

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

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

Delaware (State or other jurisdiction of incorporation or organization)	7990 (Primary Standard Industrial Classification Code Number)	51-0291762 (I.R.S. Employer Identification Number)
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Post Office Box 7
Vail, Colorado 81658
(970) 845-2500
(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

Martha D. Rehm, Esq.
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Post Office Box 7
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Copy to:
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Approximate date of commencement of proposed issuance of the securities to the public: From time to time after the effective date of this Registration Statement as determined in light of market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated March 25, 2004.

VAIL RESORTS, INC.

\$100,000,000

DEBT SECURITIES
PREFERRED STOCK
COMMON STOCK

Vail Resorts, Inc. from time to time may offer to sell debt securities, preferred stock or common stock, including common stock issuable upon the conversion of debt securities or preferred stock or as payment of dividends on, or redemption or repurchase of, preferred stock, or any combination of the foregoing. The total amount of these securities will have an initial aggregate offering price of up to \$100,000,000, or the equivalent amount in other currencies, currency units or composite currencies. Our common stock is listed on the New York Stock Exchange and trades under the symbol "MTN".

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in the applicable prospectus supplement. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

An investment in the debt securities, preferred stock or common stock involves a high degree of risk. You should carefully consider the risk factors beginning on page 4 of this prospectus and any other information in this prospectus or any prospectus supplement before deciding to purchase the debt securities, preferred stock or common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated (_____), 2004.

TABLE OF CONTENTS

Page

ABOUT THIS PROSPECTUS.....	1
FORWARD-LOOKING STATEMENTS.....	1
VAIL RESORTS, INC.....	3
RISK FACTORS.....	4
RATIO OF EARNINGS TO FIXED CHARGES.....	14
USE OF PROCEEDS.....	14
PLAN OF DISTRIBUTION.....	14
DESCRIPTION OF DEBT SECURITIES WE MAY OFFER.....	15
DESCRIPTION OF PREFERRED STOCK WE MAY OFFER.....	26
DESCRIPTION OF COMMON STOCK WE MAY OFFER.....	28
LEGAL OWNERSHIP AND BOOK-ENTRY ISSUANCE.....	31
VALIDITY OF SECURITIES.....	33
EXPERTS.....	33
WHERE YOU CAN FIND MORE INFORMATION.....	33
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.....	33

ABOUT THIS PROSPECTUS

This document is called a prospectus and is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a "shelf" registration or continuous offering process. Under this shelf process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total U.S. dollar equivalent of \$100,000,000.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of the securities being offered. That prospectus supplement may include a discussion of any risk factors or other special considerations that apply to those securities. The prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and a prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC web site or at the SEC office mentioned under the heading "Where You Can Find More Information."

When acquiring any securities discussed in this prospectus, you should rely only on the information provided in this prospectus and the prospectus supplement, including the information incorporated by reference. Neither we, nor any underwriters or agents have authorized anyone to provide you with different information. We are not offering the securities in any state where such an offer is prohibited. You should not assume that the information in this prospectus, any prospectus supplement, or any document incorporated by reference, is truthful or complete at any date other than the date mentioned on the cover page of those documents.

Unless otherwise mentioned, or unless the context requires otherwise, all references in this prospectus to "Vail Resorts," "we," "us," "our" or similar references mean Vail Resorts, Inc. together with its subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws. Forward-looking statements may include the words "may," "will," "plans," "estimates," "anticipates," "believes," "expects," "intends" and similar expressions. Although we believe that such statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected or assumed in our forward-looking statements. These factors, risks and uncertainties include, among others, the following:

- o the existing SEC formal investigation of us;
- o economic downturns;
- o terrorist acts upon the United States;
- o threat of or actual war;
- o unfavorable weather conditions;
- o our ability to obtain financing on terms acceptable to us to finance our capital expenditure and growth strategy;
- o our ability to develop our resort and real estate operations;

- o competition in our Mountain and Lodging businesses;
- o our reliance on government permits for our use of federal land;
- o our ability to integrate and successfully operate future acquisitions;
- o adverse consequences of current or future legal claims; and
- o adverse changes in the real estate market.

Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. We do not intend, and we undertake no obligation, to update any forward-looking statement. We urge you to review carefully "Risk Factors" in this prospectus for a more complete discussion of the risks of an investment in our securities.

VAIL RESORTS, INC.

We were organized as a holding company in 1997 and operate through various subsidiaries. Our operations are grouped into three segments: Mountain, Lodging and Real Estate, which represented approximately 66.2%, 22.5% and 11.3%, respectively, of our revenues for the 2003 fiscal year. Our Mountain segment owns and operates five premier ski resort properties which provide a comprehensive resort experience throughout the year to a diverse clientele with an attractive demographic profile. Our Lodging segment owns and/or manages a collection of luxury hotels, a destination resort at Grand Teton National Park and a series of strategic properties located in proximity to our mountain operations. Our Real Estate segment holds, develops, buys and sells real estate in and around our resort communities.

Our principal office is located at Vail Resorts, Inc., 137 Benchmark Road, Avon, Colorado 81620, and our telephone number is (970) 845-2500. Our Internet website address is www.vailresorts.com.

RISK FACTORS

In addition to the other information in this prospectus and the documents incorporated and deemed to be incorporated herein, you should carefully consider the following risks before making an investment decision. Our business, financial condition and results of operations could be harmed were any of the following risks or uncertainties to develop into actual events. In such case, the value of our securities could decline and you might lose all or part of your investment. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us, or that we currently see as immaterial, may also harm our business.

Risks Related to Our Business

Our business is seasonal. Our Mountain and Lodging operations are seasonal in nature. In particular, revenues and profits for all of our Mountain and most of our Lodging operations are substantially lower, and historically result in losses, from late spring to late fall. Conversely, Grand Teton Lodge Company ("GTLC") and certain managed properties' peak operating seasons occur during the summer months while the winter season generally results in operating losses. However, revenues and profits generated by GTLC's summer operations and management fees from those managed properties are not sufficient to fully offset our off-season losses from our Mountain and other Lodging operations. During the 2003 fiscal year, 76% of total Resort (Mountain and Lodging combined) revenues were earned during the second and third fiscal quarters. Quarterly results may also be materially affected by the timing of snowfall and other unforeseen external factors. Therefore, the operating results for any three-month period are not necessarily indicative of the results that may be achieved for any subsequent fiscal quarter or for a full fiscal year.

We are subject to unfavorable weather conditions. The ability to attract visitors to ski resorts is influenced by weather conditions and by the amount and timing of snowfall during the ski season. Unfavorable weather conditions can adversely affect skier visits, and adversely affect our revenues and profits. In the past 20 years, our Colorado ski resorts have averaged between 20 and 30 feet of annual snowfall and our California ski resort receives average yearly snowfall of between 25 and 35 feet, significantly in excess of the average for U.S. ski resorts. However, there is no assurance that our resorts will receive seasonal snowfalls near the historical average in the future. Also, the early season snow conditions and skier perceptions of early season snow conditions influence the momentum and success of the overall season. In addition, a severe and prolonged drought could affect our otherwise adequate snowmaking water supplies. Unfavorable weather conditions such as drought, hurricanes, tropical storms and tornadoes can adversely affect our other resorts and lodging properties as vacationers tend to delay or postpone vacations if weather conditions differ from those that typically prevail at such resorts for a given season. There is no way for us to predict future weather patterns or the impact that weather patterns may have on results of operations or visitation.

We depend on a seasonal workforce. Our Mountain and Lodging operations are largely dependent on a seasonal workforce. We recruit worldwide to fill staffing needs each season and utilize visas to enable the use of foreign workers. In addition, we manage seasonal wages and the timing of the hiring process to ensure the appropriate workforce is in place. While we do not currently foresee the need to increase seasonal wages to attract employees, we cannot guarantee that such an increase will not be necessary in the future. In addition, we cannot guarantee that we will be able to obtain the visas necessary to hire foreign workers who are an important source for the seasonal workforce. Increased seasonal wages or an inadequate workforce could have an adverse impact on our results of operations; however, we are unable to predict with any certainty whether such situations will arise or the potential impact on results of operations.

We are currently the subject of an SEC investigation. In October 2002, after voluntary consultation with the SEC staff on the appropriate accounting for recognizing revenue on initiation fees related to the sale of memberships in private clubs, we restated and reissued our historical financial statements for fiscal 1999 through fiscal 2001, primarily to reflect a revision in the accounting treatment for recognizing revenue on initiation fees related to the sale of memberships in private clubs. In 2002, we engaged our new auditors to do a re-audit of the fiscal years 1999-2001 and filed an amended Form 10-K for fiscal 2001 reflecting all adjustments made as a result of the re-audit, in addition to the revision in accounting for the club fees. In February 2003, the SEC informed us that it had issued a

formal order of investigation with respect to us. At that time, the inquiry related to our previous accounting treatment for the private club initiation fees.

In October 2003, the SEC issued a subpoena to us to produce documents related to several matters, including the sale of memberships in private clubs. In November 2003, the SEC issued an additional subpoena to us to produce documents related primarily to the additional Restatement items that were first reported in our Form 10-K for the year ended July 31, 2003. We are fully cooperating with the SEC in its investigation. We are unable to predict the outcome of the investigation or any action that the SEC might take, including the imposition of fines and penalties, or other available remedies. Any adverse development in connection with the investigation, including any expansion of the scope of the investigation, could have a material adverse effect on us, including diverting the efforts and attention of our management team from our business operations.

We are subject to economic downturns. Skiing, travel and tourism are discretionary recreational activities that can be impacted by a significant economic slowdown, which, in turn, could impact our operating results. The recent extended economic downturn has negatively impacted our operating results although we had historically been relatively unaffected by economic downturns. There can be no assurance that a continued or future decrease in the amount of discretionary spending by the public would not have an adverse effect on us.

Our cost reduction plan might fail to achieve anticipated cost savings and operational efficiencies. We implemented a plan for fiscal 2004 to achieve approximately \$25 million in year-over-year cost savings and improved profits. We cannot assure you that this plan will be successful in achieving the anticipated cost savings, operational efficiencies or profit improvements. We also cannot assure you that the cost savings will not cause unanticipated negative impacts to guest services, which could lead to adverse effects on us.

We face significant competition. The ski resort and lodging industries are highly competitive. The number of people who ski in the United States (as measured in skier visits) has generally ranged between 52 million and 57 million annually over the last decade, with 57.6 million for the 2002/03 ski season. The factors that we believe are important to customers include:

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

We have many competitors for our ski vacationers, including other major resorts in Colorado and throughout North America. Our destination guests can choose from any of these alternatives, as well as non-skiing vacation destinations around the world. Our Colorado day skier customers can choose from a number of nearby competitors, including Copper Mountain, Winter Park, Arapahoe Basin and Loveland ski areas. In addition, other forms of leisure such as attendance at movies, sporting events and participation in other indoor and outdoor recreational activities are available to potential guests.

RockResorts International, LLC ("RockResorts") hotels and our other hotels compete with numerous other hotel companies that may have greater financial resources than we do. Many of our competitors in both the Mountain and Lodging segments may be able to adapt more quickly to changes in customer requirements or devote greater resources to promotion of their offerings than we can. We believe that developing and maintaining a competitive advantage will require continued investment by us in our resorts and in our sales and marketing efforts. We cannot assure you that we will have sufficient resources to make the necessary investments to do so, and we cannot assure you that we will be able to compete successfully in this market or against such competitors.

In addition, each of our hotels competes with other hotels in its geographic area. A number of additional hotel rooms have been or may be built in the geographic areas in which our hotels are located, which could adversely affect the results of operations of these hotels. An oversupply of hotel rooms could adversely affect both occupancy and rates in the markets in which our hotels are located. A significant increase in the supply of mid-price, upscale, and upper-upscale hotel rooms and suites, if demand fails to increase proportionately, could have an adverse effect on our business, financial condition and results of operations.

We have identified a material weakness and certain significant deficiencies in our internal controls over financial reporting. In connection with the issuance of our audited financial statements for fiscal 2003, we identified issues with our internal financial control structure and restated our historical financial statements. While we have implemented a specific action plan to address the internal control weaknesses and to enhance the reliability and effectiveness of our control procedures, we cannot guarantee that similar or other internal control weaknesses will not be identified in the future.

Additionally, we are currently reviewing and testing our material internal control systems, processes and procedures in compliance with the requirements of Sarbanes-Oxley Regulation 404. There can be no assurances that such a review will not result in the identification of significant control deficiencies or that our auditors will be able to attest to the adequacy of our internal controls.

Our recent or future acquisitions might not be successful. In recent years, we have acquired a major ski resort and several other destination resorts and hotel properties, including Heavenly Ski Resort, RockResorts and its associated management contracts, The Lodge at Rancho Mirage and The Vail Marriott Mountain Resort & Spa, as well as developable land in proximity to such resorts. We cannot assure you that we will be able to continue to successfully integrate and manage these acquired properties profitably or increase our profits from these operations. We continually evaluate potential acquisitions and intend to actively pursue acquisition opportunities, some of which could be significant. We would face various risks from additional acquisitions, including:

- o inability to integrate acquired businesses into our operations;
- o potential goodwill impairment;
- o diversion of our management's attention;
- o potential increased debt leverage; and
- o unanticipated problems or liabilities.

Similar problems from future acquisitions could adversely affect our operations and financial performance. In addition, we run the risk that our new acquisitions may fail to perform in accordance with our expectations, and that our estimates of the costs of improvements for such properties may prove inaccurate. We cannot assure you that we will be able to mitigate exposure to these markets in the future.

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

- o delays in completion;

- o market or economic downturns impacting our ability to achieve required revenues from sales;
- o inaccurate cost estimates;
- o difficulty in finding partners to assist with financing;
- o difficulty in receiving the necessary regulatory approvals; and
- o difficulty in obtaining qualified subcontractors.

Additionally, we may not benefit from the projects as we expected. Further, we may not be able to fund these projects with cash flow from operations and borrowings under our credit facility or third-party non-recourse financing if we face these difficulties.

In addition, we may decide to alter or abandon a development plan that is currently underway or under consideration. Consequently, you should not place undue reliance upon any particular development plan as such plan may not be consummated, or may not be consummated in the manner described in this prospectus.

Terrorist acts upon the United States and acts of war (actual or threatened) could have a material adverse effect on us. The terrorist acts carried out against the United States on September 11, 2001 have had an adverse effect on the global travel and leisure industry. The war with Iraq and its aftermath also had a materially adverse effect on us. We cannot guarantee if or when normal travel and vacation patterns will resume. Additional terrorist acts against the United States and the threat of or the actual act of war by or upon the United States could result in further degradation of discretionary travel, upon which our operations are highly dependent. Such degradation could have a material adverse impact on our results of operations.

Unforeseen global events could adversely impact us. The SARS epidemic in the spring of 2003 adversely impacted the international travel industry and, consequently, adversely impacted our business. Other such events of a global nature could also adversely impact discretionary travel, upon which our operations are highly dependent, which could have a material adverse impact on our results of operations.

We rely on government permits. Virtually all of our ski trails and related activities at Vail, Breckenridge, Keystone and Heavenly and a substantial portion on Beaver Creek are located on federal land. The United States Forest Service (the "Forest Service") has granted us permits to use these lands, but maintains the right to review and approve many operational matters, as well as the location, design and construction of improvements in these areas. Currently, our permits expire October 31, 2031 for Vail, December 31, 2029 for Breckenridge, December 31, 2032 for Keystone, May 1, 2042 for Heavenly and December 31, 2038 for Beaver Creek. The Forest Service can terminate most of these permits if, in its opinion, such revocation is required in the public interest. A termination of any of our permits would adversely affect our business and operations.

We have applied for several new permits or other approvals for improvements and new development. These efforts, if not successful, could impact our expansion efforts as currently contemplated. Furthermore, Congress may increase the fees we pay to the Forest Service for use of these federal lands.

GTLC operates three resort properties within Grand Teton National Park under a concession contract with the National Park Service that expired on December 31, 2002. This contract was extended for two years through December 31, 2004, or until such time a new contract is awarded, whichever occurs first. The new contract for this concession is subject to a competitive bidding process under the rules promulgated to implement the concession provisions of the National Park Omnibus Management Act of 1998. The bidding and renewal process is expected to occur in early to mid-2004. We cannot predict or guarantee the prospects for success in being awarded a new contract, although we believe GTLC is well-positioned to obtain a new concession contract on satisfactory terms. In the event GTLC is not the successful bidder for the new concession contract, under the existing contract, GTLC is required to sell to the new concessionaire its "possessory interest" in improvements and its other property used in connection with the concession operations. GTLC would then be entitled to be compensated by the successful bidder for the value of its "possessory interest" in the assets, although the matter may be subject to arbitration if the value is dis-

puted. Under an amendment to the contract, in the summer of 2003, GTLC and the National Park Service agreed upon the value to be contained in the prospectus soliciting bids for the contract.

We are subject to litigation in the ordinary course of business. We are, from time to time, subject to various legal proceedings and claims, either asserted or unasserted. Any such claims, whether with or without merit, could be time-consuming and expensive to defend and could divert management's attention and resources. While management believes we have adequate insurance coverage and accrued loss contingencies for all known matters, we cannot assure that the outcome of all current or future litigation will not have a material adverse effect on us. For a more detailed discussion of our legal proceedings see Note 12 to "Consolidated Condensed Financial Statements" included in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2004.

We are subject to extensive environmental laws and regulations in the ordinary course of business. Our operations are subject to a variety of federal, state and local environmental laws and regulations including those relating to emissions to the air, discharges to water, storage, treatment and disposal of wastes, land use, remediation of contaminated sites and protection of natural resources such as wetlands. For example, future expansions of certain of our ski facilities must comply with applicable forest plans approved under the National Forest Management Act or local zoning requirements. Our facilities are subject to risks associated with mold and other indoor building contaminants. From time to time, our operations are subject to inspections by environmental regulators or other regulatory agencies. We are also subject to worker health and safety requirements. We believe our operations are in substantial compliance with applicable environmental, health and safety requirements. However, our efforts to comply do not remove the risk that we may be held liable, incur fines or be subject to claims for damages, and that the amount of any liability, fines, damages or remediation costs may be material for, among other things, the presence or release of regulated materials at, on or emanating from properties we now or formerly owned or operated, newly discovered environmental impacts or contamination at or from any of our properties, or changes in environmental laws and regulations or their enforcement. For a more detailed discussion of our mold remediation efforts see Note 13 to "Consolidated Condensed Financial Statements" included in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2004.

Implementation of existing and future legislation, rulings, standards and interpretations from the FASB or other regulatory bodies could affect the presentation of our financial statements and related disclosures. The FASB has recently issued FIN No. 46, FIN No. 46R and SFAS No. 150, which we are currently in the process of implementing. The implementation of these accounting pronouncements could affect the way we account for our involvement with variable interest entities and could also affect the presentation of liabilities and equity on our balance sheet, including potentially recording certain off-balance sheet liabilities on our balance sheet. These and other future regulatory requirements could significantly change our current accounting practices and disclosures. Such changes in the presentation of our financial statements and related disclosures could change your interpretation or perception of our financial position and results of operations. For a more detailed discussion on the possible treatment of our variable interest entities see "Off Balance Sheet Arrangements" and "New Accounting Pronouncements" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 8 to "Consolidated Condensed Financial Statements" included in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2004.

We are subject to the risks of brand concentration. We are subject to the potential risks associated with concentration of our hotels under the RockResorts brand. A negative public image or other adverse event which becomes associated with the RockResorts brand could adversely affect hotels operated under that brand. Should the RockResorts brand suffer a significant decline in popularity with the traveling public, it could adversely affect our revenues and profitability.

Our future growth and real estate development requires additional capital whose availability is not assured. We intend to make significant investments in our resorts to maintain our competitive position. We spent approximately \$106.3 million, \$76.2 million and \$57.8 million in the fiscal years ended July 31, 2003, 2002 and 2001, respectively, on capital expenditures and we have made investments of approximately \$22.6 million, \$68.7 million

and \$39.2 million in fiscal years 2003, 2002 and 2001, respectively, in our real estate developments, and we expect to continue making substantial resort capital expenditures and investments in real estate development. We estimate that we will make aggregate capital expenditures and investments in real estate of approximately \$50 million to \$70 million during the remainder of fiscal 2004, and approximately \$130 million to \$140 million for calendar 2004. We could finance future expenditures from any of the following sources:

- o cash flow from operations;
- o bank borrowings;
- o public offerings of debt or equity;
- o private placements of debt or equity;
- o non-recourse, sale leaseback or other financing; or
- o some combination of the above.

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

Future changes in the real estate market could affect the value of our investments. We have extensive real estate holdings near our mountain resorts and in Wyoming. We plan to make significant additional investments in developing property at all of our resorts. The value of our real property and the revenue from related development activities may be adversely affected by a number of factors, including:

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

If we do not retain our key personnel, our business may suffer. The success of our business is heavily dependent on the leadership of our key management personnel. If any of these persons were to leave our company, it would be difficult to replace them, and our business could be harmed. We do not have "key-man" life insurance.

