Swing Line Lender as to title, enforceability, collectability, documentation or freedom from liens and encumbrances, in whole or in part, other than the warranty or any such assigning Lender that it has not previously sold, transferred, conveyed, encumbered or assigned such interests.

5. Designation of Unrestricted Subsidiaries. Pursuant to *Section 9.11* of the Credit Agreement, the Company hereby designates the entities listed on **Annex A** attached hereto as Unrestricted Subsidiaries and hereby confirms that such designation satisfies the requirements set forth in *Section 9.11* of the Credit Agreement, except as provided in *Section 1.8* of the Credit Agreement.

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

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

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

constitute the same document and facsimile and electronic (e.g. pdf) signatures shall constitute originals for all intents and purposes hereof, (f) this Amendment is a “*Loan Paper*” referred to in the Credit Agreement, and the provisions relating to Loan Papers in *Section 15* of the Credit Agreement are incorporated herein by reference, (g) this Amendment, the Credit Agreement, as amended by this Amendment, and the other Loan Papers constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof, and (h) except as provided in this Amendment, the Credit Agreement, the Notes, and the other Loan Papers are unchanged and are ratified and confirmed.

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

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

***Remainder of Page Intentionally Blank.
Signature Pages to Follow.***

VAIL HOLDINGS, INC., as the Company

By: /s/ Michael Z. Barkin

Name: Michael Z. Barkin

Title: Executive Vice President &
Chief Financial Officer

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

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

By: /s/ Scott Blackman

Name: Scott Blackman

Title: Senior Vice President

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

BANK OF AMERICA, N.A.,

as an L/C issuer, a Swing Line Lender, a Revolver Lender and a Term
Loan Lender

By: /s/ Scott Blackman

Name: Scott Blackman

Title: Senior Vice President

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

U.S. BANK NATIONAL ASSOCIATION,
as a Swing Line Lender, a Revolver Lender and a Term Loan Lender

By: /s/ Greg Blanchard

Name: Greg Blanchard

Title: Vice President

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

WELLS FARGO BANK, NATIONAL ASSOCIATION
as an L/C Issuer, a Revolver Lender and a Term Loan Lender

By: /s/ Jason Weston

Name: Jason Weston

Title: Senior Vice President

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

SUNTRUST BANK

as a Revolver Lender and a Term Loan Lender

By: /s/ Justin Lien

Name: Justin Lien

Title: Director

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

BANK OF THE WEST,
as a Revolver Lender and a Term Loan Lender

By: /s/ Robert Likos

Name: Robert Likos

Title: Director

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

BOKF, NA DBA BOK FINANCIAL
as a Revolver Lender and a Term Loan Lender

By: /s/ Chris Golec

Name: Chris Golec

Title: Vice President

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

BMO HARRIS BANK N.A.,
as a Revolver Lender and a Term Loan Lender

By: /s/ Terry Switz

Name: Terry Switz

Title: Director

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Revolver Lender and a Term Loan Lender

By: /s/ Ross Fleck

Name: Ross Fleck

Title: Global Relationship Manager

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

PNC BANK, NATIONAL ASSOCIATION,
as a New Lender

By: /s/ Sean Piper

Name: Sean Piper

Title: AVP

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

HSBC BANK AUSTRALIA LIMITED,
as a New Lender

For and on behalf of **HSBC BANK USA, NATIONAL ASSOCIATION**, its
duly authorized attorney pursuant to a power of attorney in the presence of

By: /s/ Nadia Ladak

Name: Nadia Ladak

Title: Attorney

/s/ Weng Hang Lei Christie

Name: Weng Hang Lei Christie

Title: Witness

Signature Page to
Second Amendment to Eighth Amended and Restated Credit Agreement

GUARANTORS' CONSENT AND AGREEMENT

As an inducement to Administrative Agent and Lenders to execute, and in consideration of and as a condition to Administrative Agent's and Lenders' execution of the foregoing Second Amendment to Eighth Amended and Restated Credit Agreement (the "**Second Amendment**"), the undersigned hereby consent to the Second Amendment, and agree that (a) the Second Amendment 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, and (b) the Guaranty executed by each Guarantor is ratified, and the "*Guaranteed Debt*" (as defined in each Guaranty) includes, without limitation, the "*Obligations*" (as defined in the Credit Agreement). This consent and agreement shall be binding upon the undersigned, and the respective successors and assigns of each, shall inure to the benefit of Administrative Agent and Lenders, and the respective successors and assigns of each, and shall be governed by and construed in accordance with the laws of the State of New York.