Apollo Ski Partners has influence over us. Apollo Ski Partners owns approximately 99.9% of our outstanding shares of Class A Common Stock, giving them approximately 21.1% of the combined voting power with respect to all matters submitted for a vote of all stockholders. Pursuant to our bylaws, the holders of Class A Common Stock have the right to elect a class of directors that constitutes up to two-thirds of our board of directors. Accordingly, Apollo Ski Partners and, indirectly, Apollo Advisors, L.P. (which indirectly controls Apollo Ski Partners) have the ability to elect two-thirds of our board of directors and control the approval of matters requiring approval by the board of directors, including mergers, liquidations and asset acquisitions and dispositions. However, in order to

assist us in complying with new NYSE rules which require listed companies to have a board of directors composed of a majority of "independent" directors, Apollo Ski Partners has agreed that the directors that they are entitled to elect may include as many independent directors as necessary so that we can comply with this new rule. However, notwithstanding the above, Apollo Ski Partners will still have several designees on the board of directors and will be able to influence the board of directors. In addition, Apollo Ski Partners and Apollo Advisors, L.P. may be able to significantly influence decisions on matters submitted for stockholder consideration. The Lead Director on our board of directors is associated with Apollo Ski Partners. Apollo Ski Partners may freely sell up to 1,500,000 shares of common stock pursuant to an effective registration statement filed with the Securities and Exchange Commission. After giving pro forma effect to the sale of these shares as of March 1, 2004, Apollo Ski Partners would own 99.9% of our outstanding Class A common stock, with approximately 16.8% of the combined voting power with respect to all matters submitted for a vote of stockholders.

Risks Relating to This Offering and Our Capital Structure

Future sales of shares of our common stock and Class A common stock could depress the price of the common stock. Future sales of common stock by us or our existing shareholders could adversely affect the prevailing market price of the common stock. As of March 1, 2004, we had 27,859,651 shares of common stock outstanding and 7,439,834 shares of class A common stock outstanding. Substantially all of the 7,439,834 shares of class A common stock outstanding and at least 9,471,417 shares of common stock outstanding are beneficially owned by people who may be deemed "affiliates," as defined by Rule 405 of the Act, and are "restricted securities" which can be resold in the public market only if registered with the Securities and Exchange Commission or pursuant to an exemption from registration.

In general, under Rule 144 as currently in effect, an "affiliate" is entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of common stock or the average weekly reported trading volume of the common stock during the four calendar weeks preceding the date on which notice of such sale is given, provided certain manner of sale and notice requirements as to the availability of current public information are satisfied (which requirements as to the availability of current public information is currently satisfied). Under Rule 144(k), a person who is not deemed an "affiliate" at any time during the three months preceding a sale by such person would be entitled to sell such shares without regard to volume limitations, manner of sale provisions, notification requirements or the availability of current public information concerning the company, provided that a period of at least two years has elapsed since the later of the date the common stock was acquired from the company or from an affiliate of the company.

In addition to the above shares, there are a number of shares of our common stock which may be sold pursuant to the exercise of outstanding stock options. Apollo Ski Partners may also freely sell up to 1,500,000 shares of common stock pursuant to an effective registration statement filed with the Securities and Exchange Commission.

We cannot predict what effect, if any, that future sales of such restricted shares, the shares issuable upon exchange of stock options and the shares held by Apollo Ski Partners registered with the Securities and Exchange Commission, or the availability of shares for future sale, will have on the market price of the common stock from time to time. Sales of substantial amounts of common stock in the public market, or the perception that such sales could occur, could adversely affect prevailing market prices for the common stock and could impair our ability to raise additional capital through an offering of our equity securities.

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

- o quarterly variations in our operating results;
- o operating results that vary from the expectations of securities analysts and investors;
- o changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors or such guidance provided by us;
- o announcements of new services by us or our competitors;
- o announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- o additions or departures of key personnel;

- o future sales of our securities;
- o trading and volume fluctuations; and
- o other unforeseen events.

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

We do not intend to pay dividends in the foreseeable future. We have never declared or paid any cash dividends on our common stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock. Payment of any future dividends on our common stock will depend upon our earnings and capital requirements, the terms of our debt instruments and preferred stock and other factors our board of directors considers appropriate.

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

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

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations. We have a significant amount of indebtedness. On January 31, 2004, after giving pro forma effect to the discharge of the portion of our 8.75% senior subordinated notes not tendered in the tender offer (see Note 5 to "Consolidated Condensed Financial Statements" included in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2004), we would have had total indebtedness of \$632.0 million (of which \$390 million would have consisted of the 6.75% senior subordinated notes and the balance would have consisted of senior debt).

Our substantial indebtedness could have important consequences to you. For example, it could:

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

In addition, the indenture governing the 6.75% senior subordinated notes and our credit facility contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts. Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture do not fully prohibit us or our subsidiaries from doing so. Our credit facility permits additional borrowings of up to \$65.1 million (as of January 31, 2004). If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

There are restrictions imposed by the terms of our indebtedness. The operating and financial restrictions and covenants in our credit facility and the indenture governing the 6.75% senior subordinated notes may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. In addition, there can be no assurance that we will meet the financial covenants contained in our credit facility. If we breach any of these restrictions or covenants, or suffer a material adverse change which restricts our borrowing ability under our credit facility, we would be unable to borrow funds thereunder without a waiver, which inability could have an adverse effect on our business, financial condition and results of operations. A breach could cause a default under the notes and our other debt. Our indebtedness may then become immediately due and payable. We may not have or be able to obtain sufficient funds to make these accelerated payments, including payments on the notes.

In addition, the indenture governing the 6.75% senior subordinated notes restricts, among other things, our ability to:

- o borrow money or sell preferred stock;
- o create liens;
- o pay dividends on or redeem or repurchase stock;
- o make certain types of investments;
- o sell stock in our restricted subsidiaries;
- o restrict dividends or other payments from subsidiaries;
- o enter into transactions with affiliates;
- o issue guarantees of debt; and
- o sell assets or merge with other companies.

If we fail to comply with these covenants, we would be in default under the indenture governing the notes, and the principal and accrued interest on the notes would become due and payable.

To service our indebtedness, we will require a significant amount of cash, generation of which depends on many factors beyond our control. Our ability to make payments on and to refinance our indebtedness, including our 6.75% senior subordinated notes, and to fund planned capital expenditures and development efforts will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our credit facility will be adequate to meet our future liquidity needs for at least the next twelve months.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our credit facility and the notes, on commercially reasonable terms or at all.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the periods indicated.

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of pretax income from continuing operations before adjustment for (a) minority interest in consolidated subsidiaries and equity method earnings or losses, (b) fixed charges, (c) amortization of interest capitalized, (d) distributed income from equity method investees and (e) minority interest in pre-tax income of subsidiaries that have not incurred fixed charges. From the total of these items interest capitalized is deducted. Fixed charges include: (i) interest expense; (ii) loss on extinguishment of debt; (iii) interest capitalized; (iv) amortization of debt issuance cost and (v) an estimate of the interest component of rent expense. As of the date of this prospectus, we have no preferred stock outstanding. The ratio of earnings to fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges in all periods as we have not had any preferred stock outstanding (all amounts in thousands of dollars, except ratios).

	Year Ended July 31,					Six Months Ended January 31,	
	1999	2000	2001	2002	2003	2003	2004
Ratio of Earnings to Fixed Charges	1.29	1.43	1.63	1.32	--	--	--
Deficiency of Earnings to Fixed Charges	--	--	--	--	\$9,590	\$15,448	\$28,069

USE OF PROCEEDS

Except as we may specifically state in any prospectus supplement, we intend to use the net proceeds from the sale of the securities under this prospectus for general corporate purposes, which may include repayment of indebtedness.

PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus to or through underwriters or dealers, directly to other purchasers, through agents or through a combination of any such methods of sale. The prospectus supplement will set forth the terms of the offering of such securities, including

- o the name or names of any underwriters, dealers or agents and the amounts of securities underwritten or purchased by each of them,
- o the initial public offering price of the securities and the proceeds to us and any discounts, commissions or concessions allowed or reallocated or paid to dealers, and
- o any securities exchanges on which the securities may be listed.

Any public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

The securities may be distributed from time to time in one or more transactions at:

- o a fixed price or prices, which may be changed;
- o market prices prevailing at the time of sale;
- o prices related to the prevailing market prices; or
- o negotiated prices.

If underwriters are used in the sale of any securities, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. The securities may be either offered to the public through underwriting syndicates represented by managing underwriters, or directly by underwriters. Generally, the underwriters' obligations to purchase the securities will be subject to certain conditions precedent. The underwriters will be obliged to purchase all of the securities if they purchase any of the securities. In connection with the sale of securities, underwriters may receive compensation from us or from purchasers of securities for whom they may act as agents. This compensation may be in the form of discounts, concessions or commissions.

Underwriters may sell securities to or through dealers, and these dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of securities could be considered underwriters, and any discounts or commissions received by them from us and any profit on the resale of securities by them could be considered underwriting discounts and commissions, under the Securities Act.

Under agreements entered into by us for the purchase or sale of securities, these underwriters and agents may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof. Agents and underwriters may be customers of, engage in transactions with, or perform services for us in the ordinary course of business.

If so indicated in the prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by institutional investors to purchase securities from us under contracts requiring payment and delivery on a future date. Institutions with which these contracts may be made include, among others:

- o commercial and savings banks;
- o insurance companies;
- o pension funds;
- o investment companies; and
- o educational and charitable institutions.

In all cases we must approve these institutions. The obligations of any purchaser under these contracts will be subject to the condition that the purchase of the offered securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which that purchaser is subject. The underwriters and other agents will not have any responsibility in respect of the validity or performance of these contracts.

One or more firms, referred to as "remarketing firms," may also offer or sell the securities, if the prospectus supplement so indicates, in connection with a remarketing arrangement upon their purchase. Remarketing firms will act as principals for their own accounts or as agents for us. These remarketing firms will offer or sell the securities in accordance with a redemption or repayment pursuant to the terms of the securities. The prospectus supplement will identify any remarketing firm and the terms of its agreement, if any, with us and will describe the remarketing firm's compensation. Remarketing firms may be deemed to be underwriters in connection with the securities they remarket. Remarketing firms may be entitled under agreements that may be entered into with us to indemnification by us against certain civil liabilities, including liabilities under the Securities Act and may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

DESCRIPTION OF DEBT SECURITIES WE MAY OFFER

This section outlines some of the provisions of the indentures and the debt securities. This information may not be complete in all respects and is qualified entirely by reference to the indentures under which the debt securities are issued. These indentures are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. This information relates to terms and conditions that generally apply to the debt securities. The

specific terms of any series of debt securities will be described in the prospectus supplement. If so described in a prospectus supplement, the terms of that series may differ from the general description of the terms presented below.

Debt Securities May Be Senior or Subordinated

We may issue senior or subordinated debt securities. The senior debt securities and the subordinated debt securities may or may not be secured by any of our property or assets.

The senior debt securities will constitute part of our senior indebtedness, will be issued under our senior debt indenture described below and will rank equally with all of our other unsecured and unsubordinated debt.

The subordinated debt securities will constitute part of our subordinated debt, will be issued under our subordinated debt indenture described below and will be subordinated in right of payment to all of our "senior indebtedness," as defined in the subordinated debt indenture. The prospectus supplement for any series of subordinated debt securities will indicate the approximate amount of senior indebtedness outstanding as of the end of our most recent fiscal quarter. Neither indenture limits our ability to incur additional senior indebtedness. When we refer to "debt securities" in this prospectus, we mean both the senior debt securities and the subordinated debt securities.

The Senior Debt Indenture and the Subordinated Debt Indenture

The senior debt securities and the subordinated debt securities are each governed by a document called an indenture--the senior debt indenture, in the case of the senior debt securities, and the subordinated debt indenture, in the case of the subordinated debt securities. Each indenture is a contract between us and a trustee that will be named therein. The indentures are substantially identical, except for the provisions relating to subordination, which are included only in the subordinated indenture.

The trustee under each indenture has two main roles:

- o First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, which we describe later under "--Events of Default"; and
- o Second, the trustee performs administrative duties for us, such as sending you interest payments and notices.

When we refer to the indenture or the trustee with respect to any debt securities, we mean the indenture under which those debt securities are issued and the trustee under that indenture.

The indentures permit us to issue different series of securities from time to time. We may issue securities in such amounts, at such times and on such terms as we wish. The debt securities may differ from one another in their terms. Neither indenture limits the aggregate amounts of debt securities that we may issue or the aggregate amount of any particular series.

The indentures and the debt securities are governed by New York law.

This Section Is Only a Summary

Because this section is a summary, it does not describe every aspect of the debt securities. The indentures, any supplemental indentures and the debt securities contain the full legal text of the matters described in this section. This summary is subject to and qualified in its entirety by reference to all the provisions of the indentures, including definitions of some of the terms used in the indentures. We also include references in parentheses to some sections and articles of the indentures. Whenever we refer to particular sections, articles or defined terms of the indentures in this prospectus or in the prospectus supplement, those sections, articles or defined terms are incorporated by reference here or in the prospectus supplement. The indentures are exhibits to our registration statement. See "Where You Can Find More Information" for information on how to obtain a copy. This summary is also subject to and qualified

by reference to the description of the particular terms of your series of debt securities described in any prospectus supplement.

Specific Terms of a Series of Debt Securities

In this section we summarize only the more important terms of the indentures that will apply generally to the debt securities. Each particular debt security will have financial, legal and other terms specific to it, and the specific terms of each debt security will be described in the applicable prospectus supplement. Those terms may vary from the terms described here. As you read this section, therefore, please remember that the specific terms of your debt security as described in your prospectus supplement will supplement and, if applicable, may modify or replace the general terms described in this section. The statements we make in this section may not apply to your debt security.

We may issue the debt securities as original issue discount securities, which are debt securities that are offered and sold at a substantial discount to their stated principal amount. The debt securities may also be issued as indexed securities or securities denominated in foreign currencies or currency units, as well as composite currencies or composite currency units, as described in more detail in the prospectus supplement relating to any of these types of debt securities.

The prospectus supplement relating to a series of debt securities will specify whether the securities are senior or subordinated debt securities and will describe the following terms of the series:

- o the title of the series;
- o the aggregate principal amount (or any limit on the aggregate principal amount) of the series and, if any debt securities of a series are to be issued at a discount from their face amount, the method of computing the accretion of such discount;
- o the interest rate or rates, if any, or method of calculating the interest rate;
- o the date or dates from which interest will accrue;
- o the record dates for interest payable on registered debt securities;
- o the dates when principal and interest are payable;
- o the manner of paying principal and interest;
- o the places where principal and interest are payable;
- o the registrar, transfer agent and paying agent;
- o in the case of subordinated debt securities, any subordination provisions in addition to or in lieu of those set forth in the indenture;
- o the terms of any mandatory (including any sinking fund requirements) or optional redemption by us;
- o the terms of any repayment at the option of holders;
- o the denominations in which debt securities are issuable;
- o whether debt securities will be issuable as registered securities or bearer securities;
- o whether and upon what terms registered securities and bearer securities may be exchanged;
- o whether any debt securities will be represented by a debt security in global form;

- o the terms of any global debt security;
- o the terms of any tax indemnity;
- o the currencies (including any composite currency) in which principal or interest may be paid;
- o if payments of principal or interest may be made in a currency other than that in which debt securities are denominated, the manner for determining such payments;
- o if amounts of principal or interest may be determined by reference to an index, formula or other method, the manner for determining such amounts;
- o provisions for electronic issuance of debt securities or for debt securities in uncertificated form;
- o the portion of principal payable upon acceleration of a discounted debt security;
- o any events of default or covenants in addition to or in lieu of those set forth in the applicable indenture;
- o whether and upon what terms debt securities may be defeased, if different from the provisions set forth in the base indenture;
- o the forms of the debt securities;
- o any terms that may be required by or advisable under U.S. or other applicable laws;
- o the percentage of the principal amount of the debt securities which is payable if the maturity of the debt securities is accelerated in the case of debt securities issued at a discount from their face amount;
- o whether and upon what terms the debt securities will be convertible into or exchangeable for our common stock; and
- o any other terms not inconsistent with the indenture.

Special U.S. Federal income tax considerations may apply to a series of debt securities issued as original issue discount securities. These tax considerations will be discussed in the related prospectus supplement. In addition, if any special U.S. Federal income tax considerations apply to a series of debt securities denominated in a currency or currency unit other than U.S. dollars, the related prospectus supplement will describe those considerations.

Conversion Rights

If debt securities of any series are convertible into our common stock, the related prospectus supplement will discuss the conversion terms. Those terms will include provisions as to whether the conversion is mandatory or at the option of the holder and may also include provisions for calculating the number of shares of common stock to be delivered upon conversion.

Subordination of Subordinated Debt Securities

Holders of subordinated debt securities should recognize that contractual provisions in the subordinated debt indenture may prohibit us from making payments on those securities. Subordinated debt securities are subordinate in right of payment, to the extent and in the manner stated in the subordinated debt indenture, to all our senior debt, including all debt securities we have issued that constitute senior debt and all debt securities we will issue under the senior debt indenture.

The subordinated debt indenture defines "senior indebtedness" as all our indebtedness and other payment obligations relating to our debt, as defined below, including:

- o all obligations under credit facilities (whether for principal, interest, fees, expenses or indemnities);
- o all indebtedness for borrowed money or under any reimbursement obligation relating to a letter of credit or other similar instruments or evidenced by a bond, note, debenture or similar instrument, or such indebtedness of others which we guarantee (to the extent of the guarantee) and capitalized lease obligations, including principal, premium, if any, and interest on such indebtedness, unless the instrument under which such indebtedness is incurred expressly provides that such indebtedness is not senior or superior in right of payment to the subordinated debt securities;
- o all obligations under interest protection agreements; and
- o all obligations under currency agreements.

All amendments, renewals, extensions, modifications and refundings of these obligations will also be included in senior indebtedness. Senior indebtedness excludes the subordinated debt securities and any other indebtedness or obligations specifically designated as being subordinate, or not superior, in right of payment to the subordinated debt securities.

The subordinated debt indenture provides that, unless all principal of and any premium or interest on the senior debt has been paid in full, no payment or other distribution may be made in respect of any subordinated debt securities in the following circumstances:

- o if there exists a default in the payment of all or any portion of the obligations on any senior indebtedness, whether at maturity, on account of mandatory redemption or prepayment or purchase, acceleration or otherwise, that continues beyond any applicable period of grace, and such default shall not have been cured or waived or the benefits of the subordination provisions in the subordinated debt indenture is waived by or on behalf of the holders of such senior indebtedness; or
- o after receipt by the trustee of written notice from the holder or holders of certain designated senior indebtedness or the trustee or agent acting on behalf of such designated senior indebtedness and for 179 days thereafter, during the continuance of any non-payment event of default with respect to any designated senior indebtedness pursuant to which the maturity thereof may be immediately accelerated, and, then, unless and until such event of default has been cured or waived or has ceased to exist or such designated senior indebtedness has been discharged or repaid in full in cash or the benefits of the subordination provisions in the subordinated debt indenture have been waived by the holders of such designated senior indebtedness.

As defined in the subordinated debt indenture, "designated senior indebtedness" means any senior indebtedness (a) under a credit facility or (b) which, at the time of determination, has an aggregate commitment or principal amount outstanding of at least \$25.0 million if the instrument governing such senior indebtedness expressly states that such indebtedness is "designated senior indebtedness" for purposes of the subordinated debt indenture and a resolution of our board of directors setting forth such designation by us has been filed with the trustee.

For the purposes of the subordination provisions, the payment of cash or delivery of property or securities upon conversion of a subordinated debt security, excluding delivery of our common stock and certain of our subordinated securities, will be deemed a payment of the principal of that subordinated debt security.

Legal Ownership

Street Name and Other Indirect Holders

Investors who hold debt securities in accounts at banks or brokers will generally not be recognized by us as legal holders of debt securities. This is called holding in street name. Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its debt securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the debt securities, either be-

cause they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name, you should check with your own institution to find out:

- o how it handles debt securities payments and notices;
- o whether it imposes fees or charges;
- o how it would handle voting, if it were ever required;
- o whether and how you can instruct it to send you debt securities registered in your own name so you can be a direct holder as described below; and
- o how it would pursue rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, under the debt securities run only to persons who are registered as holders of debt securities. As noted above, we do not have obligations to you if you hold in street name or other indirect means, either because you choose to hold debt securities in that manner or because the debt securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder we have no further responsibility for the payment even if that holder is legally required to pass the payment along to you as a street name customer but does not do so.

Global Securities

What is a Global Security? A global security is a special type of indirectly held security, as described above under "--Street Name and Other Indirect Holders." If we choose to issue debt securities in the form of global securities, the ultimate beneficial owners of global securities can only be indirect holders. We require that the global security be registered in the name of a financial institution we select.

We also require that the debt securities included in the global security not be transferred to the name of any other direct holder unless the special circumstances described in the section "Legal Ownership and Book-Entry Issuance" below occur. The financial institution that acts as the sole direct holder of the global security is called the depository. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depository. The prospectus supplement indicates whether your series of debt securities will be issued only in the form of global securities.

Further details of legal ownership are discussed in the section "Legal Ownership and Book-Entry Issuance."

In the remainder of this description "you" means direct holders and not street name or other indirect holders of debt securities. Indirect holders should read the previous subsection entitled "Street Name and Other Indirect Holders."

Overview of Remainder of This Description

The remainder of this description summarizes:

- o Additional mechanics relevant to the debt securities under normal circumstances, such as how you transfer ownership and where we make payments.
- o Your rights under several special situations, such as if we merge with another company or if we want to change a term of the debt securities.

- o Covenants contained in the indentures that require us, or limit our ability to perform various acts. A particular series of debt securities may have additional covenants.
- o Your rights if we default or experience other financial difficulties.
- o Our relationship with the trustee.

Additional Mechanics

Exchange and Transfer

Unless otherwise provided in the prospectus supplement, debt securities will have a minimum denomination of \$1,000. You may have your debt securities divided into more debt securities of smaller denominations, but not below the minimum denomination, or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. This is called an exchange.