Vail Resorts, Inc.
2006 Cimarron, LLC
By: Crested Butte, LLC
All Media Associates, Inc.
All Media Holdings, Inc.
Arrabelle at Vail Square, LLC
By: Vail Resorts Development Company
Beaver Creek Associates, Inc.
Beaver Creek Consultants, Inc.
Beaver Creek Food Services, Inc.
Booth Creek Ski Holdings, Inc.
BCRP Inc.
Breckenridge Resort Properties, Inc.
CB Commercial Properties '07, LLC
By: Crested Butte, LLC
Colorado Mountain Express, Inc.
Colter Bay Café Court, LLC
By: Grand Teton Lodge Company
Colter Bay Convenience Store, LLC
By: Grand Teton Lodge Company
Colter Bay Corporation
Colter Bay General Store, LLC
By: Grand Teton Lodge Company
Colter Bay Marina, LLC
By: Grand Teton Lodge Company
Crested Butte, LLC
Crystal Peak Lodge of Breckenridge, Inc.
DTPC, LLC
By: Rockresorts International, LLC

By: Vail RR, Inc.
EpicSki, Inc.
Flagg Ranch Company
Gillett Broadcasting, Inc.
Grand Teton Lodge Company
Heavenly Valley, Limited Partnership
By: VR Heavenly I, Inc.
HVLP Kirkwood Services, LLC
By: Heavenly Valley, Limited Partnership
By: VR Heavenly I, Inc.
Jackson Hole Golf and Tennis Club, Inc.
Jackson Hole Golf & Tennis Club Snack Shack, LLC
By: Grand Teton Lodge Company
Jackson Lake Lodge Corporation
Jenny Lake Lodge, Inc.
Jenny Lake Store, LLC
By: Grand Teton Lodge Company
JHL&S LLC
By: Teton Hospitality Services, Inc.
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Food & Beverage Company
Keystone Resort Property Management Company
Keystone Ranch Water Company
Lake Tahoe Lodging Company
Lodge Properties Inc.
Lodge Realty, Inc.
La Posada Beverage Service, Inc.
By: Rockresorts International, LLC
By: Vail RR, Inc.
Mt. CB Real Estate, LLC
By: Crested Butte, LLC
National Park Hospitality Company
Northstar Group Commercial Properties LLC
By: VR Acquisition, Inc.
Northstar Group Restaurant Properties, LLC
By: VR Acquisition, Inc.
Okemo Limited Liability Company
By: Triple Peaks LLC
By: VR NE Holdings, LLC
By: VR US Holdings, LLC
Okemo Mountain Food and Beverage, Inc.
One Ski Hill Place, LLC
By: Vail Resorts Development Company
Property Management Acquisition Corp., Inc.

RCR Vail, LLC
By: Vail Resorts Development Company

Rockresorts Arrabelle, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts Cordillera Lodge Company, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts DR, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts Equinox, LLC

Rockresorts Hotel Jerome, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts International Management Company
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts Ski Tip, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Rockresorts Wyoming, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc.

Soho Development, LLC
By: Vail Associates Holdings, Ltd.

SSI Venture LLC
By: SSV Holdings, Inc.

SSV Online Holdings, Inc.

SSV Online LLC
By: SSV Holdings, Inc.

SSV Holdings, Inc.

Stampede Canteen, LLC
By: Grand Teton Lodge Company

Teton Hospitality Services, Inc.

The Chalets at the Lodge at Vail, LLC
By: Vail Resorts Development Company

The Sunapee Difference, LLC
By: Triple Peaks, LLC
By: VR NE Holdings, LLC

By: VR US Holdings, Inc.
The Village at Breckenridge Acquisition Corp., Inc.
Trimont Land Company
Triple Peaks LLC
By: VR NE Holdings, LLC
By: VR US Holdings, Inc.
VA Rancho Mirage I, Inc.
VA Rancho Mirage II, Inc.
VA Rancho Mirage Resort, L.P.
By: VA Rancho Mirage I, Inc.
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 Hotel Management Company, LLC
By: Rockresorts International, LLC
By: Vail RR, Inc
Vail Resorts Development Company
Vail Resorts Lodging Company
Vail RR, Inc.
Vail Summit Resorts, Inc.
Vail Trademarks, Inc.
VAMHC, Inc.
VR Acquisition, Inc.
VR CPC Holdings, Inc.
VR CPC Services, LLC
VR Heavenly Concessions, Inc.
VR Heavenly I, Inc.
VR Heavenly II, Inc.
VR Holdings, Inc.
VR US Holdings, Inc.
VR US Holdings II, LLC
By: VR US Holdings, Inc.
VR WM Holdings, LLC
By: VR US Holdings, Inc.
VR NE Holdings, LLC
By: VR US Holdings, Inc.
VR NW Holdings, Inc.

By: /s/ Ryan Siurek

Name: Ryan Siurek

Title: Senior Vice President, Controller and Chief
Accounting Officer

Guarantors' Consent and Agreement to
Second Amendment to Eighth Amended and Restated Credit Agreement

Annex A

Unrestricted Subsidiaries

Peak Resorts, Inc.
BLC Operators, Inc.
Boston Mills Ski Resort, Inc.
Brandywine Ski Resort, Inc.
Crotched Mountain Properties, LLC
Deltrecs, Inc.
Hidden Valley Golf and Ski, Inc.
JFBB Ski Areas, Inc.
L.B.O. Holding, Inc.
Mad River Mountain, Inc.
Mount Snow, Ltd.
Paoli Peaks, Inc.
Resort Holdings, L.L.C.
SNH Development, Inc.
Snow Creek, Inc.
Sycamore Lake, Inc.
WC Acquisition Corp.

Schedule 1

Lenders and Commitments

LENDER	REVOLVER COMMITMENT	COMMITMENT PERCENTAGE (REVOLVER FACILITY)	LETTER OF CREDIT SUBLIMIT	SWING LOAN SUBLIMIT¹	TERM LOAN COMMITMENT	COMMITMENT PERCENTAGE (TERM LOAN FACILITY)
Bank of America, N.A.	\$121,100,000.00	24.220000000%	\$125,000,000	\$75,000,000 ²	\$302,712,500.00	24.217000000%
U.S. Bank National Association	\$107,150,000.00	21.430000000%	--	\$75,000,000 ²	\$267,850,000.00	21.428000000%
Wells Fargo Bank, National Association	\$107,150,000.00	21.430000000%	\$75,000,000	--	\$267,850,000.00	21.428000000%
SunTrust Bank	\$57,025,000.00	11.405000000%	--	--	\$142,587,500.00	11.407000000%
PNC Bank, National Association	\$28,575,000.00	5.715000000%	--	--	\$71,425,000.00	5.714000000%
Bank of the West	\$22,850,000.00	4.570000000%	--	--	\$57,150,000.00	4.572000000%
BMO Harris Bank N.A.	\$20,000,000.00	4.000000000%	--	--	\$50,000,000.00	4.000000000%
HSBC Bank USA, National Association	\$20,000,000.00	4.000000000%	--	--	\$38,000,000.00	3.040000000%
HSBC Bank Australia Limited	\$0.00	0.000000000%	--	--	\$12,000,000.00	0.960000000%
BOKF, N.A. dba BOK Financial	\$16,150,000.00	3.230000000%	--	--	\$40,425,000.00	3.234000000%
Totals	\$500,000,000.00	100.000000000%	\$200,000,000.00	\$75,000,000.00	\$1,250,000,000.00	100.000000000%

¹ Part of, and not in addition to, the Revolver Commitment.

² Each Swing Line Lender has a limit of \$75,000,000 with an aggregate limit among all Swing Line Lenders of \$75,000,000.

**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 quarterly report on Form 10-Q 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: December 9, 2019

/s/ ROBERT A. KATZ

Robert A. Katz
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Michael Z. Barkin, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: December 9, 2019

/s/ MICHAEL Z. BARKIN

Michael Z. Barkin

Executive Vice President and Chief Financial Officer

**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 Quarterly Report on Form 10-Q for the quarter ended October 31, 2019 (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: December 9, 2019

/s/ ROBERT A. KATZ

Robert A. Katz
Chief Executive Officer

Date: December 9, 2019

/s/ MICHAEL Z. BARKIN

Michael Z. Barkin
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-Q to which it refers, and is, to the extent permitted by law, provided by each of the above signatories to the extent of his respective knowledge. 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-Q), 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.