You may exchange or transfer your debt securities at the office of the trustee. The trustee acts as our agent for registering debt securities in the names of holders and transferring debt securities. We may change this appointment to another entity or perform the service ourselves. The entity performing the role of maintaining the list of registered holders is called the security registrar. It will also register transfers of the debt securities.

You will not be required to pay a service charge to transfer or exchange debt securities, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange of a debt security will only be made if the security registrar is satisfied with your proof of ownership.

If we designate additional transfer agents, they will be named in the prospectus supplement. We may cancel the designation of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If the debt securities are redeemable and we redeem less than all of the debt securities of a particular series, we may block the transfer or exchange of debt securities during a specified period of time in order to freeze the list of holders to prepare the mailing. The period begins 15 days before the day we mail the notice of redemption and ends on the day of that mailing. We may also refuse to register transfers or exchanges of debt securities selected for redemption. However, we will continue to permit transfers and exchanges of the unredeemed portion of any security being partially redeemed.

Payment and Paying Agents

We will pay interest to you if you are a direct holder listed in the trustee's records at the close of business on a particular day in advance of each due date for interest, even if you no longer own the security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the regular record date and is stated in the prospectus supplement.

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

Interest on global securities will be paid to the holder of the securities by wire transfer of same-day funds.

Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the debt securities to pro rate interest fairly between buyer and seller. This pro rated interest amount is called accrued interest.

Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify the trustee of changes in the paying agents for any particular series of debt securities.

Notices

We and the trustee will send notices only to direct holders, using their addresses as listed in the trustee's records.

Regardless of who acts as paying agent, all money that we pay to a paying agent that remains unclaimed at the end of two years after the amount is due to direct holders will be repaid to us. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else.

Special Situations

Mergers and Similar Events

We will generally not be permitted to consolidate with or merge into, or transfer all or substantially all of our assets to, any person unless:

- o either (a) we survive the transaction or (b) the person that survived the transaction (if other than us) is organized under the laws of the United States of America or a State thereof or the District of Columbia;
- o the person that survives the transaction (if other than us) assumes by supplemental indenture all our obligations under and the performance and observance of every covenant of the indenture, the debt securities and any other agreements entered into in connection therewith; and
- o immediately after giving effect to the transaction, no default or event of default under the indenture exists.

We will also be required to deliver to the trustee prior to the consummation of the proposed transaction an officers' certificate to the foregoing effect and an opinion of counsel stating that the proposed transaction and such supplemental indenture comply with the indenture.

The successor shall be substituted for us, and thereafter all our obligations under the indenture and the debt securities shall terminate.

Modification and Waiver

There are three types of changes we can make to the indentures and the debt securities.

Changes Requiring Your Approval. First, there are changes that cannot be made to your debt securities without your specific approval. Following is a list of those types of changes that require the approval of each holder of debt securities:

- o reduce the amount of debt securities whose holders must consent to an amendment;
- o reduce the interest on or change the time for payment of interest on any debt security;
- o change the fixed maturity of any debt security;

- o reduce the principal of any non-discounted debt security or reduce the amount of principal of any discounted debt security that would be due upon an acceleration thereof;
- o change the currency in which principal or interest on a debt security is payable;
- o make any change in provisions relating to waivers of defaults and amendments, except to increase the amount of debt securities whose holders must consent to an amendment or waiver or to provide that other provisions of the indenture cannot be amended or waived without the consent of each holder of debt securities affected thereby;
- o impair your right to sue for payment; or
- o in the case of subordinated debt securities, modify the subordination provisions in a manner adverse to the holders.

Changes Requiring a Majority Approval. The second type of change to the indentures and the debt securities is the kind that requires an approval by holders of debt securities owning a majority of the principal amount of the particular series affected. Most changes fall into this category. Majority approval would be required for us to obtain a waiver of all or part of certain covenants or a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the indentures or the debt securities listed in the first category described above under "--Changes Requiring Your Approval" unless we obtain your individual consent to the waiver.

Changes Not Requiring Approval. The third type of change does not require any approval by holders of debt securities. This type is limited to clarifications and other changes that would not adversely affect holders of the debt securities in any material respect.

Further Details Concerning Votes and Consents

When seeking approval, we will use the following rules to determine whether the holders of the requisite principal amount of the outstanding securities have given, made or taken any action under the indenture as of any date:

- o For original issue discount securities, we will use the amount of principal that would be due as of the date of such determination if payment of the debt security were accelerated on that date.
- o For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that security described in the prospectus supplement.
- o For debt securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined as described in the prospectus supplement.
- o Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption, if they have been fully defeased as described later under "--Defeasance and Discharge" or if they are owned by us or any of our affiliates.
- o We will generally be entitled to set any day as a record date to determine the holders of outstanding debt securities that are entitled to vote or take other action under the indentures. In limited circumstances, the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding debt securities of that series on the record date and must be taken within 180 days following the record date or another period that we may specify, or as the trustee may specify if it sets the record date. We may shorten or lengthen, but not beyond 180 days, this period from time to time.

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indentures or the debt securities or request a waiver.

Defeasance and Discharge

The following discussion of full defeasance and discharge will apply to your series of debt securities only if we choose to have them apply to that series. If we do so choose, we will say so in the prospectus supplement.

The indentures provide that if we choose to have the defeasance and discharge provision applied to the debt securities, we can legally release ourselves from any payment or other obligations on the debt securities, except for the ministerial obligations described below, if we put in place the following arrangements for you to be repaid and comply with other requirements set forth in the indentures:

- o we irrevocably deposit in trust with the trustee or another trustee money or U.S. government obligations;
- o we deliver to the trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. government obligations without reinvestment plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the debt securities of the series to maturity or redemption, as the case may be;
- o immediately after the deposit no default exists under the indenture;
- o the deposit does not constitute a default under any other agreement binding on us; and
- o we deliver to the trustee an opinion of counsel to the effect that holders of the debt securities will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance and, in the case of legal defeasance, such opinion must be based on a U.S. Internal Revenue Service ruling or a change in U.S. Federal income tax law.

In addition, the subordinated debt indenture provides that if we choose to have the defeasance and discharge provision applied to the subordinated debt securities, the subordination provisions of the subordinated debt indenture will become ineffective.

However, even if we make the deposit in trust and opinion delivery arrangements discussed above, a number of our obligations relating to the debt securities will remain. These include our obligations:

- o to register the transfer and exchange of debt securities;
- o to replace mutilated, destroyed, lost or stolen debt securities;
- o to maintain paying agencies; and
- o to hold money for payment in trust.

Events of Default

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

What Is an Event of Default?

The term "event of default" means any of the following:

- o we default in the payment of interest on the debt security when the same becomes due and payable and the default continues for a period of 30 days;
- o default in the payment of the principal of the debt security when the same becomes due and payable at maturity, upon redemption or otherwise, or in the making of any sinking fund payment, if any, required by the terms of such series;
- o we fail to comply with any of our other covenants, conditions or agreements in the debt securities or the indenture and the default continues for the period and after the notice specified below;
- o we, pursuant to or within the meaning of any bankruptcy law:
 - (a) commence a voluntary case,
 - (b) consent to the entry of an order for relief against us in an involuntary case,
 - (c) consent to the appointment of a custodian of our or for all or substantially all of our property, or
 - (d) make a general assignment for the benefit of our creditors;
- o a court of competent jurisdiction enters an order or decree under any bankruptcy law that:
 - (a) is for the relief against us in an involuntary case,
 - (b) appoints a custodian for us or all or substantially all of our property, or
 - (c) orders our liquidation, and the order or decree remains unstayed and in effect for 90 days.
- o If we default under any indebtedness for money borrowed if:
 - (a) that default either (1) results from the failure to pay the principal of that indebtedness at its stated maturity or (2) relates to an obligation other than the obligation to pay the principal of that indebtedness at its stated maturity and results in that indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable,
 - (b) the principal amount of that indebtedness, together with the principal amount of any other indebtedness in default for failure to pay principal at stated maturity or the maturity of which has been so accelerated, aggregates \$10,000,000 or more at any one time outstanding.
- o We are subject to a final judgment or judgments in an amount of \$10,000,000 or more, individually or in the aggregate, for the payment of money having been entered by a court or courts of competent jurisdiction and such judgment or judgments is not satisfied, stayed, annulled or rescinded within 60 days of being entered; or
- o any other event of default described in the prospectus supplement occurs.

Remedies if an Event of Default Occurs. If an event of default other than those described in the fourth or fifth bullet point above has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the debt securities of the affected series. If any event of default described in the fourth or fifth bullet point above occurs, the entire principal

amount of all the debt securities of that series shall automatically, and without any declaration or other action on the part of the trustee or any holder, become immediately due and payable.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indentures at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing other actions under the indentures.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- o You must give to the trustee written notice of a continuing event of default with respect to such series;
- o The holders of at least 25% in principal amount of the outstanding debt securities of the relevant series must make a written request to the trustee to pursue the remedy with respect to such series;
- o You must offer to the trustee indemnity satisfactory to the trustee against any loss, liability or expense;
- o The trustee must not have complied with the request within 60 days after receipt of the request and the offer of indemnity; and
- o No inconsistent direction must have been given to the trustee during the 60 day period from the holders of a majority in principal amount of the outstanding debt securities of the relevant series.

Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and to make or cancel a declaration of acceleration.

We will furnish to the trustee every year a written statement from some of our designated officers certifying that, to their knowledge, we are in compliance with the indentures and the debt securities, or else specifying any default.

DESCRIPTION OF PREFERRED STOCK WE MAY OFFER

This section describes the general terms and provisions of the preferred stock we may offer. This information may not be complete in all respects and is qualified entirely by reference to our amended and restated certificate of incorporation. The specific terms of any series will be described in a prospectus supplement. Those terms may differ from the terms discussed below. Any series of preferred stock we issue will be governed by our amended and restated certificate of incorporation, and by the certificate of designations relating to that series. We will file the certificate of designations with the SEC and incorporate it by reference as an exhibit to our registration statement at or before the time we issue any preferred stock of that series. For information on how to obtain copies of our amended and restated certificate of incorporation and amended and restated by-laws, see "Where You Can Obtain More Information."

Authorized Preferred Stock

Our amended and restated certificate of incorporation authorizes our board of directors, without any vote or action by the holders of common stock, to issue up to 25,000,000 shares of preferred stock from time to time in one or more series. Our board of directors is authorized to determine the number of shares and designation of any additional series of preferred stock and the dividend rights, dividend rate, conversion rights and terms, voting rights, redemption rights and terms, liquidation preferences, sinking fund terms and other rights, preferences, privileges and restrictions of any series of preferred stock. Issuances of preferred stock would be subject to the applicable rules of the NYSE or other organizations whose systems the stock may then be quoted or listed on. Depending upon the terms of preferred stock established by our board of directors, any or all series of preferred stock could have preferences over the common stock with respect to dividends and other distributions and upon liquidation. Issuance of

any such shares with voting powers, or issuance of additional shares of common stock, would dilute the voting power of the outstanding common stock. There are currently no shares of preferred stock outstanding.

Specific Terms of a Series of Preferred Stock

The preferred stock we may offer will be issued in one or more series. Shares of preferred stock, when issued against full payment of its purchase price, will be fully paid and nonassessable. Their par value or liquidation preference, however, will not be indicative of the price at which they will actually trade after their issue. If necessary, the prospectus supplement will provide a description of U.S. Federal income tax consequences relating to the purchase and ownership of the series of preferred stock offered by that prospectus supplement.

The preferred stock will have the dividend, liquidation, redemption and voting rights discussed below, unless otherwise described in a prospectus supplement relating to a particular series. A prospectus supplement will discuss the following features of the series of preferred stock to which it relates:

- o the designations and stated value per share;
- o the number of shares offered;
- o the amount of liquidation preference per share;
- o the initial public offering price at which the preferred stock will be issued;
- o the dividend rate, the method of its calculation, the form of payment of dividends, the dates on which dividends would be paid and the dates, if any, from which dividends would cumulate;
- o any redemption or sinking fund provisions;
- o any conversion or exchange rights; and
- o any additional voting, dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions.

Rank

Unless otherwise stated in the prospectus supplement, the preferred stock will have priority over our common stock with respect to dividends and distribution of assets, but will rank junior to all our outstanding indebtedness for borrowed money. Any series of preferred stock could rank senior, equal or junior to our other capital stock, as may be specified in a prospectus supplement, as long as our amended and restated certificate of incorporation so permits.

Dividends

Holders of each series of preferred stock shall be entitled to receive dividends to the extent and in the form specified in the prospectus supplement, when, as and if declared by our board of directors, from funds legally available for the payment of dividends. The rates, form and dates of payment of dividends of each series of preferred stock will be stated in the prospectus supplement. Dividends will be payable to the holders of record of preferred stock as they appear on our books on the record dates fixed by our board of directors. Dividends on any series of preferred stock may be cumulative or non-cumulative, as discussed in the prospectus supplement.

Convertibility

Shares of a series of preferred stock may be exchangeable or convertible into shares of our common stock, another series of preferred stock or other securities or property. The conversion or exchange may be mandatory or optional. The prospectus supplement will specify whether the preferred stock being offered has any conversion or exchange features, and will describe all the related terms and conditions.

Redemption

The terms, if any, on which shares of preferred stock of a series may be redeemed will be discussed in the prospectus supplement.

Liquidation

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of Vail Resorts, holders of each series of preferred stock will be entitled to receive distributions upon liquidation in the amount described in the related prospectus supplement plus an amount equal to any accrued and unpaid dividends for the then-current dividend period (including any accumulation in respect of unpaid dividends for prior dividend periods, if dividends on that series of preferred stock are cumulative). These distributions will be made before any distribution is made on any securities ranking junior to the preferred stock with respect to liquidation, including our common stock. If the liquidation amounts payable relating to the preferred stock of any series and any other securities ranking on a parity regarding liquidation rights are not paid in full, the holders of the preferred stock of that series will share ratably in proportion to the full liquidation preferences of each security. Holders of our preferred stock will not be entitled to any other amounts from us after they have received their full liquidation preference.

Voting Rights

The holders of shares of preferred stock will have no voting rights, except:

- o as otherwise stated in the applicable prospectus supplement;
- o as otherwise stated in the certificate of designations establishing the series; or
- o as required by applicable law.

No Other Rights

The shares of a series of preferred stock will not have any preferences, voting powers or relative, participating, optional or other special rights except:

- o as discussed above or in the prospectus supplement;
- o as provided in our amended and restated certificate of incorporation and in the certificate of designations; and
- o as otherwise required by law.

Transfer Agent

The transfer agent for each series of preferred stock will be named and described in the prospectus supplement for that series.

DESCRIPTION OF COMMON STOCK WE MAY OFFER

The following summary description of our common stock is based on the provisions of our amended and restated certificate of incorporation and amended and restated by-laws and the applicable provisions of the Delaware General Corporation Law. This information may not be complete in all respects and is qualified entirely by reference to the provisions of our amended and restated certificate of incorporation, amended and restated by-laws and the Delaware General Corporation Law. For information on how to obtain copies of our amended and restated certificate of incorporation and amended and restated by-laws, see "Where You Can Find More Information."

We may offer common stock, including common stock issuable upon the conversion of debt securities or preferred stock or as payment of dividends on, or redemption or repurchase of, preferred stock.

Common Stock

Our authorized capital stock consists of 20,000,000 shares of Class A common stock, par value \$0.01 per share and 80,000,000 shares of common stock, par value \$0.01 per share. As of March 1, 2004, there were approximately 7,439,834 shares of Class A common stock and 27,859,651 shares of common stock issued and outstanding held by approximately three stockholders and 5,200 stockholders respectively. The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated by-laws are only summaries, and we encourage you to review complete copies of our amended and restated certificate of incorporation and amended and restated by-laws, which we have filed previously with the SEC.

All outstanding shares of common stock and Class A common stock are validly issued, fully paid and non-assessable. The rights of holders of Class A common stock and common stock are substantially identical, except that, while any Class A common stock is outstanding, holders of Class A common stock elect a class of directors that constitutes two-thirds of our board and holders of common stock elect another class of directors constituting one-third of our board. The Class A common stock is convertible into common stock (i) at the option of the holder, (ii) automatically, upon transfer to a non-affiliate and (iii) immediately upon the occurrence of an event which results in the number of shares of Class A common stock outstanding falling below 5,000,000 (as such number shall be adjusted by reason of any stock split, reclassification or other similar transaction). The common stock is not convertible. Subject to the prior rights of the holders of any preferred stock, the holders of outstanding shares of common stock and Class A common stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as our board of directors may from time to time determine. The holders of shares of common stock and Class A common stock will have no preemptive or subscription rights to purchase any of our securities. In the event of our liquidation, dissolution, winding up or distribution of our assets, the holders of common stock and Class A common stock are entitled to receive pro rata the assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock, if any, then outstanding. Each outstanding share of common stock and Class A common stock is entitled to vote on all matters submitted to a vote of stockholders.

Delaware Law and Certain Provisions of our Certificate of Incorporation and By-Laws

Statutory Provisions. We are a Delaware corporation and are subject to Section 203 of the Delaware General Corporation Law ("Delaware Law"). In general, Section 203 prevents an "interested stockholder" (defined generally as a person owning 15% or more of a corporation's outstanding voting stock) from engaging in a "business combination" (as defined) with a Delaware corporation for three years following the time such person became an interested stockholder unless (i) prior to the time such person became an interested stockholder, the board of directors of the corporation approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination, (ii) upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding (1) shares owned by persons who are both officers and directors of the corporation and (2) held by certain employee stock ownership plans) or (iii) at or subsequent to the time the business combination is approved by the board of directors of the corporation and authorized at a meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock of the corporation not owned by the interested stockholder.

Directors Liability and Indemnification. Our Amended and Restated Certificate of Incorporation (the "Certificate") provides that to the fullest extent permitted by the Delaware General Corporation Law or other applicable law, directors shall not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director. Under current Delaware Law, liability of a director may not be limited (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases and (iv) for any transaction from which the director derives an improper personal benefit. The effect of the provision of the Certificate is to eliminate our rights and our stockholders rights (through stockholders' derivative

suits on our behalf) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate our rights or any right of our stockholders to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, our bylaws provide that we shall indemnify our directors, officers and employees to the fullest extent permitted by applicable law.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals. Our by-laws establish an advance notice procedure for stockholders to make nominations of candidates for election as director, or to bring other business before an annual meeting of our stockholders (the "Stockholder Notice Procedure").

The Stockholder Notice Procedure provides that only persons who are nominated by, or at the direction of, our board, or by a stockholder who has given timely written notice to our principal executive offices prior to the meeting at which directors are to be elected, will be eligible for election as directors. The Stockholder Notice Procedure provides that at an annual meeting only such business may be conducted as has been properly brought before the meeting by, or at the direction of, our board or by a stockholder who has given timely written notice to our principal executive offices of such stockholder's intention to bring such business before such meeting. Under the Stockholder Notice Procedure, to be timely, notice of stockholder nominations or proposals to be made at an annual or special meeting must be received by us not less than 30 days prior to the scheduled date of the meeting (or, if less than 60 days' notice of the date of the meeting is given, the 9th day following the day such notice was made).

Under the Stockholder Notice Procedure, a stockholder's notice to us proposing to nominate a person for election as a director must contain certain information about the nominating stockholder and the proposed nominee. Under the Stockholder Notice Procedure, a stockholder's notice relating to the conduct of business other than the nomination of directors must contain certain information about such business and about the proposing stockholder. If the officer presiding at a meeting determines that a person was not nominated, or other business was not properly brought before the meeting, in accordance with the Stockholder Notice Procedure, such person will not be eligible for election as a director, or such business will not be transacted at such meeting, as the case may be.

By requiring advance notice of nominations by stockholders, the Stockholder Notice Procedure affords our board an opportunity to consider the qualifications of the proposed nominees and, to the extent deemed necessary or desirable by our board, to inform stockholders about such qualifications. By requiring advance notice of other proposed business, the Stockholder Notice Procedure also provides a more orderly procedure for conducting annual meetings of stockholders and, to the extent deemed necessary or desirable by our board, provides our board with an opportunity to inform stockholders, prior to such meetings, of any business proposed to be conducted at such meetings, together with any recommendations as to our board's position regarding action to be taken with respect to such business, so that stockholders can better decide whether to attend such a meeting or to grant a proxy regarding the disposition of any such business.

Although our by-laws do not give our board any power to approve or disapprove stockholder nominations for the election of directors or proposals for action, the foregoing provisions may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if the proper procedures are not followed, and of discouraging or deferring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal, without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Written Consent of Stockholders. Our by-laws provide that stockholders may consent to corporate action by written consent without a meeting. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to our secretary, request that our board of directors fix a record date. Written consents shall be delivered to us by delivery to our registered office in Delaware, our principal place of business, or to any of our officers or agents having custody of the book in which proceedings of meetings of stockholders are recorded, by hand or by certified or registered mail, return receipt requested (the "Delivery Requirements"). We will engage independent inspectors of elections for the purpose of performing promptly a ministerial review of the validity of the consents and revocations. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent

inspectors certify to us that the consents delivered to us in accordance with the Delivery Requirements represent at least the minimum number of votes that would be necessary to take the corporate action. Our board of directors or any stockholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation). The written consents shall be effective to take the corporate action referred to therein only if, within sixty (60) days of the earliest dated written consent received in accordance with the Delivery Requirements, a written consent or consents signed by a sufficient number of holders to take action are delivered to us pursuant to the Delivery Requirements.

Certain Effects of Authorized but Unissued Stock. As of March 1, 2004, there were 12,560,166 shares of Class A common stock authorized but unissued, 38,132,645 shares of common stock authorized but unissued (and not reserved for issuance upon conversion of the Class A common stock or exercise of options), and 25,000,000 shares of preferred stock authorized but unissued, for future issuance without additional stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future offerings to raise additional capital or to facilitate corporate acquisitions.

The issuance of preferred stock could have the effect of delaying or preventing a change in our control. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to the holders of common stock or could adversely affect the rights and powers, including voting rights, of the holders of the common stock. In certain circumstances, such issuance could have the effect of decreasing the market price of the common stock.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of management. Such additional shares also could be used to dilute the stock ownership of persons seeking to obtain control of us.

Transfer Agent and Registrar

The Transfer Agent and Registrar for the common stock is Wells Fargo Bank Minnesota, N.A.

In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in the assets available for distribution, subject to any prior rights of any holders of preferred stock, if any, then outstanding.

LEGAL OWNERSHIP AND BOOK-ENTRY ISSUANCE

Unless otherwise mentioned in the prospectus supplement, securities will be issued in the form of one or more global certificates, or global securities, registered in the name of a depository or its nominee. Unless otherwise mentioned in the prospectus supplement, the depository will be The Depository Trust Company, commonly referred to as DTC. DTC has informed us that its nominee will be Cede & Co. Accordingly, we expect Cede & Co. to be the initial registered holder of all securities that are issued in global form. No person that acquires a beneficial interest in those securities will be entitled to receive a certificate representing that person's interest in the securities except as mentioned below or in the prospectus supplement. Unless definitive securities are issued under the limited circumstances described below,

- o all references in this prospectus to actions by holders of securities issued in global form refer to actions taken by DTC upon instructions from its participants; and
- o all references to payments and notices to holders refer to payments and notices to DTC or Cede & Co., as the registered holder of these securities.

DTC has informed us that it is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended, and that it was created to hold securities for its participating organizations and to facilitate clearance and settlement of securities transactions among its participants through electronic book-entry. This eliminates the need for physical movement of certificates. DTC's participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system also is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Persons that are not participants or indirect participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, securities may do so only through participants and indirect participants. Under a book-entry format, holders may experience some delay in their receipt of payments, as these payments will be forwarded by our designated agent to Cede & Co., as nominee for DTC. DTC will forward these payments to its participants, who will then forward them to indirect participants or holders. Holders will not be recognized by the relevant registrar, transfer agent, warrant agent or unit agent as registered holders of the securities entitled to the benefits of our amended and restated certificate of incorporation and/or the applicable indenture, deposit agreement, warrant agreement, purchase contract agreement or unit agreement. Beneficial owners that are not participants will be permitted to exercise their rights only indirectly through and according to the procedures of participants and, if applicable, indirect participants.

Under the rules, regulations and procedures governing DTC and its operations as currently in effect, DTC will be required to make book-entry transfers of securities among participants and to receive and transmit payments to participants. DTC rules require participants and indirect participants with which beneficial securities owners have accounts to make book-entry transfers and receive and transmit payments on behalf of their respective account holders.

Because DTC can act only on behalf of participants, the ability of a beneficial owner of securities issued in global form to pledge those securities to non-participants may be limited due to the unavailability of physical certificates for these securities. Beneficial owners may also be unable to sell interests in their securities to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any securities under its certificate of incorporation or the relevant indenture, deposit agreement, warrant agreement, purchase contract agreement or unit agreement only at the direction of one or more participants to whose accounts with DTC those securities are credited.

Unless otherwise mentioned in the prospectus supplement, a global security will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- o DTC notifies us that it is unwilling or unable to continue as depository for that global security or if DTC ceases to be a clearing agency registered under the Exchange Act when it is required to be so registered;
- o we execute and deliver to the relevant registrar, transfer agent, trustee, depository, warrant agent and/or unit agent an order complying with the requirements of our amended and restated certificate of incorporation and amended and restated by-laws or the relevant indenture, deposit agreement, warrant agreement, purchase contract agreement and/or unit agreement that this global security shall be so exchangeable; or
- o there has occurred and is continuing a default in the payment of any amount due in respect of the securities or, in the case of debt securities, an event of default or an event that, with the giving of notice or lapse of time, or both, would constitute an event of default with respect to those debt securities.

In these circumstances, the global security will be exchangeable for securities registered in the names that DTC directs.

DTC will generally not be required to notify its participants of the availability of definitive securities. When DTC surrenders the global security and delivers instructions for reregistration, the registrar, transfer agent, trustee, depository, warrant agent or unit agent, as the case may be, will reissue the securities as definitive securities.

Except as described above, a global security may not be transferred except as a whole to DTC or another nominee of DTC, or to a successor depository we appoint. Except as described above, DTC may not sell, assign, transfer or otherwise convey any beneficial interest in a global security unless the beneficial interest is in an amount equal to an authorized denomination for those securities.

None of Vail Resorts, the trustees, any registrar and transfer agent, any depository, any warrant agent, any purchase contract agent or any unit agent, or any of their agents, will have any responsibility for any aspect of DTC's or any participant's records relating to, or for payments made on account of, beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to those beneficial interests.

VALIDITY OF SECURITIES

The validity of any securities will be passed upon for us by Cahill Gordon & Reindel LLP.

EXPERTS

The consolidated financial statements and the related financial statement schedule incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended July 31, 2003 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We are required to file annual, quarterly and special reports, proxy statements, any amendments to those reports and other information with the SEC. You may read and copy any documents filed by us with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Reports, proxy statements and information statements, any amendments to those reports and other information filed electronically by us with the SEC are available to the public at the SEC's website at <http://www.sec.gov>.

We have filed a registration statement on Form S-3 with the SEC relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of Vail Resorts, please be aware that the reference is only a summary and that you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's website.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC's rules allow us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus from the date we file that document. Any reports filed by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial filing of the registration statement of which this prospectus forms a part and prior to the effectiveness of such registration statement, as well as any such reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus.

We incorporate by reference into this prospectus the following documents filed with the SEC:

- o Our Annual Report on Form 10-K for the year ended July 31, 2003.
- o Our Quarterly Report on Form 10-Q for the quarter ended October 31, 2003.
- o Our Quarterly Report on Form 10-Q for the quarter ended January 31, 2004.
- o Our Current Report on Form 8-K filed February 2, 2004.
- o Proxy Statement for our 2003 Annual Meeting of Shareholders.

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

Vail Resorts, Inc.
Post Office Box 7
Vail, Colorado 81658
Telephone: (970) 845-2500
Attention: Investor Relations
<http://www.vailresorts.com>

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following is a statement of estimated expenses, other than underwriting discounts and commissions (all of which are estimated other than the SEC registration fee), to be incurred by the Registrant in connection with the distribution of the securities registered under this registration statement.

	Estimated Amounts

SEC Securities Act registration fee	\$12,670
Trustee's fees and expenses	\$25,000
Legal fees	\$100,000
Accountant's fees	\$10,000
Printing expenses	\$50,000
Miscellaneous	\$10,000

Total	\$207,670

Item 15. Indemnification of Directors and Officers.

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

The Company's Amended and Restated Certificate of Incorporation (the "Certificate") provides that to the fullest extent permitted by Delaware Law or another applicable law, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. Under current Delaware Law, liability of a director may not be limited (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or purchases and (iv) for any transaction from which the director derives an improper personal benefit. The effect of the provision of the Certificate is to eliminate the rights of the Company and its stockholders (through stockholders' derivative suits on behalf of the Company) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate the rights of the Company or any stockholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, the Company's Restated Bylaws (the "Bylaws") provide that the Company shall indemnify its directors, officers and employees to the fullest extent permitted by applicable law.

The Bylaws provide that the Company may indemnify any person who is or was involved in any manner or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action, suit or proceeding by or in the right of the registrant to procure a judgment in its favor), by reason of the fact that he is or was or had agreed to become a director, officer or employee of the registrant or is or was or had agreed to become at the request of the board or an officer of the registrant a director, officer or employee of another corporation, partnership, joint venture, trust or other entity against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding.

Item 16. Exhibits.

- 1.1* Form of Underwriting Agreement.
- 4.1 Shareholder Agreement among Vail Resorts, Inc., Ralston Foods, Inc., and Apollo Ski Partners, L.P. dated January 3, 1997. (Incorporated by reference to Exhibit 2.4 of the report on Form 8-K of Vail Resorts, Inc. dated January 8, 1997.)
- 4.2 First Amendment to the Shareholder Agreement dated as of November 1, 1999, among Vail Resorts, Inc., Ralcorp Holdings, Inc. (f/k/a Ralston Foods, Inc.) and Apollo Ski Partners, L.P. (Incorporated by reference to Exhibit 10.17(b) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2000.)
- 4.3 Form of Senior Indenture.
- 4.4 Form of Subordinated Indenture.
- 4.5 Form of Senior Debt Security. (Included in Exhibit 4.3.)
- 4.6 Form of Subordinated Debt Security. (Included in Exhibit 4.4.)
- 5.1** Opinion of Cahill Gordon & Reindel LLP.
- 12.1 Statement of Computation of Ratio of Earnings to Fixed Charges.
- 23.1(a) Consent of Independent Accountants.
- 23.1(b) Consent of Independent Accountants.
- 23.2** Consent of Cahill Gordon & Reindel LLP (contained in Exhibit 5.1).
- 24.1** Powers of Attorney.
- 25.1* Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of the Trustee under the Senior Indenture.
- 25.2* Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of the Trustee under the Subordinated Indenture.

*To be filed by amendment

** Previously filed

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant

pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 15 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(6) The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act ("Act") in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, State of New York, on the 25th day of March, 2004.

VAIL RESORTS, INC.

By: /s/ JEFFREY W. JONES

 Name: Jeffrey W. Jones
 Title: Chief Financial Officer and
 Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
----- /S/ADAM M. ARON ----- Adam M. Aron	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	March 25, 2004
----- /S/JEFFREY W. JONES ----- Jeffrey W. Jones	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 25, 2004
----- /S/FRANK BIONDI* ----- Frank Biondi	Director	March 25, 2004
----- /S/JOHN J. HANNAN* ----- John J. Hannan	Director	March 25, 2004
----- /S/JOHN R. HAUGE* ----- John R. Hauge	Director	March 25, 2004
----- /S/ROLAND A. HERNANDEZ* ----- Roland A. Hernandez	Director	March 25, 2004
----- /S/ROBERT A. KATZ* ----- Robert A. Katz	Director	March 25, 2004
----- /S/THOMAS H. LEE* ----- Thomas H. Lee	Director	March 25, 2004
----- /S/WILLIAM L. MACK* ----- William L. Mack	Director	March 25, 2004
----- /S/JOE R. MICHELETTO* ----- Joe R. Micheletto	Director	March 25, 2004
----- /S/JOHN F. SORTE* ----- John F. Sorte	Director	March 25, 2004

Signature

Title

Date

/S/WILLIAM P. STIRITZ*

Director

March 25, 2004

William P. Stiritz

/S/JAMES S. TISCH*

Director

March 25, 2004

James S. Tisch

/S/JEFFREY W. JONES

Attorney-in-Fact

March 25, 2004

Jeffrey W. Jones

* By Attorney-in-Fact

VAIL RESORTS, INC.

SENIOR DEBT SECURITIES

INDENTURE

Dated as of [], 20[]

[], Trustee

CROSS-REFERENCE TABLE

TIA Section -----	Indenture Section -----
310(a)(1).....	7.08; 7.10
(a)(2).....	7.08; 7.10
(a)(3).....	N.A.
(a)(4).....	N.A.
(a)(5).....	7.08
(b).....	7.08; 7.10; 10.02
(c).....	N.A.
311(a).....	7.11
(b).....	7.11
(c).....	N.A.
312(a).....	2.06
(b).....	10.03
(c).....	10.03
313(a).....	7.06
(b)(1).....	N.A.
(b)(2).....	7.05
(c).....	7.06; 10.02
(d).....	7.06

314(a)	4.03; 4.04; 10.02
(b)	N.A.
(c)(1)	10.04
(c)(2)	10.04
(c)(3)	N.A.
(d)	N.A.
(e)	10.05
(f)	N.A.
315(a)	7.01(2)
(b)	7.05; 10.02
(c)	7.01(1)
(d)	7.01(3)
(e)	6.11
316(a)(last sentence)	2.11
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	9.04
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.05
318(a)	10.01
(b)	N.A.
(c)	10.01

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of this Indenture.

TABLE OF CONTENTS

Page

ARTICLE 1

DEFINITIONS

Section 1.01	Definitions.....	1
Section 1.02	Other Definitions.....	4
Section 1.03	Rules of Construction.....	4

ARTICLE 2

THE SECURITIES

Section 2.01	Issuable in Series.....	4
Section 2.02	Execution and Authentication.....	6
Section 2.03	Bond Agents.....	7
Section 2.04	Bearer Securities.....	7
Section 2.05	Paying Agent to Hold Money in Trust.....	8
Section 2.06	Securityholder Lists.....	8
Section 2.07	Transfer and Exchange.....	9
Section 2.08	Replacement Securities.....	9
Section 2.09	Outstanding Securities.....	9
Section 2.10	Discounted Securities.....	10
Section 2.11	Treasury Securities.....	10
Section 2.12	Global Securities.....	10
Section 2.13	Temporary Securities.....	10
Section 2.14	Cancellation.....	11
Section 2.15	Defaulted Interest.....	11

ARTICLE 3

REDEMPTION

Section 3.01	Notices to Trustee.....	11
Section 3.02	Selection of Securities to Be Redeemed.....	12
Section 3.03	Notice of Redemption.....	12
Section 3.04	Effect of Notice of Redemption.....	13
Section 3.05	Payment of Redemption Price.....	13
Section 3.06	Securities Redeemed in Part.....	13

ARTICLE 4

COVENANTS

Section 4.01	Payment of Securities.....	14
--------------	----------------------------	----

Section 4.02	Corporate Existence.....	14
Section 4.03	SEC Reports.....	14
Section 4.04	Annual Review Certificate.....	14
Section 4.05	Notice to Trustee of Certain Defaults.....	15
Section 4.06	Further Assurances to Trustee.....	15

ARTICLE 5

SUCCESSORS

Section 5.01	When Company May Merge, etc.....	15
--------------	----------------------------------	----

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01	Events of Default.....	16
Section 6.02	Acceleration.....	17
Section 6.03	Other Remedies.....	18
Section 6.04	Waiver of Past Defaults.....	18
Section 6.05	Control by Majority.....	18
Section 6.06	Limitations on Suits.....	18
Section 6.07	Rights of Holders to Receive Payment.....	19
Section 6.08	Collection Suit by Trustee.....	19
Section 6.09	Trustee May File Proofs of Claims.....	19
Section 6.10	Priorities.....	19
Section 6.11	Undertaking for Costs.....	20
Section 6.12	Restoration of Rights and Remedies.....	20
Section 6.13	Rights and Remedies Cumulative.....	20
Section 6.14	Delay or Omission Not Waiver.....	20
Section 6.15	Waiver of Stay, Extension or Usury Laws.....	21

ARTICLE 7

TRUSTEE

Section 7.01	Duties of Trustee.....	21
Section 7.02	Rights of Trustee.....	22
Section 7.03	Individual Rights of Trustee.....	23
Section 7.04	Trustee's Disclaimer.....	24
Section 7.05	Notice of Defaults.....	24
Section 7.06	Reports by Trustee to Holders of Securities.....	24
Section 7.07	Compensation and Indemnity.....	24
Section 7.08	Replacement of Trustee.....	26
Section 7.09	Successor Trustee by Merger, etc.....	27
Section 7.10	Eligibility; Disqualification.....	27

Section 7.11 Preferential Collection of Claims Against Company.....27

ARTICLE 8

DISCHARGE OF INDENTURE

Section 8.01 Defeasance.....27
Section 8.02 Conditions to Defeasance.....28
Section 8.03 Application of Trust Money.....29
Section 8.04 Repayment to Company.....29

ARTICLE 9

AMENDMENTS

Section 9.01 Without Consent of Holders.....29
Section 9.02 With Consent of Holders.....30
Section 9.03 Compliance with Trust Indenture Act.....30
Section 9.04 Effect of Consents.....31
Section 9.05 Notation on or Exchange of Securities.....31

ARTICLE 10

MISCELLANEOUS

Section 10.01 Trust Indenture Act.....31
Section 10.02 Notices.....31
Section 10.03 Communications by Holders with Other Holders.....32
Section 10.04 Certificate and Opinion as to Conditions Precedent.....32
Section 10.05 Statements Required in Certificate or Opinion.....33
Section 10.06 Rules by Company and Agents.....33
Section 10.07 Legal Holidays.....33
Section 10.08 No Recourse Against Others.....33
Section 10.09 Duplicate Originals.....33
Section 10.10 Governing Law.....33

Exhibit A Form of Registered Security..... A-1
Exhibit B Form of Bearer Security Notes to Exhibits A and B..... B-1
Exhibit C Assignment Form..... C-1
Exhibit D Conversion Notice..... D-1

INDENTURE dated as of [], 20[] between VAIL RESORTS, INC., a Delaware corporation ("Company"), and [], a national banking association ("Trustee").

Each party agrees as follows for the benefit of the Holders of the Company's debt securities issued under this Indenture:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions.

"Affiliate" means any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company.

"Agent" means any Registrar, Transfer Agent or Paying Agent.

"Authorized Newspaper" means a newspaper that is:

(1) printed in the English language or in an official language of the country of publication;

(2) customarily published on each business day in the place of publication; and

(3) of general circulation in the relevant place or in the financial community of such place.

Whenever successive publications in an Authorized Newspaper are required, they may be made on the same or different business days and in the same or different Authorized Newspapers.

"Bearer Security" means a Security payable to bearer.

"Board" or "Board of Directors" means the Board of Directors of the Company or any authorized committee of the Board.

"Bond Resolution" means a resolution adopted by the Board or by an Officer or committee of Officers pursuant to Board delegation authorizing a series of Securities.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of any person and all warrants or options to acquire such capital stock.

"Common Stock" means the Common Stock, par value \$0.01 per share, of the Company or any security into which the Common Stock may be converted.

"Company" means the party named as such above until a successor replaces it and thereafter means the successor.

"Corporate Trust Office" means the principal corporate trust office of the Trustee at which at any particular time its corporate trust business shall be administered, which office is located at [].

"coupon" means an interest coupon for a Bearer Security.

"Default" with respect to a series of the Securities or to all series of the Securities, as the case may be, means any event which is, or after notice or passage of time would be, an Event of Default with respect to such series or to all series of the Securities, as the case may be.

"Discounted Security" means a Security where the amount of principal due upon acceleration is less than the stated principal amount.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as in effect on the date of this Indenture.

"Holder" or "Securityholder" means the person in whose name a Registered Security is registered and the bearer of a Bearer Security or coupon.

"Indenture" means this Indenture and any Bond Resolution as amended from time to time.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind whatsoever (including any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) but in no event shall "Lien" include any defeasance pursuant to Article 8 hereof.

"NASDAQ" means the National Association of Securities Dealers Automated Quotation System.

"Officer" means the Chairman of the Board, the President, any Vice President (including any Executive Vice President or Senior Vice President), the Treasurer, any Assistant Treasurer, the Secretary, or the Controller of the Company.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and an Assistant Secretary or Assistant Controller of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"principal" of a debt security means the principal of the security plus the premium, if and when applicable, on the security.

"Registered Security" means a Security registered as to principal and interest by the Registrar.

"SEC" means the Securities and Exchange Commission.

"Securities" means the debt securities issued under this Indenture.

"series" means a series of Securities or the Securities of the series.

"Stock Trading Day" means each day on which the securities exchange or quotation system which is used to determine the Market Price is open for trading or quotation.

"Subsidiary" means any corporation, association or other business entity, a majority (by number of votes) of the Voting Stock or control of which is at the time owned or controlled by the Company or another Subsidiary of the Company.

"Surviving Person" means, with respect to any person involved in any transaction or that makes any disposition, the person formed by or surviving such transaction or disposition or the person with or to which such transaction or disposition is made.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Section 77aaa-77bbb) as in effect on the date of this Indenture.

"Treasury Regulations" means regulations of the U.S. Treasury Department under the Internal Revenue Code of 1986, as amended.

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means the party named as such above until a successor replaces it and thereafter means the successor.

"United States" or "U.S." means the United States of America, its territories and possessions and other areas subject to its jurisdiction.

"Voting Stock" means stock of any class or classes (however designated) having ordinary voting power for the election of a majority of the members of the board of directors (or governing body) of such corporation, association or other business entity, other than stock having such power only by reason of the happening of a contingency.

"Yield to Maturity" means the yield to maturity on any Securities, calculated at the time of issuance of such Securities, or, if applicable, at the most recent redetermination of interest on such Securities, and calculated in accordance with accepted financial practice.

Section 1.02 Other Definitions.

Term -----	Defined in Section -----
"Bankruptcy Law".....	6.01
"Bearer Securities List".....	2.06
"Conversion Agent".....	2.03
"Custodian".....	6.01
"Event of Default".....	6.01
"Legal Holiday".....	10.07
"Paying Agent".....	2.03
"Registrar".....	2.03
"Transfer Agent".....	2.03
"U.S. Government Obligations".....	8.02

Section 1.03 Rules of Construction.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP in the United States;
- (3) GAAP principles are those applicable and in effect on the date of this Indenture;
- (4) all terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings assigned to them by such definitions;
- (5) "or" is not exclusive; and
- (6) words in the singular include the plural, and in the plural include the singular.

ARTICLE 2

THE SECURITIES

Section 2.01 Issuable in Series.

The aggregate principal amount of Securities that may be issued under this Indenture is unlimited. The Securities may be issued from time to time in one or more series. All Securities of any one series and all coupons, if any, appertaining to Bearer Securities of such series shall be substantially identical except as to currency of payments due thereunder, the denomination in which the Securities are issuable, the rate or rates of interest, or method of determining the rate of interest, if any, the maturity, the date from which interest, if any, shall accrue and ex-

cept as may otherwise be provided by the Company in or pursuant to a Bond Resolution or in any supplemental indenture pertaining to such series of Securities. Each series shall be created by a Bond Resolution or a supplemental indenture that establishes the terms of the series, which may include the following:

- (1) the title of the series;
- (2) the aggregate principal amount (or any limit on the aggregate principal amount) of the series and, if any Securities of a series are to be issued at a discount from their face amount, the method of computing the accretion of such discount;
- (3) the interest rate or rates, if any, or method of calculating the interest rate;
- (4) the date or dates from which interest will accrue;
- (5) the record dates for interest payable on Registered Securities;
- (6) the dates when principal and interest are payable;
- (7) the manner of paying principal and interest;
- (8) the places where principal and interest are payable;
- (9) the Registrar, Transfer Agent and Paying Agent;
- (10) the terms of any mandatory (including any sinking fund requirements) or optional redemption by the Company;
- (11) the terms of any repayment at the option of Holders;
- (12) the denominations in which Securities are issuable;
- (13) whether Securities will be issuable as Registered Securities or Bearer Securities;
- (14) whether and upon what terms Registered Securities and Bearer Securities may be exchanged;
- (15) whether any Securities will be represented by a Security in global form;
- (16) the terms of any global Security;
- (17) the terms of any tax indemnity;
- (18) the currencies (including any composite currency) in which principal or interest may be paid;
- (19) if payments of principal or interest may be made in a currency other than that in which Securities are denominated, the manner for determining such payments;

(20) if amounts of principal or interest may be determined by reference to an index, formula or other method, the manner for determining such amounts;

(21) provisions for electronic issuance of Securities or for Securities in uncertificated form;

(22) the portion of principal payable upon acceleration of a Discounted Security;

(23) any Events of Default or covenants in addition to or in lieu of those set forth in this Indenture;

(24) whether and upon what terms Securities may be defeased, if different from the provisions set forth in this Indenture;

(25) the forms of the Securities or any coupon, which, unless the Bond Resolution or supplemental indenture otherwise provides, shall be in the form of Exhibit A or B or otherwise;

(26) any terms that may be required by or advisable under U.S. or other applicable laws;

(27) the percentage of the principal amount of the Securities which is payable if the maturity of the Securities is accelerated in the case of Securities issued at a discount from their face amount;

(28) whether and upon what terms the Securities will be convertible into or exchangeable for Common Stock of the Company; and

(29) any other terms not inconsistent with this Indenture.

All Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series or to establish additional terms of such series of Securities.

The creation and issuance of a series and the authentication and delivery thereof are not subject to any conditions precedent.

Section 2.02 Execution and Authentication.

Two Officers shall sign the Securities by manual or facsimile signature. The Company's seal may be reproduced on the Securities. An Officer shall sign any coupons by facsimile signature.

If an Officer whose signature is on a Security or its coupons no longer holds that office at the time the Security is authenticated or delivered, the Security and coupons shall nevertheless be valid.

A Security and its coupons shall not be valid until the Security is authenticated by the manual signature of the Registrar. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Each Registered Security shall be dated the date of its authentication. Each Bearer Security shall be dated the date of its original issuance or as provided in the Bond Resolution.

Securities may have notations, legends or endorsements required by law, stock exchange rule, agreement or usage.

Section 2.03 Bond Agents.

The Company shall maintain an office or agency where Securities may be authenticated ("Registrar"), where Securities may be presented for registration of transfer or for exchange ("Transfer Agent"), where Securities may be presented for payment ("Paying Agent") and where Securities may be presented for conversion ("Conversion Agent"). Whenever the Company must issue or deliver Securities pursuant to this Indenture, the Registrar shall authenticate the Securities at the Company's written request. The Transfer Agent shall keep a register of the Securities and of their transfer and exchange.

The Company may appoint more than one Registrar, Transfer Agent, Paying Agent or Conversion Agent for a series. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company fails to maintain a Registrar, Transfer Agent, Paying Agent or Conversion Agent for a series, the Trustee shall act as such.

Section 2.04 Bearer Securities.

U.S. laws and Treasury Regulations restrict sales or exchanges of and payments on Bearer Securities. Therefore, except as provided below:

(1) Bearer Securities will be offered, sold and delivered only outside the United States and will be delivered only upon presentation of a certificate in a form prescribed by the Company to comply with U.S. laws and regulations.

(2) Bearer Securities will not be issued in exchange for Registered Securities.

(3) All payments of principal and interest (including original issue discount) on Bearer Securities will be made outside the United States by a Paying Agent located outside the United States unless the Company determines that:

(A) such payments may not be made by such Paying Agent because the payments are illegal or prevented by exchange controls as described in Treasury Regulation Section 1.163-5(c)(2)(v); and

(B) making the payments in the United States would not have an adverse tax effect on the Company.

If there is a change in the relevant provisions of U.S. laws or Treasury Regulations or the judicial or administrative interpretation thereof, a restriction set forth in paragraph (1), (2) or (3) above will not apply to a series if the Company determines that the relevant provisions no longer apply to the series or that failure to comply with the relevant provisions would not have an adverse tax effect on the Company or on Securityholders or cause the series to be treated as "registration-required" obligations under U.S. law.

The Company shall notify the Trustee of any determinations by the Company under this Section.

Section 2.05 Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent for a series other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of the persons entitled thereto all money held by the Paying Agent for the payment of principal of or interest on the series, and will notify the Trustee of any default by the Company in making any such payment.

While any such default continues, the Trustee may require a Paying Agent to pay all money so held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent shall have no further liability for the money. If the Company or an Affiliate acts as Paying Agent for a series, it shall segregate and hold as a separate trust fund all money held by it as Paying Agent for the series.

Section 2.06 Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Transfer Agent, the Company shall furnish to the Trustee semiannually and at such other times as the Trustee may request a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of Registered Securities and Holders of Bearer Securities whose names are on the list referred to below.

The Transfer Agent shall keep a list of the names and addresses of Holders of Bearer Securities who file a request to be included on such list (the "Bearer Securities List"). A request will remain in effect for two years unless renewed or amended.

Whenever the Company or the Trustee is required to mail a notice to all Holders of Registered Securities of a series, it also shall mail the notice to all Holders of Bearer Securities of the series whose names are on the Bearer Securities List.

Whenever the Company is required to publish a notice to all Holders of Bearer Securities of a series, it also shall mail the notice to such of them whose names are on the Bearer Securities List.

Section 2.07 Transfer and Exchange.

Where Registered Securities of a series are presented to the Transfer Agent with a request to register a transfer or to exchange them for an equal principal amount of Registered Securities of other denominations of the series, the Transfer Agent shall register the transfer or make the exchange if its requirements for such transactions are met.

The Transfer Agent may require a Holder to pay a sum sufficient to cover any taxes imposed on a transfer or exchange.

If a series provides for Registered and Bearer Securities and for their exchange, Bearer Securities may be exchanged for Registered Securities and Registered Securities may be exchanged for Bearer Securities as provided in the Securities or the Bond Resolution if the requirements of the Transfer Agent for such transactions are met and if Section 2.04 permits the exchange.

Section 2.08 Replacement Securities.

If the Holder of a Security or coupon claims that it has been lost, destroyed or wrongfully taken, then, in the absence of notice to the Company or the Trustee that the Security or coupon has been acquired by a bona fide purchaser, the Company shall issue a replacement Security or coupon if the Company and the Trustee receive:

- (1) evidence satisfactory to them of the loss, destruction or taking;
- (2) an indemnity bond satisfactory to them; and
- (3) payment of a sum sufficient to cover their expenses and any taxes for replacing the Security or coupon.

A replacement Security of the same series shall contain identical terms and shall have coupons attached corresponding to those, if any, on the original Security.

Every replacement Security or coupon is an additional obligation of the Company.

Section 2.09 Outstanding Securities.

The Securities outstanding at any time are all the Securities authenticated by the Registrar except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If Securities are considered paid under Section 4.01, they cease to be outstanding and interest on them ceases to accrue.

A Security does not cease to be outstanding because the Company or an Affiliate holds the Security.

Section 2.10 Discounted Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, the principal amount of a Discounted Security shall be the amount of principal that would be due as of the date of such determination if payment of the Security were accelerated on that date.

Section 2.11 Treasury Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or an Affiliate shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded.

Section 2.12 Global Securities.

If the Bond Resolution so provides, the Company may issue some or all of the Securities of a series in temporary or permanent global form. A global Security may be in registered form, in bearer form with or without coupons or in uncertificated form. A global Security shall represent that amount of Securities of a series as specified in the global Security or as endorsed thereon from time to time. At the Company's request, the Registrar shall endorse a global Security to reflect the amount of any increase or decrease in the Securities represented thereby.

The Company may issue a global Security only to a depository designated by the Company. A depository may transfer a global Security only as a whole to its nominee or to a successor depository.

The Bond Resolution may establish, among other things, the manner of paying principal and interest on a global Security and whether and upon what terms a beneficial owner of an interest in a global Security may exchange such interest for definitive Securities.

The Company, an Affiliate, the Trustee and any Agent shall not be responsible for any acts or omissions of a depository, for any depository records of beneficial ownership interests or for any transactions between the depository and beneficial owners.

Section 2.13 Temporary Securities.

Until definitive Securities of a series are ready for delivery, the Company may use temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Temporary Securities may be in global form. Temporary Bearer Securities may have one or more coupons or no coupons. Without unreasonable delay, the Company shall deliver definitive Securities in exchange for temporary Securities.

Section 2.14 Cancellation.

The Company at any time may deliver Securities to the Registrar for cancellation. The Transfer Agent and the Paying Agent shall forward to the Registrar any Securities and coupons surrendered to them for payment, exchange or registration of transfer. The Registrar shall cancel all Securities or coupons surrendered for payment, registration of transfer, exchange or cancellation as follows: the Registrar will cancel all Registered Securities and matured coupons. The Registrar also will cancel all Bearer Securities and unmatured coupons unless the Company requests the Registrar to hold the same for redelivery. Any Bearer Securities so held shall be considered delivered for cancellation under Section 2.09. The Registrar shall destroy cancelled Securities and coupons unless the Company otherwise directs.

Unless the Bond Resolution otherwise provides, the Company may not issue new Securities to replace Securities that the Company has paid or that the Company has delivered to the Registrar for cancellation.

Section 2.15 Defaulted Interest

If the Company defaults in a payment of interest on Registered Securities, it need not pay the defaulted interest to Holders on the regular record date. The Company may fix a special record date for determining Holders entitled to receive defaulted interest or the Company may pay defaulted interest in any other lawful manner.

ARTICLE 3

REDEMPTION

Section 3.01 Notices to Trustee.

Securities of a series that are redeemable before maturity shall be redeemable in accordance with their terms and, unless the Bond Resolution otherwise provides, in accordance with this Article.

In the case of a redemption by the Company, the Company shall notify the Trustee of the redemption date and the principal amount of Securities to be redeemed. The Company shall notify the Trustee at least 45 days before the redemption date unless a shorter notice is satisfactory to the Trustee.

If the Company is required to redeem Securities, it may reduce the principal amount of Securities required to be redeemed to the extent it is permitted a credit by the terms of the Securities and it notifies the Trustee of the amount of the credit and the basis for it. If the reduction is based on a credit for acquired or redeemed Securities that the Company has not previously delivered to the Registrar for cancellation, the Company shall deliver the Securities at the same time as the notice.

Section 3.02 Selection of Securities to Be Redeemed.

If less than all the Securities of a series, with the same issue date, interest rate, stated maturity and other terms, are to be redeemed, the Trustee shall select the Securities to be redeemed by a method the Trustee considers fair and appropriate. The Trustee shall make the selection from Securities of the series outstanding and not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities having denominations larger than the minimum denomination for the series. Securities and portions thereof selected for redemption shall be in amounts equal to the minimum denomination for the series or an integral multiple thereof. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

Section 3.03 Notice of Redemption.

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Bond Resolution. In case of any redemption at the election of the Company of (a) less than all of the Securities of any series or (b) all of the Securities of any series, with the same issue date, interest rate, stated maturity and other terms, the Company shall, at least 45 days prior to the redemption date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the principal amount of Securities of such series to be redeemed.

At least 30 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder of Registered Securities whose Securities are to be redeemed.

If Bearer Securities are to be redeemed, the Company shall publish a notice of redemption in an Authorized Newspaper as provided in the Securities.

A notice shall identify the Securities of the series to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;
- (4) that Securities called for redemption, together with all coupons, if any, maturing after the redemption date, must be surrendered to the Paying Agent to collect the redemption price;
- (5) that interest on Securities called for redemption ceases to accrue on and after the redemption date; and
- (6) whether the redemption by the Company is mandatory or optional.

A redemption notice given by publication need not identify Registered Securities to be redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

Section 3.04 Effect of Notice of Redemption.

Once notice of redemption is given, Securities called for redemption become due and payable on the redemption date at the redemption price stated in the notice. The Transfer Agent need not exchange or register the transfer of any Security selected for redemption. The Transfer Agent need not exchange or register the transfer of any Security for a period of 15 days before a selection of Securities to be redeemed.

Section 3.05 Payment of Redemption Price.

On or before the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date.

When the Holder of a Security surrenders it for redemption in accordance with the redemption notice, the Company shall pay to the Holder on the redemption date the redemption price and accrued interest to such date, except that:

(1) the Company will pay any such interest (except defaulted interest) to Holders on the record date of Registered Securities if the redemption date occurs on an interest payment date; and

(2) the Company will pay any such interest to Holders of coupons that mature on or before the redemption date upon surrender of such coupons to the Paying Agent.

Coupons maturing after the redemption date on a called Security are void absent a payment Default on that date. Nevertheless, if a Holder surrenders for redemption a Bearer Security missing any such coupons, the Company and the Trustee may deduct the face amount of such coupons from the redemption price. If thereafter the Holder surrenders to the Paying Agent the missing coupons, the Company will return the amount so deducted. The Company also may waive surrender of the missing coupons if it receives an indemnity bond satisfactory to the Company and the Trustee.

Section 3.06 Securities Redeemed in Part.

Upon surrender of a Security that is redeemed in part, the Company shall deliver to the Holder a new Security of the same series containing identical terms and provisions equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4

COVENANTS

Section 4.01 Payment of Securities.

(1) The Company shall duly and punctually pay the principal of (and premium, if any) and interest on a series in accordance with the terms of the Securities for the series, any related coupons, and this Indenture on the dates and in the manner provided in the Securities and in this Indenture.

(2) Unless the Bond Resolution provides otherwise, the Company shall pay interest on overdue principal of a series of the Securities at the rate of interest or Yield to Maturity (in the case of a Discounted Security) borne by such series of Securities or at such other rate as may be specified in such Security; and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Section 4.02 Corporate Existence.

Subject to Article 5, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, material rights (charter and statutory), licenses and franchises; provided, however, that the Company shall not be required to preserve any such material right, license or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 4.03 SEC Reports.

The Company shall file with the Trustee within 30 days after it is required to file them with the SEC copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. The Company also shall comply with the other provisions of TIA Section 314(a).

Section 4.04 Annual Review Certificate.

The Company shall file with the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating:

(1) that the signing Officers have supervised a review of the activities of the Company and its Subsidiaries during the preceding fiscal year to determine whether the Company has observed and performed its obligations under this Indenture; and

(2) that to the best knowledge of each Officer signing such certificate the Company has observed and performed all of its covenants in this Indenture and is not in default in the observance and performance of any of the terms, provisions and conditions

of this Indenture (or if the Company is in such default, specifying those defaults and the nature thereof of which he has knowledge).

Such certificate need not comply with Section 10.05.

Section 4.05 Notice to Trustee of Certain Defaults.

The Company shall give the Trustee within 30 days written notice of (a) any failure of the kind described in Section 6.01(3) which remains uncured for 30 days after the Company has knowledge thereof, or (b) an Event of Default described in Section 6.01(4).

Section 4.06 Further Assurances to Trustee.

The Company will, upon request of the Trustee, execute and deliver such further instruments and do such further acts as may reasonably be necessary or proper to carry out more effectively the purposes of this Indenture.

ARTICLE 5

SUCCESSORS

Section 5.01 When Company May Merge, etc.

The Company shall not consolidate with or merge into, or transfer all or substantially all of its assets to, any person unless:

(1) either (a) the Company is the Surviving Person or (b) the Surviving Person (if other than the Company) is organized under the laws of the United States or a State thereof or the District of Columbia;

(2) the Surviving Person assumes by supplemental indenture (a) all the obligations of the Company under and (b) the performance and observance of every covenant of this Indenture, the Securities and any other document entered into in connection therewith; and

(3) immediately after giving effect to the transaction, no Default or Event of Default exists under this Indenture.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture.

The successor shall be substituted for the Company, and thereafter all obligations of the Company under this Indenture, the Securities and any other document entered into in connection therewith shall terminate.

To the extent that a Bond Resolution or supplemental indenture pertaining to any Series provides for different provisions relating to the subject matter of this Article 5, the provisions in such Resolution or supplemental indenture shall govern for purposes of such Series.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

An "Event of Default" with respect to a series of the Securities occurs if:

(1) the Company defaults in the payment of interest on a Security of such series when the same becomes due and payable and the Default continues for a period of 30 days;

(2) the Company defaults in the payment of the principal of a Security of such series when the same becomes due and payable at maturity, upon redemption or otherwise, or in the making of any sinking fund payment, if any, required by the terms of such series;

(3) the Company fails to comply with any of its other covenants, conditions or agreements in the Securities of such series or this Indenture and the Default continues for the period and after the notice specified below;

(4) the Company, pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors;

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case,

(B) appoints a Custodian of the Company for all or substantially all of its property, or

(C) orders the liquidation of the Company, and the order or decree remains unstayed and in effect for 90 days;

(6) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a Default with respect to Securities of any series other than that series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including this Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall involve an amount in excess of \$10,000,000, and shall constitute a failure to pay such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 30 days after there shall have been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Securities of that series a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder;

(7) a final judgment or judgments in an amount of \$10,000,000 or more, individually or in the aggregate, for the payment of money having been entered by a court or courts of competent jurisdiction against the Company and such judgment or judgments are not satisfied, stayed, annulled or rescinded within 60 days of being entered; or

(8) any other Event of Default provided with respect to Securities of that series.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (3) is not an Event of Default with respect to a series of the Securities until the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of such series notify the Company of the Default and the Company does not cure the Default within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default."

Section 6.02 Acceleration.

If an Event of Default (other than an Event of Default resulting from subclause (4) or (5) under Section 6.01), with respect to a series of the Securities occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the outstanding Securities of such series by notice to the Company and the Trustee, may declare the principal and accrued interest on all the Securities of such series to be due and payable immediately. Upon such declaration, such principal amount (or, if the Securities of a series are Discounted Securities, such portion of the principal amount as may be specified in the terms of that series) shall become due and payable immediately. If an Event of Default with respect to the Company specified in subclause (4) or (5) under Section 6.01 occurs, all amounts due and pay-

able on the Securities of such Series will ipso facto become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee and the Company or any Holder. The Holders of a majority in principal amount of the outstanding Securities of such series by notice to the Trustee may rescind or annul such acceleration and its consequences if all existing Events of Default with respect to such series have been cured or waived pursuant to Section 6.04 and if the rescission would not conflict with any judgment or decree.

Section 6.03 Other Remedies.

(1) If an Event of Default with respect to a series of the Securities occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal or interest on the Securities of such series or to enforce the performance of any provision of the Securities of such series or this Indenture, and may take any necessary action required of it as Trustee to settle, compromise, adjust or otherwise conclude any proceedings to which it is a party.

(2) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04 Waiver of Past Defaults.

Subject to Section 9.02, the Holders of a majority in principal amount of the outstanding Securities of a series by notice to the Trustee may waive an existing Default with respect to such series and its consequences. When a Default is waived with respect to a series of the Securities, it is cured and stops continuing with respect to such series.

Section 6.05 Control by Majority.

The Holders of a majority in principal amount of the outstanding Securities of a series may direct the time, method and place of conducting any proceeding with respect to such series for any remedy available to the Trustee or exercising any trust or power conferred on it. The Trustee, however, may refuse to follow any direction that conflicts with law or this Indenture, that is unduly prejudicial to the rights of another Holder of a Security of such series, that would involve the Trustee in personal liability, or if the Trustee does not have sufficient indemnification against any loss or expense.

Section 6.06 Limitations on Suits.

(1) A Holder of a Security of a series may not pursue any remedy with respect to this Indenture or the Securities of such series unless:

(A) the Holder gives to the Trustee written notice of a continuing Event of Default with respect to such series;

(B) the Holders of at least 25% in principal amount of the outstanding Securities of such series make a written request to the Trustee to pursue the remedy with respect to such series;

(C) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense; and

(D) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity.

(2) A Securityholder may not use this Indenture to prejudice the rights of another Securityholder of the same series or to obtain a preference or priority over the other Securityholder of the same series.

Section 6.07 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of a Holder of a Security to receive payment of principal and interest on such Security, on or after the respective due dates expressed in such Security, or to bring suit for the enforcement of any such payment on or after such respective dates, shall be absolute and unconditional and not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee.

If an Event of Default with respect to a series of the Securities in payment of interest or principal or premium, if any, specified in Section 6.01(1) or (2) occurs and is continuing, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities, and the Trustee may obtain judgment in its own name and as trustee of an express trust and enforce the same against the Company for the whole amount of principal and interest remaining unpaid with respect to such series of the Securities.

Section 6.09 Trustee May File Proofs of Claims.

The Trustee may, and is appointed the true and lawful attorney-in-fact for the Holders of the Securities to, (a) file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to the Company, its creditors or its property, (b) collect and receive any monies or property payable or deliverable on account of such claims as trustee of a constructive trust or as holder of an equitable Lien against the Company or regarding its assets, and (c) distribute the same after deduction of its charges and expenses to the extent that such charges and expenses are not paid out of the estate in any such proceeding.

Section 6.10 Priorities.

(1) If the Trustee collects any money pursuant to this Article with respect to a series of the Securities, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07;

Second: to Holders of the Securities of such series for amounts due and unpaid on the Securities of such series for principal (and premium, if any) and interest, ratably, without preference or priority of any kind according to the amounts due and payable on the Securities of such series for principal and interest, respectively; and

Third: the balance, if any, to the Company.

(2) The Trustee may fix a record date and payment date for any payment to Holders of Securities of the relevant series.

Section 6.11 Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by a Holder or Holders of more than 10% in principal amount of the outstanding Securities of a series.

Section 6.12 Restoration of Rights and Remedies.

If the Trustee or any Holder of a Security has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders of Securities shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.13 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.14 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or

constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of Securities may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities as the case may be.

Section 6.15 Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

TRUSTEE

Section 7.01 Duties of Trustee.

(1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(2) Except during the continuance of an Event of Default:

(A) the duties of the Trustee shall be determined solely by the TIA or the express provisions of this Indenture and the Trustee need perform, and be liable for (as set forth herein), only those duties that are specifically set forth in the TIA or this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, provided that the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(A) this paragraph does not limit the effect of clause (2) of this Section 7.01;

(B) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(C) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(4) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (1), (2) and (3) of this Section 7.01.

(5) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture unless the Holders shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(6) The Trustee shall not be liable for interest on any money or other assets received by it except as the Trustee may agree in writing with the Company. Money or other assets held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(7) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or documents, but the Trustee, in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company or any Subsidiary of the Company, personally or by agent or attorney.

Section 7.02 Rights of Trustee.

(1) The Trustee may conclusively rely and shall be fully protected in relying upon any resolution, document, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may consult with counsel and it may require an Officers' Certificate or an Opinion of Counsel or both which shall comply with Section 10.05 hereof. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability, in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(3) The Trustee may act through its attorneys, agents, custodians and nominees and shall not be responsible for the misconduct or negligence of any agent, custodian and nominee appointed with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(5) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company. A permissive right granted to the Trustee hereunder shall not be deemed an obligation to act.

(6) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture including, without limitation, the provisions of Section 6.05 hereof, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request, order or direction.

(7) The Trustee shall not be charged with knowledge of any Default or Event of Default unless either (i) a Trust Officer of the Trustee shall have actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default shall have been given to the Trustee by the Company or any Holder.

(8) In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any such investment prior to its stated maturity or the failure of the party directing such investment to provide timely written investment direction; provided in each such case that the Trustee shall have acted strictly in accordance with written directions received from the instructing party. The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction.

(9) In the event that the Trustee is also acting as Paying Agent, Transfer Agent, or Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article 7 shall also be afforded to such Paying Agent, Transfer Agent, or Registrar.

Section 7.03 Individual Rights of Trustee.

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee or resign. Any Agent may do the same with like rights and duties. However, the Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the direction of the Company under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Securities or any other document in connection with the sale of the Securities or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to a Trust Officer of the Trustee, the Trustee shall mail to Holders of Securities a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, interest, if any, on any Security pursuant to Section 6.01(1) or (2) hereof, the Trustee may withhold the notice if it in good faith determines that withholding the notice is in the interests of Holders of Securities.

Section 7.06 Reports by Trustee to Holders of Securities.

Within 60 days after each March 1 and for so long as Securities remain outstanding, the Trustee shall mail to the Holders of Securities a brief report dated as of such reporting date that complies with TIA ss. 313(a) (but if no event described in TIA ss. 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA ss. 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA ss. 313(c).

A copy of each report at the time of its mailing to the Holders of Securities shall be mailed to the Company and filed with the SEC and each stock exchange on which the Securities are listed in accordance with TIA ss. 313(d). The Company shall promptly notify the Trustee when the Securities are listed on any securities exchange or of any delisting thereof.

Section 7.07 Compensation and Indemnity.

The Company shall pay to the Trustee, from time to time, as may be agreed upon between them, reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services in accordance with any provision of this Indenture (including, without limitation, the reasonable compensation, expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ (A) in connection with the preparation, execution and delivery of this Indenture, any waiver or consent hereunder, any modification or termination hereof, or any Event of Default or alleged Event of Default; (B) if an Event of Default occurs, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings relating thereto; (C) in connection with the administration of the Trus-

tee's rights pursuant hereto; or (D) in connection with any removal of the Trustee pursuant to Section 7.08 hereof), except such disbursements, advances and expenses as may be attributable to its negligence or bad faith.

The Company shall indemnify the Trustee and its officers, directors, employees and agents against any and all losses, liabilities, obligations, damages, penalties, judgments, actions, suits, proceedings, reasonable costs and expenses (including reasonable fees and disbursements of counsel) of any kind whatsoever which may be incurred by the Trustee in connection with any investigative, administrative or judicial proceeding (whether or not such indemnified party is designated a party to such proceeding) arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its duties or powers hereunder; provided, however, that the Company need not reimburse any expense or indemnify against any loss, obligation, damage, penalty, judgment, action, suit, proceeding, reasonable cost or expense (including reasonable fees and disbursements of counsel) of any kind whatsoever which may be incurred by the Trustee in connection with any investigative, administrative or judicial proceeding (whether or not such indemnified party is designated a party to such proceeding) in which it is determined that the Trustee acted with gross negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of any of their obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 (including the reasonable fees and expenses of its agents and counsel) shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture and any rejection or termination under any Bankruptcy Law.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest, if any, on particular Securities. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(4) or (5) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA ss. 313(b)(2) to the extent applicable.

Section 7.08 Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Securities may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a Custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of Securities who has been a Holder of a Security for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Security may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Company shall give or cause to be given notice of each resignation and each removal of the Trustee to all Holders in the manner provided herein. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of Securities. The retiring Trustee shall promptly transfer, after payment of all amounts owing to the Trustee pursuant to Section 7.07 hereof, all property held by it as Trustee to the successor Trustee; provided that all sums owing to the Trustee hereunder have been paid and

subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the trust created by this Indenture) to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10 Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States or of any state or territory thereof or of the District of Columbia that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal, state, territorial or District of Columbia authorities and that has, or is a wholly owned subsidiary of a bank holding company that has, a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition.

If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.10 it shall resign immediately in the manner and with the effect specified in this Article 7.

This Indenture shall always have a Trustee who satisfies the requirements of the TIA, including TIA ss.ss. 310(a)(1), (2) and (5). The Trustee is subject to TIA ss. 310(b).

Section 7.11 Preferential Collection of Claims Against Company.

The Trustee is subject to TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

ARTICLE 8

DISCHARGE OF INDENTURE

Section 8.01 Defeasance.

Securities of a series may be defeased in accordance with their terms and, unless the Bond Resolution otherwise provides, in accordance with this Article.

The Company at any time may terminate as to a series all of its obligations under this Indenture, the Securities of the series and any related coupons ("legal defeasance option"). The Company at any time may terminate as to a series its obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06 and 5.01 provided that none of its obligations in the Sections set forth in the immediately succeeding sentence may be terminated ("covenant defeasance option"). However, in the case of the legal defeasance option, the Company's obligations in Sections 2.03, 2.04, 2.05,

2.06, 2.07, 2.08, 7.07 and 7.08, shall survive until the Securities of the series are no longer outstanding; thereafter the Company's obligations in Section 7.07 shall survive.

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, a series may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, a series may not be accelerated by reference to Sections 4.02, 4.03, 4.04, 4.05, 4.06 or 5.01.

The Trustee upon request shall acknowledge in writing the discharge of those obligations that the Company terminates.

Section 8.02 Conditions to Defeasance.

The Company may exercise as to a series its legal defeasance option or its covenant defeasance option if:

(1) the Company irrevocably deposits in trust with the Trustee or another trustee money or U.S. Government Obligations;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. Government Obligations without reinvestment plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities of the series to maturity or redemption, as the case may be;

(3) immediately after the deposit no Default exists;

(4) the deposit does not constitute a default under any other agreement binding on the Company;

(5) the deposit does not cause the Trustee to have a conflicting interest under TIA Section 310(a) or Section 310(b) as to another series;

(6) the Company delivers to the Trustee an Opinion of Counsel to the effect that Holders of the series will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance and, in the case of legal defeasance, such opinion must be based on a U.S. Internal Revenue Service ruling or a change in U.S. Federal income tax law;

(7) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940; and

(8) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.01(4) or (5) occurs that is continuing at the end of the period.

Before or after a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

"U.S. Government Obligations" means direct obligations of the United States which have the full faith and credit of the United States pledged for payment and which are not callable at the issuer's option, or certificates representing an ownership interest in such obligations.

Section 8.03 Application of Trust Money.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8.02. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal and interest on Securities of the defeased series.

Section 8.04 Repayment to Company.

The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or Securities held by them at any time.

The Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as unsecured general creditors unless an abandoned property law designates another person.

ARTICLE 9

AMENDMENTS

Section 9.01 Without Consent of Holders.

The Company and the Trustee may amend this Indenture, the Securities or any coupons without the consent of any Securityholder:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to comply with Article 5;
- (3) to provide that specific provisions of this Indenture shall not apply to a series not previously issued;
- (4) to create a series and establish its terms;
- (5) to provide for a separate Trustee for one or more series; or
- (6) to make any change that does not materially adversely affect the rights of any Securityholder.

Section 9.02 With Consent of Holders.

Unless the Bond Resolution otherwise provides, the Company and the Trustee may amend this Indenture, the Securities and any coupons with the written consent of the Holders of a majority in principal amount of the Securities of all series affected by the amendment voting as one class. However, without the consent of each Securityholder affected, an amendment under this Section 9.02 may not:

- (1) reduce the amount of Securities whose Holders must consent to an amendment;
- (2) reduce the interest on or change the time for payment of interest on any Security;
- (3) change the fixed maturity of any Security;
- (4) reduce the principal of any non-Discounted Security or reduce the amount of principal of any Discounted Security that would be due upon an acceleration thereof;
- (5) change the currency in which principal or interest on a Security is payable; or
- (6) make any change in Section 6.04 or this Section 9.02, except to increase the amount of Securities whose Holders must consent to an amendment or waiver or to provide that other provisions of this Indenture cannot be amended or waived without the consent of each Securityholder affected thereby; or
- (7) impair the right of any Securityholder to sue for payment under this Indenture, the Securities or any coupon.

An amendment of a provision included solely for the benefit of one or more series does not affect Securityholders of any other series.

Securityholders need not consent to the exact text of a proposed amendment or waiver; it is sufficient if they consent to the substance thereof.

Section 9.03 Compliance with Trust Indenture Act.

Every amendment pursuant to Section 9.01 or 9.02 shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

If a provision of the TIA requires or permits a provision of this Indenture and the TIA provision is amended, then the Indenture provision shall be automatically amended to like effect.

Section 9.04 Effect of Consents.

An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Securityholder entitled to consent to it.

A consent to an amendment or waiver by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security that evidences the same debt as the consenting Holder's Security. Any Holder or subsequent Holder may revoke the consent as to his Security if the Trustee receives notice of the revocation before the amendment or waiver becomes effective.

The Company may fix a record date for the determination of Holders of Registered Securities entitled to give a consent. The record date shall not be less than 10 nor more than 60 days prior to the first written solicitation of Securityholders.

Section 9.05 Notation on or Exchange of Securities.

The Company or the Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company may issue in exchange for affected Securities new Securities that reflect the amendment or waiver.

ARTICLE 10

MISCELLANEOUS

Section 10.01 Trust Indenture Act.

The provisions of TIA Sections 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 10.02 Notices.

Any notice by one party to another is duly given if in writing and delivered in person, sent by facsimile transmission confirmed by mail or mailed by first-class mail to the other's address shown below:

Company: Vail Resorts, Inc.
Post Office Box 7
Vail, Colorado 81658

Attention: General Counsel

Trustee: []

A party, by notice to the other parties, may designate additional or different addresses for subsequent notices.

Any notice mailed to a Securityholder shall be mailed to his address shown on the register kept by the Transfer Agent or on the Bearer Securities List referred to in Section 2.06. Failure to mail a notice to a Securityholder or any defect in a notice mailed to a Securityholder shall not affect the sufficiency of the notice mailed to other Securityholders or the sufficiency of any published notice.

If a notice is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice to Securityholders, it shall mail a copy to the Trustee and each Agent at the same time.

If in the Company's opinion it is impractical to mail a notice required to be mailed or to publish a notice required to be published, the Company may give such substitute notice as the Trustee approves. Failure to publish a notice as required or any defect in it shall not affect the sufficiency of any mailed notice.

All notices shall be in the English language, except that any published notice may be in an official language of the country of publication.

A "notice" includes any communication required by this Indenture.

Section 10.03 Communications by Holders with Other Holders.

Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and any other person shall have the protection of TIA Section 312(c).

Section 10.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall if so requested furnish to the Trustee:

- (1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 10.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 10.06 Rules by Company and Agents.

The Company may make reasonable rules for action by or a meeting of Securityholders. An Agent may make reasonable rules and set reasonable requirements for its functions.

Section 10.07 Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions are not required to be open. If a payment date is a Legal Holiday at a place of payment, unless the Bond Resolution otherwise provides, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

Section 10.08 No Recourse Against Others.

All liability described in the Securities of any director, officer, employee or stockholder, as such, of the Company is waived and released.

Section 10.09 Duplicate Originals.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

Section 10.10 Governing Law.

The laws of the State of New York shall govern this Indenture, the Securities and any coupons, unless federal law governs without regard to principles of conflicts of laws.

SIGNATURES

Dated: [], 20[]

VAIL RESORTS, INC.

By: _____
Name:
Title:

Dated: [], 20[]

[], as Trustee

By:
Name:

EXHIBIT A
Form of Registered Security

No. _____ \$ _____

VAIL RESORTS, INC.
[Title of Security]

Vail Resorts, Inc. promises to pay to _____ or registered assigns the principal sum of _____ Dollars on _____, 20[___].

Interest Payment Dates:

Record Dates:

Dated:

[_____]
Transfer Agent and Paying Agent

VAIL RESORTS, INC.

(SEAL)

Authenticated:

Name:
Title:

Registrar, by
Authorized Signatory

Name:
Title:

VAIL RESORTS, INC.

[Title of Security]

1. Interest(1)

Vail Resorts, Inc. ("Company"), a Delaware corporation, promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semiannually on and of each year commencing [], 200[]. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from [], 200[]. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment(2)

The Company will pay interest on the Securities to the persons who are registered holders of Securities at the close of business on the record date for the next interest payment date, except as otherwise provided in the Indenture. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money. It may mail an interest check to a holder's registered address.

3. Bond Agents.

Initially, [] will act as Paying Agent, Transfer Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an Indenture dated as of [], 200[] ("Indenture") between the Company and [] ("Trustee"). The terms of the Securities include those stated in the Indenture and in the Bond Resolution creating the Securities and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb). Securityholders are referred to the Indenture, the Bond Resolution and the Act for a statement of such terms.

5. Optional Redemption(3)

On or after [], 200[], the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning

Year	Percentage
----	-----
20[]
20[]
20[]
20[]
20[]

and thereafter at 100%.

6. Mandatory Redemption(4)

The Company will redeem \$[] principal amount of Securities on [] and on each [] thereafter through [], 20[] at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.(5) The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may subtract the same Security only once.

7. Additional Optional Redemption(6)

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$[] principal amount of Securities on [] and on each [] thereafter through [], 20[] at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. Notice of Redemption(7)

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of Securities to be redeemed at his registered address.

9. Denominations, Transfer, Exchange.

The Securities are in registered form without coupons in denominations of \$1,000(8) and whole multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Transfer Agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before a selection of Securities to be redeemed.

10. Persons Deemed Owners.

The registered holder of a Security may be treated as its owner for all purposes.

11. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the Securities of all series affected by the amendment.(9) Subject to certain exceptions, a Default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

12. Restrictive Covenants(10)

The Securities are unsecured general obligations of the Company limited to \$ [] principal amount.

13. Successors.

When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company will be released from those obligations.

14. Defeasance Prior to Redemption or Maturity(11)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

15. Defaults and Remedies.

An Event of Default with respect to this series of Securities is: default for 30 days in payment of interest on the Securities of this series; default in payment of principal on them [If the Security is subject to redemption insert ", upon redemption or otherwise"; and, if the Security is entitled to a sinking fund also add "or in the making of any sinking fund payment"]; failure by the Company for 60 days after notice to it to comply with any of its other covenants, conditions or agreements in the Indenture or the Securities of this series; a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a default with respect to Securities of any series other than this series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including the Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall involve an amount in excess of \$10,000,000 and shall constitute a failure to pay such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having

been discharged, or such acceleration having been rescinded or annulled within a period of 30 days after notice as provided in the Indenture; and certain events of bankruptcy or insolvency. [Add other events of default if applicable.] If an Event of Default with respect to this series of the Securities occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of this series may declare all the Securities of this series to be due and payable immediately. [If the Security is a Discounted Security, add "The amount due and payable shall be equal to" [insert formula for determining the amount.] Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal and interest, if any, on the Discounted Securities of this series shall be terminated.] Holders of Securities of this series may not enforce the Indenture or the Securities of this series except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities of this series. Subject to certain limitations, Holders of a majority in principal amount of the outstanding Securities of this series may direct the Trustee in its exercise of any trust or power with respect to this series of the Securities. The Trustee may withhold from Holders of Securities of this series notice of any continuing default (except a default in payment of principal or interest) if it determines in good faith that withholding notice is in their interests. The Company is required to file periodic reports with the Trustee as to the absence of default.

16. Trustee Dealings with Company.

The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with those persons, as if it were not Trustee.

17. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

19. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Bond Resolution, which contains the text of this Security in larger type. Requests may be made to: Secretary, Vail Resorts, Inc., PO Box 7, Vail, Colorado 81658.

EXHIBIT B
Form of Bearer Security

No. _____ \$ _____

Vail Resorts, Inc.
[Title of Security]

Vail Resorts, Inc. promises to pay to _____ or registered assigns the principal sum of _____ Dollars on _____ ,

Interest Payment Dates:

Record Dates: _____ Dated: _____ , 20[] .

[_____]
Transfer Agent and Paying Agent

VAIL RESORTS, INC.

(SEAL)

Authenticated: _____ Name: _____
Title: _____

Registrar, by _____ Name: _____
Authorized Signatory Title: _____

[Title of Security]

1. Interest(1)

Vail Resorts, Inc. ("Company"), a Delaware corporation, promises to pay to bearer interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semiannually on and of each year commencing [], 200[]. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from [], 20[]. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment(2)

Holder must surrender Securities and any coupons to a Paying Agent to collect principal and interest payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money.

3. Bond Agents.

Initially, [] will act as Transfer Agent, Paying Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an Indenture dated as of [], 20[] ("Indenture") between the Company and [] ("Trustee"). The terms of the Securities include those stated in the Indenture and the Bond Resolution and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb). Securityholders are referred to the Indenture, the Bond Resolution and the Act for a statement of such terms.

5. Optional Redemption(3)

On or after [] 20[], the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning

Year	Percentage
----	-----
20[].....	
20[].....	
20[].....	
20[].....	
20[].....	

and thereafter at 100%.

6. Mandatory Redemption(4)

The Company will redeem \$[] principal amount of Securities on [] and on each [] thereafter through [], 20____ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date. (5)The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may subtract the same Security only once.

7. Additional Optional Redemption(6)

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$[] principal amount of Securities on [] and on each [] thereafter through [], 20[] at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. Notice of Redemption(7)

Notice of redemption will be published once in an Authorized Newspaper in the City of New York and if the Securities are listed on any stock exchange located outside the United States and such stock exchange so requires, in any other required city outside the United States at least 30 days but not more than 60 days before the redemption date. Notice of redemption also will be mailed to holders who have filed their names and addresses with the Transfer Agent within the two preceding years. A holder of Securities may miss important notices if he fails to maintain his name and address with the Transfer Agent.

9. Denominations, Transfer, Exchange.

The Securities are in bearer form with coupons in denominations of \$1,000(8) and whole multiples of \$1,000. The Securities may be transferred by delivery and exchanged as provided in the Indenture. Upon an exchange, the Transfer Agent may require a holder, among other things, to furnish appropriate documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange any Security or portion of a Security selected for redemption. Also, it need not exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

10. Persons Deemed Owners.

The holder of a Security or coupon may be treated as its owner for all purposes.

11. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the Securities of all series affected by the amendment.(9) Subject to certain exceptions, a Default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

12. Restrictive Covenants(10)

The Securities are unsecured general obligations of the Company limited to \$[] principal amount.

13. Successors.

When a successor assumes all the obligations of the Company under the Securities, any coupons and the Indenture, the Company will be released from those obligations.

14. Defeasance Prior to Redemption or Maturity(11)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities, any coupons and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

15. Defaults and Remedies.

An Event of Default with respect to this series of Securities is: default for 30 days in payment of interest on the Securities of this series; default in payment of principal on them [If the Security is subject to redemption insert ", upon redemption or otherwise"; and, if the Security is entitled to a sinking fund also add "or in the making of any sinking fund payment"]; failure by the Company for 60 days after notice to it to comply with any of its other covenants, conditions or agreements in the Indenture or the Securities of this series; a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a default with respect to Securities of any series other than this series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including the Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall involve an amount in excess of \$10,000,000 and shall constitute a failure to pay such indebtedness when

due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 30 days after notice as provided in the Indenture; and certain events of bankruptcy or insolvency. [Add other events of default if applicable.] If an Event of Default with respect to this series of the Securities occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of this series may declare all the Securities of this series to be due and payable immediately. [If the Security is a Discounted Security, add "The amount due and payable shall be equal to" [insert formula for determining the amount]. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal and interest, if any, on the Discounted Securities of this series shall be terminated.] Holders of Securities of this series may not enforce the Indenture or the Securities of this series except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities of this series. Subject to certain limitations, Holders of a majority in principal amount of the outstanding Securities of this series may direct the Trustee in its exercise of any trust or power with respect to this series of the Securities. The Trustee may withhold from Holders of Securities of this series notice of any continuing default (except a default in payment of principal or interest) if it determines in good faith that withholding notice is in their interests. The Company is required to file periodic reports with the Trustee as to the absence of default.

16. Trustee Dealings with Company.

The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with those persons, as if it were not Trustee.

17. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

18. Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

19. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT

TEN (=joint tenants with right of survivorship and not as tenants in common),
CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Bond Resolution, which contains the text of this Security in larger type. Requests may be made to: Secretary, Vail Resorts, Inc., PO Box 7, Vail, Colorado 81658.

[FACE OF COUPON]

[\$] _____
Due _____

VAIL RESORTS, INC.
[Title of Security]

Unless the Security attached to this coupon has been called for redemption, Vail Resorts, Inc. ("Company") will pay to bearer, upon surrender, the amount shown hereon when due. This coupon may be surrendered for payment to any Paying Agent listed on the back of this coupon unless the Company has replaced such Agent. Payment may be made by check. This coupon represents six months' interest.

VAIL RESORTS, INC.

By

[REVERSE OF COUPON]

PAYING AGENT

NOTES TO EXHIBITS A AND B

1. If the Security is not to bear interest at a fixed rate per annum, insert a description of the manner in which the rate of interest is to be determined. If the Security is not to bear interest prior to maturity, so state.

2. If the method or currency of payment is different, insert a statement thereof.

3. If applicable.

4. If applicable.

5. If the Security is a Discounted Security, insert amount to be redeemed or method of calculating such amount.

6. If applicable. Also insert, if applicable, provisions for repayment of Securities at the option of the Securityholder.

7. If applicable.

8. If applicable. Insert additional or different denominations.

9. If different terms apply, insert a brief summary thereof.

10. If applicable. If additional or different covenants apply, insert a brief summary thereof.

11. If applicable. If different defeasance terms apply, insert a brief summary thereof.

Note: U.S. tax law may require certain legends on Discounted Securities and Bearer Securities.

EXHIBIT C
ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Security
on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears
on the other side of this Security)

EXHIBIT D
CONVERSION NOTICE

To convert this Security, check the box:

/ /

To convert only part of this Security, state the amount (must be in integral multiples of \$1,000):

\$ _____

If you want the Securities delivered upon conversion made out in another person's name, fill in the form below:

(Insert other person's Social Security or Tax I.D. Number)

(Print or type other person's name, address and zip code)

Date: _____ Signature(s): _____
(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed by: _____

(All signatures must be guaranteed by a member of a national securities exchange or of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company located in the United States)

VAIL RESORTS, INC.

SENIOR Subordinated DEBT SECURITIES

INDENTURE

Dated as of [], 20[]

[], Trustee

CROSS-REFERENCE TABLE

TIA Section -----	Indenture Section -----
310(a)(1).....	7.08; 7.10
(a)(2).....	7.08; 7.10
(a)(3).....	N.A.
(a)(4).....	N.A.
(a)(5).....	7.08
(b).....	7.08; 7.10; 11.02
(c).....	N.A.
311(a).....	7.11
(b).....	7.11
(c).....	N.A.
312(a).....	2.06
(b).....	11.03
(c).....	11.03
313(a).....	7.06
(b)(1).....	N.A.
(b)(2).....	7.05
(c).....	7.06; 11.02
(d).....	7.06

314(a)	4.03; 4.04; 11.02
(b)	N.A.
(c)(1)	11.04
(c)(2)	11.04
(c)(3)	N.A.
(d)	N.A.
(e)	11.05
(f)	N.A.
315(a)	7.01(2)
(b)	7.05; 11.02
(c)	7.01(1)
(d)	7.01(3)
(e)	6.11
316(a)(last sentence)	2.11
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	9.04
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.05
318(a)	11.01
(b)	N.A.
(c)	11.01

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of this Indenture.

TABLE OF CONTENTS

Page

ARTICLE 1

DEFINITIONS

Section 1.01	Definitions.....	1
Section 1.02	Other Definitions.....	5
Section 1.03	Rules of Construction.....	5

ARTICLE 2

THE SECURITIES

Section 2.01	Issuable in Series.....	6
Section 2.02	Execution and Authentication.....	8
Section 2.03	Bond Agents.....	8
Section 2.04	Bearer Securities.....	9
Section 2.05	Paying Agent to Hold Money in Trust.....	9
Section 2.06	Securityholder Lists.....	10
Section 2.07	Transfer and Exchange.....	10
Section 2.08	Replacement Securities.....	11
Section 2.09	Outstanding Securities.....	11
Section 2.10	Discounted Securities.....	11
Section 2.11	Treasury Securities.....	11
Section 2.12	Global Securities.....	12
Section 2.13	Temporary Securities.....	12
Section 2.14	Cancellation.....	12
Section 2.15	Defaulted Interest.....	13

ARTICLE 3

REDEMPTION

Section 3.01	Notices to Trustee.....	13
Section 3.02	Selection of Securities to Be Redeemed.....	13
Section 3.03	Notice of Redemption.....	13
Section 3.04	Effect of Notice of Redemption.....	14
Section 3.05	Payment of Redemption Price.....	14
Section 3.06	Securities Redeemed in Part.....	15

ARTICLE 4

COVENANTS

Section 4.01	Payment of Securities.....	15
--------------	----------------------------	----

Section 4.02	Corporate Existence.....	15
Section 4.03	SEC Reports.....	16
Section 4.04	Annual Review Certificate.....	16
Section 4.05	Notice to Trustee of Certain Defaults.....	16
Section 4.06	Further Assurances to Trustee.....	16

ARTICLE 5

SUCCESSORS

Section 5.01	When Company May Merge, etc.....	17
--------------	----------------------------------	----

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01	Events of Default.....	17
Section 6.02	Acceleration.....	19
Section 6.03	Other Remedies.....	19
Section 6.04	Waiver of Past Defaults.....	20
Section 6.05	Control by Majority.....	20
Section 6.06	Limitations on Suits.....	20
Section 6.07	Rights of Holders to Receive Payment.....	20
Section 6.08	Collection Suit by Trustee.....	21
Section 6.09	Trustee May File Proofs of Claims.....	21
Section 6.10	Priorities.....	21
Section 6.11	Undertaking for Costs.....	21
Section 6.12	Restoration of Rights and Remedies.....	22
Section 6.13	Rights and Remedies Cumulative.....	22
Section 6.14	Delay or Omission Not Waiver.....	22
Section 6.15	Waiver of Stay, Extension or Usury Laws.....	22

ARTICLE 7

TRUSTEE

Section 7.01	Duties of Trustee.....	23
Section 7.02	Rights of Trustee.....	24
Section 7.03	Individual Rights of Trustee.....	25
Section 7.04	Trustee's Disclaimer.....	25
Section 7.05	Notice of Defaults.....	25
Section 7.06	Reports by Trustee to Holders of Securities.....	26
Section 7.07	Compensation and Indemnity.....	26
Section 7.08	Replacement of Trustee.....	27
Section 7.09	Successor Trustee by Merger, etc.....	28
Section 7.10	Eligibility; Disqualification.....	28

Section 7.11 Preferential Collection of Claims Against Company.....29

ARTICLE 8

DISCHARGE OF INDENTURE

Section 8.01 Defeasance.....29
Section 8.02 Conditions to Defeasance.....29
Section 8.03 Application of Trust Money.....30
Section 8.04 Repayment to Company.....30

ARTICLE 9

AMENDMENTS

Section 9.01 Without Consent of Holders.....31
Section 9.02 With Consent of Holders.....31
Section 9.03 Compliance with Trust Indenture Act.....32
Section 9.04 Effect of Consents.....32
Section 9.05 Notation on or Exchange of Securities.....33

ARTICLE 10

SUBORDINATION OF SECURITIES

Section 10.01 Securities Subordinated to Senior Indebtedness.....33
Section 10.02 No Payment on Securities in Certain Circumstances....33
Section 10.03 Payment Over of Proceeds upon Dissolution, etc.....34
Section 10.04 Subrogation.....35
Section 10.05 Obligations of Company Unconditional.....36
Section 10.06 Notice to Trustee.....36
Section 10.07 Reliance on Judicial Order or Certificate of
Liquidating Agent.....37
Section 10.08 Trustee's Relation to Senior Indebtedness.....37
Section 10.09 Subordination Rights Not Impaired by Acts or
Omissions of the Company or Holders of Senior
Indebtedness.....38
Section 10.10 Securityholders Authorize Trustee to Effectuate
Subordination of Securities.....38
Section 10.11 This Article Not to Prevent Events of Default.....38
Section 10.12 Trustee's Compensation Not Prejudiced.....38
Section 10.13 No Waiver of Subordination Provisions.....38
Section 10.14 Certain Payments May Be Paid Prior to Dissolution....39

ARTICLE 11

Miscellaneous

Section 11.01	Trust Indenture Act.....	39
Section 11.02	Notices.....	39
Section 11.03	Communications by Holders with Other Holders.....	40
Section 11.04	Certificate and Opinion as to Conditions Precedent....	40
Section 11.05	Statements Required in Certificate or Opinion.....	41
Section 11.06	Rules by Company and Agents.....	41
Section 11.07	Legal Holidays.....	41
Section 11.08	No Recourse Against Others.....	41
Section 11.09	Duplicate Originals.....	41
Section 11.10	Governing Law.....	41

Exhibit A	Form of Registered Security.....	A-1
Exhibit B	Form of Bearer Security Notes to Exhibits A and B.....	B-1
Exhibit C	Assignment Form.....	C-1
Exhibit D	Conversion Notice.....	D-1

INDENTURE dated as of [], 20[] between VAIL RESORTS, INC., a Delaware corporation ("Company"), and [], a national banking association ("Trustee").

Each party agrees as follows for the benefit of the Holders of the Company's debt securities issued under this Indenture:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions.

"Affiliate" means any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company.

"Agent" means any Registrar, Transfer Agent or Paying Agent.

"Authorized Newspaper" means a newspaper that is:

(1) printed in the English language or in an official language of the country of publication;

(2) customarily published on each business day in the place of publication; and

(3) of general circulation in the relevant place or in the financial community of such place.

Whenever successive publications in an Authorized Newspaper are required, they may be made on the same or different business days and in the same or different Authorized Newspapers.

"Bearer Security" means a Security payable to bearer.

"Board" or "Board of Directors" means the Board of Directors of the Company or any authorized committee of the Board.

"Bond Resolution" means a resolution adopted by the Board or by an Officer or committee of Officers pursuant to Board delegation authorizing a series of Securities.

"Capitalized Lease Obligations" of any person means the obligations of such person to pay rent or other amounts under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of such obligations will be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of any person and all warrants or options to acquire such capital stock.

"Common Stock" means the Common Stock, par value \$0.01 per share, of the Company or any security into which the Common Stock may be converted.

"Company" means the party named as such above until a successor replaces it and thereafter means the successor.

"Corporate Trust Office" means the principal corporate trust office of the Trustee at which at any particular time its corporate trust business shall be administered, which office is located at [].

"coupon" means an interest coupon for a Bearer Security.

"Credit Facilities" means, collectively, each of the credit facilities and lines of credit of the Company in existence on the date of this Indenture and one or more other facilities or lines of credit among or between the Company and one or more lenders pursuant to which the Company may incur indebtedness for working capital and general corporate purposes (including acquisitions), as any such facility or line of credit may be amended, restated, supplemented or otherwise modified from time to time, and includes any agreement extending the maturity of, increasing the amount of, or restructuring, all or any portion of the indebtedness under such facility or line of credit or any successor facilities or lines of credit and includes any facility or line of credit with one or more lenders refinancing or replacing all or any portion of the indebtedness under such facility or line of credit or any successor facility or line of credit.

"Currency Agreement" of any person means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect such person against fluctuations in currency values.

"Default" with respect to a series of the Securities or to all series of the Securities, as the case may be, means any event which is, or after notice or passage of time would be, an Event of Default with respect to such series or to all series of the Securities, as the case may be.

"Designated Senior Indebtedness" means any Senior Indebtedness (a) under any of the Credit Facilities or (b) which, at the time of determination, has an aggregate commitment or principal amount outstanding of at least \$25.0 million if the instrument governing such Senior Indebtedness expressly states that such indebtedness is "Designated Senior Indebtedness" for purposes of this Indenture and a resolution of the Board of Directors setting forth such designation by the Company has been filed with the Trustee.

"Discounted Security" means a Security where the amount of principal due upon acceleration is less than the stated principal amount.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting

Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as in effect on the date of this Indenture.

"Holder" or "Securityholder" means the person in whose name a Registered Security is registered and the bearer of a Bearer Security or coupon.

"Indenture" means this Indenture and any Bond Resolution as amended from time to time.

"Interest Protection Agreement" of any person means any interest rate swap agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such person against fluctuations in interest rates with respect to indebtedness permitted to be incurred under this Indenture.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind whatsoever (including any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) but in no event shall "Lien" include any defeasance pursuant to Article 8 hereof.

"NASDAQ" means the National Association of Securities Dealers Automated Quotation System.

"Officer" means the Chairman of the Board, the President, any Vice President (including any Executive Vice President or Senior Vice President), the Treasurer, any Assistant Treasurer, the Secretary, or the Controller of the Company.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and an Assistant Secretary or Assistant Controller of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Permitted Junior Securities" means any securities of the Company or any other person that are (i) Capital Stock or (ii) subordinated in right of payment to all Senior Indebtedness that may at the time be outstanding, to substantially the same extent as, or to a greater extent than, the Securities are subordinated as provided in this Indenture; provided (a) such securities are not entitled to the benefits of covenants or defaults materially more beneficial to the holders of such securities than those in effect with respect to the Securities on the date of this Indenture and (b) such securities do not provide for amortization (including sinking fund and mandatory prepayment provisions) commencing prior to the date six months following the final scheduled maturity date of the Senior Indebtedness (as modified by the plan of reorganization or readjustment pursuant to which such securities are issued).

"Post-Petition Interest" means interest on any Senior Indebtedness accruing subsequent to events of bankruptcy of the Company at the rate provided in the document evidencing

such Senior Indebtedness, whether or not such interest is an allowed claim enforceable against the debtor in a bankruptcy case under bankruptcy law.

"principal" of a debt security means the principal of the security plus the premium, if and when applicable, on the security.

"Registered Security" means a Security registered as to principal and interest by the Registrar.

"SEC" means the Securities and Exchange Commission.

"Securities" means the debt securities issued under this Indenture.

"Senior Indebtedness" means, at any date, whether currently existing or hereafter incurred, (a) all obligations under the Credit Facilities (whether for principal, interest, fees, expenses or indemnities), (b) all indebtedness of the Company for borrowed money or under any reimbursement obligation relating to a letter of credit or other similar instruments or evidenced by a bond, note, debenture or similar instrument, or such indebtedness of others guaranteed by the Company (to the extent of the guarantee), and Capitalized Lease Obligations, including principal, premium, if any, and interest (including Post-Petition Interest) on such indebtedness, unless the instrument under which such indebtedness is incurred expressly provides that such indebtedness is not senior or superior in right of payment to the Securities, and all renewals, extensions, modifications, amendments or refinancings thereof; (c) all obligations of the Company under Interest Protection Agreements; and (d) all obligations of the Company under Currency Agreements. Notwithstanding the foregoing, Senior Indebtedness shall not include: (i) to the extent that it may constitute indebtedness, any obligation for federal, state, local or other taxes; (ii) any indebtedness between the Company and any Subsidiary of the Company; (iii) to the extent that it may constitute indebtedness, any obligation in respect of any trade payable incurred for the purchase of goods or materials, or for services obtained, in the ordinary course of business; (iv) that portion of any indebtedness that is incurred in violation of this Indenture; (v) indebtedness evidenced by the Securities; (vi) indebtedness of the Company that is expressly subordinate or junior in right of payment to any other indebtedness of the Company; and (vii) to the extent that it may constitute indebtedness, any obligation owing under leases (other than Capitalized Lease Obligations).

"series" means a series of Securities or the Securities of the series.

"Stock Trading Day" means each day on which the securities exchange or quotation system which is used to determine the Market Price is open for trading or quotation.

"Subsidiary" means any corporation, association or other business entity, a majority (by number of votes) of the Voting Stock or control of which is at the time owned or controlled by the Company or another Subsidiary of the Company.

"Surviving Person" means, with respect to any person involved in any transaction or that makes any disposition, the person formed by or surviving such transaction or disposition or the person with or to which such transaction or disposition is made.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Section 77aaa-77bbb) as in effect on the date of this Indenture.

"Treasury Regulations" means regulations of the U.S. Treasury Department under the Internal Revenue Code of 1986, as amended.

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means the party named as such above until a successor replaces it and thereafter means the successor.

"United States" or "U.S." means the United States of America, its territories and possessions and other areas subject to its jurisdiction.

"Voting Stock" means stock of any class or classes (however designated) having ordinary voting power for the election of a majority of the members of the board of directors (or governing body) of such corporation, association or other business entity, other than stock having such power only by reason of the happening of a contingency.

"Yield to Maturity" means the yield to maturity on any Securities, calculated at the time of issuance of such Securities, or, if applicable, at the most recent redetermination of interest on such Securities, and calculated in accordance with accepted financial practice.

Section 1.02 Other Definitions.

Term ----	Defined in Section -----
"Bankruptcy Law".....	6.01
"Bearer Securities List".....	2.06
"Conversion Agent".....	2.03
"Custodian".....	6.01
"Event of Default".....	6.01
"Legal Holiday".....	11.07
"Paying Agent".....	2.03
"Payment Blockage Notice".....	10.02
"Payment Blockage Period".....	10.02
"Registrar".....	2.03
"Transfer Agent".....	2.03
"U.S. Government Obligations".....	8.02

Section 1.03 Rules of Construction.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP in the United States;

(3) GAAP principles are those applicable and in effect on the date of this Indenture;

(4) all terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings assigned to them by such definitions;

(5) "or" is not exclusive; and

(6) words in the singular include the plural, and in the plural include the singular.

ARTICLE 2

THE SECURITIES

Section 2.01 Issuable in Series.

The aggregate principal amount of Securities that may be issued under this Indenture is unlimited. The Securities may be issued from time to time in one or more series. All Securities of any one series and all coupons, if any, appertaining to Bearer Securities of such series shall be substantially identical except as to currency of payments due thereunder, the denomination in which the Securities are issuable, the rate or rates of interest, or method of determining the rate of interest, if any, the maturity, the date from which interest, if any, shall accrue and except as may otherwise be provided by the Company in or pursuant to a Bond Resolution or in any supplemental indenture pertaining to such series of Securities. Each series shall be created by a Bond Resolution or a supplemental indenture that establishes the terms of the series, which may include the following:

(1) the title of the series;

(2) the aggregate principal amount (or any limit on the aggregate principal amount) of the series and, if any Securities of a series are to be issued at a discount from their face amount, the method of computing the accretion of such discount;

(3) the interest rate or rates, if any, or method of calculating the interest rate;

(4) the date or dates from which interest will accrue;

(5) the record dates for interest payable on Registered Securities;

(6) the dates when principal and interest are payable;

(7) the manner of paying principal and interest;

- (8) the places where principal and interest are payable;
- (9) the Registrar, Transfer Agent and Paying Agent;
- (10) the terms of any mandatory (including any sinking fund requirements) or optional redemption by the Company;
- (11) any subordination provisions in addition to or in lieu of those set forth in this Indenture;
- (12) the terms of any repayment at the option of Holders;
- (13) the denominations in which Securities are issuable;
- (14) whether Securities will be issuable as Registered Securities or Bearer Securities;
- (15) whether and upon what terms Registered Securities and Bearer Securities may be exchanged;
- (16) whether any Securities will be represented by a Security in global form;
- (17) the terms of any global Security;
- (18) the terms of any tax indemnity;
- (19) the currencies (including any composite currency) in which principal or interest may be paid;
- (20) if payments of principal or interest may be made in a currency other than that in which Securities are denominated, the manner for determining such payments;
- (21) if amounts of principal or interest may be determined by reference to an index, formula or other method, the manner for determining such amounts;
- (22) provisions for electronic issuance of Securities or for Securities in uncertificated form;
- (23) the portion of principal payable upon acceleration of a Discounted Security;
- (24) any Events of Default or covenants in addition to or in lieu of those set forth in this Indenture;
- (25) whether and upon what terms Securities may be defeased, if different from the provisions set forth in this Indenture;

(26) the forms of the Securities or any coupon, which, unless the Bond Resolution or supplemental indenture otherwise provides, shall be in the form of Exhibit A or B or otherwise;

(27) any terms that may be required by or advisable under U.S. or other applicable laws;

(28) the percentage of the principal amount of the Securities which is payable if the maturity of the Securities is accelerated in the case of Securities issued at a discount from their face amount;

(29) whether and upon what terms the Securities will be convertible into or exchangeable for Common Stock of the Company; and

(30) any other terms not inconsistent with this Indenture.

All Securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series or to establish additional terms of such series of Securities.

The creation and issuance of a series and the authentication and delivery thereof are not subject to any conditions precedent.

Section 2.02 Execution and Authentication.

Two Officers shall sign the Securities by manual or facsimile signature. The Company's seal may be reproduced on the Securities. An Officer shall sign any coupons by facsimile signature.

If an Officer whose signature is on a Security or its coupons no longer holds that office at the time the Security is authenticated or delivered, the Security and coupons shall nevertheless be valid.

A Security and its coupons shall not be valid until the Security is authenticated by the manual signature of the Registrar. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

Each Registered Security shall be dated the date of its authentication. Each Bearer Security shall be dated the date of its original issuance or as provided in the Bond Resolution.

Securities may have notations, legends or endorsements required by law, stock exchange rule, agreement or usage.

Section 2.03 Bond Agents.

The Company shall maintain an office or agency where Securities may be authenticated ("Registrar"), where Securities may be presented for registration of transfer or for ex-

change ("Transfer Agent"), where Securities may be presented for payment ("Paying Agent") and where Securities may be presented for conversion ("Conversion Agent"). Whenever the Company must issue or deliver Securities pursuant to this Indenture, the Registrar shall authenticate the Securities at the Company's written request. The Transfer Agent shall keep a register of the Securities and of their transfer and exchange.

The Company may appoint more than one Registrar, Transfer Agent, Paying Agent or Conversion Agent for a series. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company fails to maintain a Registrar, Transfer Agent, Paying Agent or Conversion Agent for a series, the Trustee shall act as such.

Section 2.04 Bearer Securities.

U.S. laws and Treasury Regulations restrict sales or exchanges of and payments on Bearer Securities. Therefore, except as provided below:

(1) Bearer Securities will be offered, sold and delivered only outside the United States and will be delivered only upon presentation of a certificate in a form prescribed by the Company to comply with U.S. laws and regulations.

(2) Bearer Securities will not be issued in exchange for Registered Securities.

(3) All payments of principal and interest (including original issue discount) on Bearer Securities will be made outside the United States by a Paying Agent located outside the United States unless the Company determines that:

(A) such payments may not be made by such Paying Agent because the payments are illegal or prevented by exchange controls as described in Treasury Regulation Section 1.163-5(c)(2)(v); and

(B) making the payments in the United States would not have an adverse tax effect on the Company.

If there is a change in the relevant provisions of U.S. laws or Treasury Regulations or the judicial or administrative interpretation thereof, a restriction set forth in paragraph (1), (2) or (3) above will not apply to a series if the Company determines that the relevant provisions no longer apply to the series or that failure to comply with the relevant provisions would not have an adverse tax effect on the Company or on Securityholders or cause the series to be treated as "registration-required" obligations under U.S. law.

The Company shall notify the Trustee of any determinations by the Company under this Section.

Section 2.05 Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent for a series other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of the persons entitled

thereto all money held by the Paying Agent for the payment of principal of or interest on the series, and will notify the Trustee of any default by the Company in making any such payment.

While any such default continues, the Trustee may require a Paying Agent to pay all money so held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent shall have no further liability for the money. If the Company or an Affiliate acts as Paying Agent for a series, it shall segregate and hold as a separate trust fund all money held by it as Paying Agent for the series.

Section 2.06 Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Transfer Agent, the Company shall furnish to the Trustee semiannually and at such other times as the Trustee may request a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of Registered Securities and Holders of Bearer Securities whose names are on the list referred to below.

The Transfer Agent shall keep a list of the names and addresses of Holders of Bearer Securities who file a request to be included on such list (the "Bearer Securities List"). A request will remain in effect for two years unless renewed or amended.

Whenever the Company or the Trustee is required to mail a notice to all Holders of Registered Securities of a series, it also shall mail the notice to Holders of Bearer Securities of the series whose names are on the Bearer Securities List.

Whenever the Company is required to publish a notice to all Holders of Bearer Securities of a series, it also shall mail the notice to such of them whose names are on the Bearer Securities List.

Section 2.07 Transfer and Exchange.

Where Registered Securities of a series are presented to the Transfer Agent with a request to register a transfer or to exchange them for an equal principal amount of Registered Securities of other denominations of the series, the Transfer Agent shall register the transfer or make the exchange if its requirements for such transactions are met.

The Transfer Agent may require a Holder to pay a sum sufficient to cover any taxes imposed on a transfer or exchange.

If a series provides for Registered and Bearer Securities and for their exchange, Bearer Securities may be exchanged for Registered Securities and Registered Securities may be exchanged for Bearer Securities as provided in the Securities or the Bond Resolution if the requirements of the Transfer Agent for such transactions are met and if Section 2.04 permits the exchange.

Section 2.08 Replacement Securities.

If the Holder of a Security or coupon claims that it has been lost, destroyed or wrongfully taken, then, in the absence of notice to the Company or the Trustee that the Security or coupon has been acquired by a bona fide purchaser, the Company shall issue a replacement Security or coupon if the Company and the Trustee receive:

- (1) evidence satisfactory to them of the loss, destruction or taking;
- (2) an indemnity bond satisfactory to them; and
- (3) payment of a sum sufficient to cover their expenses and any taxes for replacing the Security or coupon.

A replacement Security of the same series shall contain identical terms and shall have coupons attached corresponding to those, if any, on the original Security.

Every replacement Security or coupon is an additional obligation of the Company.

Section 2.09 Outstanding Securities.

The Securities outstanding at any time are all the Securities authenticated by the Registrar except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If Securities are considered paid under Section 4.01, they cease to be outstanding and interest on them ceases to accrue.

A Security does not cease to be outstanding because the Company or an Affiliate holds the Security.

Section 2.10 Discounted Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, the principal amount of a Discounted Security shall be the amount of principal that would be due as of the date of such determination if payment of the Security were accelerated on that date.

Section 2.11 Treasury Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Company or an Affiliate shall be disregarded, except that for the purposes of determining whether the Trustee shall

be protected in relying on any such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded.

Section 2.12 Global Securities.

If the Bond Resolution so provides, the Company may issue some or all of the Securities of a series in temporary or permanent global form. A global Security may be in registered form, in bearer form with or without coupons or in uncertificated form. A global Security shall represent that amount of Securities of a series as specified in the global Security or as endorsed thereon from time to time. At the Company's request, the Registrar shall endorse a global Security to reflect the amount of any increase or decrease in the Securities represented thereby.

The Company may issue a global Security only to a depository designated by the Company. A depository may transfer a global Security only as a whole to its nominee or to a successor depository.

The Bond Resolution may establish, among other things, the manner of paying principal and interest on a global Security and whether and upon what terms a beneficial owner of an interest in a global Security may exchange such interest for definitive Securities.

The Company, an Affiliate, the Trustee and any Agent shall not be responsible for any acts or omissions of a depository, for any depository records of beneficial ownership interests or for any transactions between the depository and beneficial owners.

Section 2.13 Temporary Securities.

Until definitive Securities of a series are ready for delivery, the Company may use temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Temporary Securities may be in global form. Temporary Bearer Securities may have one or more coupons or no coupons. Without unreasonable delay, the Company shall deliver definitive Securities in exchange for temporary Securities.

Section 2.14 Cancellation.

The Company at any time may deliver Securities to the Registrar for cancellation. The Transfer Agent and the Paying Agent shall forward to the Registrar any Securities and coupons surrendered to them for payment, exchange or registration of transfer. The Registrar shall cancel all Securities or coupons surrendered for payment, registration of transfer, exchange or cancellation as follows: the Registrar will cancel all Registered Securities and matured coupons. The Registrar also will cancel all Bearer Securities and unmatured coupons unless the Company requests the Registrar to hold the same for redelivery. Any Bearer Securities so held shall be considered delivered for cancellation under Section 2.09. The Registrar shall destroy cancelled Securities and coupons unless the Company otherwise directs.

Unless the Bond Resolution otherwise provides, the Company may not issue new Securities to replace Securities that the Company has paid or that the Company has delivered to the Registrar for cancellation.

Section 2.15 Defaulted Interest

If the Company defaults in a payment of interest on Registered Securities, it need not pay the defaulted interest to Holders on the regular record date. The Company may fix a special record date for determining Holders entitled to receive defaulted interest or the Company may pay defaulted interest in any other lawful manner.

ARTICLE 3

REDEMPTION

Section 3.01 Notices to Trustee.

Securities of a series that are redeemable before maturity shall be redeemable in accordance with their terms and, unless the Bond Resolution otherwise provides, in accordance with this Article.

In the case of a redemption by the Company, the Company shall notify the Trustee of the redemption date and the principal amount of Securities to be redeemed. The Company shall notify the Trustee at least 45 days before the redemption date unless a shorter notice is satisfactory to the Trustee.

If the Company is required to redeem Securities, it may reduce the principal amount of Securities required to be redeemed to the extent it is permitted a credit by the terms of the Securities and it notifies the Trustee of the amount of the credit and the basis for it. If the reduction is based on a credit for acquired or redeemed Securities that the Company has not previously delivered to the Registrar for cancellation, the Company shall deliver the Securities at the same time as the notice.

Section 3.02 Selection of Securities to Be Redeemed.

If less than all the Securities of a series, with the same issue date, interest rate, stated maturity and other terms, are to be redeemed, the Trustee shall select the Securities to be redeemed by a method the Trustee considers fair and appropriate. The Trustee shall make the selection from Securities of the series outstanding and not previously called for redemption. The Trustee may select for redemption portions of the principal of Securities having denominations larger than the minimum denomination for the series. Securities and portions thereof selected for redemption shall be in amounts equal to the minimum denomination for the series or an integral multiple thereof. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

Section 3.03 Notice of Redemption.

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Bond Resolution. In case of any redemption at the election of the Company of (a) less than all of the Securities of any series or (b) all of the Securities of any series, with the same issue date, interest rate, stated maturity and other terms, the Company shall, at least 45 days prior to the redemption date fixed by the Company (unless a shorter notice shall be satisfactory to the

Trustee), notify the Trustee of such redemption date and of the principal amount of Securities of such series to be redeemed.

At least 30 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder of Registered Securities whose Securities are to be redeemed.

If Bearer Securities are to be redeemed, the Company shall publish a notice of redemption in an Authorized Newspaper as provided in the Securities.

A notice shall identify the Securities of the series to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;
- (4) that Securities called for redemption, together with all coupons, if any, maturing after the redemption date, must be surrendered to the Paying Agent to collect the redemption price;
- (5) that interest on Securities called for redemption ceases to accrue on and after the redemption date; and
- (6) whether the redemption by the Company is mandatory or optional.

A redemption notice given by publication need not identify Registered Securities to be redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

Section 3.04 Effect of Notice of Redemption.

Once notice of redemption is given, Securities called for redemption become due and payable on the redemption date at the redemption price stated in the notice. The Transfer Agent need not exchange or register the transfer of any Security selected for redemption. The Transfer Agent need not exchange or register the transfer of any Security for a period of 15 days before a selection of Securities to be redeemed.

Section 3.05 Payment of Redemption Price.

On or before the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Securities to be redeemed on that date.

When the Holder of a Security surrenders it for redemption in accordance with the redemption notice, the Company shall pay to the Holder on the redemption date the redemption price and accrued interest to such date, except that:

(1) the Company will pay any such interest (except defaulted interest) to Holders on the record date of Registered Securities if the redemption date occurs on an interest payment date; and

(2) the Company will pay any such interest to Holders of coupons that mature on or before the redemption date upon surrender of such coupons to the Paying Agent.

Coupons maturing after the redemption date on a called Security are void absent a payment Default on that date. Nevertheless, if a Holder surrenders for redemption a Bearer Security missing any such coupons, the Company and the Trustee may deduct the face amount of such coupons from the redemption price. If thereafter the Holder surrenders to the Paying Agent the missing coupons, the Company will return the amount so deducted. The Company also may waive surrender of the missing coupons if it receives an indemnity bond satisfactory to the Company and the Trustee.

Section 3.06 Securities Redeemed in Part.

Upon surrender of a Security that is redeemed in part, the Company shall deliver to the Holder a new Security of the same series containing identical terms and provisions equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4

COVENANTS

Section 4.01 Payment of Securities.

(1) The Company shall duly and punctually pay the principal of (and premium, if any) and interest on a series in accordance with the terms of the Securities for the series, any related coupons, and this Indenture on the dates and in the manner provided in the Securities and in this Indenture.

(2) Unless the Bond Resolution provides otherwise, the Company shall pay interest on overdue principal of a series of the Securities at the rate of interest or Yield to Maturity (in the case of a Discounted Security) borne by such series of Securities or at such other rate as may be specified in such Security; and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Section 4.02 Corporate Existence.

Subject to Article 5, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, material rights (charter and statutory), licenses and franchises; provided, however, that the Company shall not be required to preserve any such material right, license or franchise if the Board of Directors shall determine

that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 4.03 SEC Reports.

The Company shall file with the Trustee within 30 days after it is required to file them with the SEC copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. The Company also shall comply with the other provisions of TIA Section 314(a).

Section 4.04 Annual Review Certificate.

The Company shall file with the Trustee within 120 days after the end of each fiscal year of the Company an Officers' Certificate stating:

(1) that the signing Officers have supervised a review of the activities of the Company and its Subsidiaries during the preceding fiscal year to determine whether the Company has observed and performed its obligations under this Indenture; and

(2) that to the best knowledge of each Officer signing such certificate the Company has observed and performed all of its covenants in this Indenture and is not in default in the observance and performance of any of the terms, provisions and conditions of this Indenture (or if the Company is in such default, specifying those defaults and the nature thereof of which he has knowledge).

Such certificate need not comply with Section 11.05.

Section 4.05 Notice to Trustee of Certain Defaults.

The Company shall give the Trustee within 30 days written notice of (a) any failure of the kind described in Section 6.01(3) which remains uncured for 30 days after the Company has knowledge thereof, or (b) an Event of Default described in Section 6.01(4).

Section 4.06 Further Assurances to Trustee.

The Company will, upon request of the Trustee, execute and deliver such further instruments and do such further acts as may reasonably be necessary or proper to carry out more effectively the purposes of this Indenture.

ARTICLE 5

SUCCESSORS

Section 5.01 When Company May Merge, etc.

The Company shall not consolidate with or merge into, or transfer all or substantially all of its assets to, any person unless:

(1) either (a) the Company is the Surviving Person or (b) the Surviving Person (if other than the Company) is organized under the laws of the United States or a State thereof or the District of Columbia;

(2) the Surviving Person assumes by supplemental indenture (a) all the obligations of the Company under and (b) the performance and observance of every covenant of this Indenture, the Securities and any other document entered into in connection therewith; and

(3) immediately after giving effect to the transaction, no Default or Event of Default exists under this Indenture.

The Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture.

The successor shall be substituted for the Company, and thereafter all obligations of the Company under this Indenture, the Securities and any other document entered into in connection therewith shall terminate.

To the extent that a Bond Resolution or supplemental indenture pertaining to any Series provides for different provisions relating to the subject matter of this Article 5, the provisions in such Resolution or supplemental indenture shall govern for purposes of such Series.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

An "Event of Default" with respect to a series of the Securities occurs if:

(1) the Company defaults in the payment of interest on a Security of such series when the same becomes due and payable and the Default continues for a period of 30 days (whether or not such payment is prohibited by Article 10 hereof);

(2) the Company defaults in the payment of the principal of a Security of such series when the same becomes due and payable at maturity, upon redemption or other-

wise, or in the making of any sinking fund payment, if any, required by the terms of such series (whether or not such payment is prohibited by Article 10 hereof);

(3) the Company fails to comply with any of its other covenants, conditions or agreements in the Securities of such series or this Indenture and the Default continues for the period and after the notice specified below;

(4) the Company, pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors;

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case,

(B) appoints a Custodian of the Company for all or substantially all of its property, or

(C) orders the liquidation of the Company, and the order or decree remains unstayed and in effect for 90 days;

(6) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a Default with respect to Securities of any series other than that series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including this Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall involve an amount in excess of \$10,000,000, and shall constitute a failure to pay such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 30 days after there shall have been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Securities of that series a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a "Notice of Default" hereunder;

(7) a final judgment or judgments in an amount of \$10,000,000 or more, individually or in the aggregate, for the payment of money having been entered by a court or courts of competent jurisdiction against the Company and such judgment or judgments are not satisfied, stayed, annulled or rescinded within 60 days of being entered; or

(8) any other Event of Default provided with respect to Securities of that series.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

A Default under clause (3) is not an Event of Default with respect to a series of the Securities until the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of such series notify the Company of the Default and the Company does not cure the Default within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default."

Section 6.02 Acceleration.

If an Event of Default (other than an Event of Default resulting from subclause (4) or (5) under Section 6.01), with respect to a series of the Securities occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in principal amount of the outstanding Securities of such series by notice to the Company and the Trustee, may declare the principal and accrued interest on all the Securities of such series to be due and payable immediately. Upon such declaration, such principal amount (or, if the Securities of a series are Discounted Securities, such portion of the principal amount as may be specified in the terms of that series) shall become due and payable immediately. If an Event of Default with respect to the Company specified in subclause (4) or (5) under Section 6.01 occurs, all amounts due and payable on the Securities of such Series will ipso facto become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee and the Company or any Holder. The Holders of a majority in principal amount of the outstanding Securities of such series by notice to the Trustee may rescind or annul such acceleration and its consequences if all existing Events of Default with respect to such series have been cured or waived pursuant to Section 6.04 and if the rescission would not conflict with any judgment or decree.

Section 6.03 Other Remedies.

(1) If an Event of Default with respect to a series of the Securities occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal or interest on the Securities of such series or to enforce the performance of any provision of the Securities of such series or this Indenture, and may take any necessary action required of it as Trustee to settle, compromise, adjust or otherwise conclude any proceedings to which it is a party.

(2) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of De-

fault shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04 Waiver of Past Defaults.

Subject to Section 9.02, the Holders of a majority in principal amount of the outstanding Securities of a series by notice to the Trustee may waive an existing Default with respect to such series and its consequences. When a Default is waived with respect to a series of the Securities, it is cured and stops continuing with respect to such series.

Section 6.05 Control by Majority.

The Holders of a majority in principal amount of the outstanding Securities of a series may direct the time, method and place of conducting any proceeding with respect to such series for any remedy available to the Trustee or exercising any trust or power conferred on it. The Trustee, however, may refuse to follow any direction that conflicts with law or this Indenture, that is unduly prejudicial to the rights of another Holder of a Security of such series, that would involve the Trustee in personal liability, or if the Trustee does not have sufficient indemnification against any loss or expense.

Section 6.06 Limitations on Suits.

(1) A Holder of a Security of a series may not pursue any remedy with respect to this Indenture or the Securities of such series unless:

(A) the Holder gives to the Trustee written notice of a continuing Event of Default with respect to such series;

(B) the Holders of at least 25% in principal amount of the outstanding Securities of such series make a written request to the Trustee to pursue the remedy with respect to such series;

(C) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense; and

(D) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity.

(2) A Securityholder may not use this Indenture to prejudice the rights of another Securityholder of the same series or to obtain a preference or priority over the other Securityholder of the same series.

Section 6.07 Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of a Holder of a Security to receive payment of principal and interest on such Security, on or after the respective due dates expressed in such Security, or to bring suit for the enforcement of any such payment on

or after such respective dates, shall be absolute and unconditional and not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee.

If an Event of Default with respect to a series of the Securities in payment of interest or principal or premium, if any, specified in Section 6.01(1) or (2) occurs and is continuing, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities, and the Trustee may obtain judgment in its own name and as trustee of an express trust and enforce the same against the Company for the whole amount of principal and interest remaining unpaid with respect to such series of the Securities.

Section 6.09 Trustee May File Proofs of Claims.

The Trustee may, and is appointed the true and lawful attorney-in-fact for the Holders of the Securities to, (a) file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to the Company, its creditors or its property, (b) collect and receive any monies or property payable or deliverable on account of such claims as trustee of a constructive trust or as holder of an equitable Lien against the Company or regarding its assets, and (c) distribute the same after deduction of its charges and expenses to the extent that such charges and expenses are not paid out of the estate in any such proceeding.

Section 6.10 Priorities.

(1) If the Trustee collects any money pursuant to this Article with respect to a series of the Securities, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07;

Second: to Holders of the Securities of such series for amounts due and unpaid on the Securities of such series for principal (and premium, if any) and interest, ratably, without preference or priority of any kind according to the amounts due and payable on the Securities of such series for principal and interest, respectively; and

Third: the balance, if any, to the Company.

(2) The Trustee may fix a record date and payment date for any payment to Holders of Securities of the relevant series.

Section 6.11 Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable

costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by a Holder or Holders of more than 10% in principal amount of the outstanding Securities of a series.

Section 6.12 Restoration of Rights and Remedies.

If the Trustee or any Holder of a Security has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders of Securities shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.13 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.14 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of Securities may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities as the case may be.

Section 6.15 Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

TRUSTEE

Section 7.01 Duties of Trustee.

(1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(2) Except during the continuance of an Event of Default:

(A) the duties of the Trustee shall be determined solely by the TIA or the express provisions of this Indenture and the Trustee need perform, and be liable for (as set forth herein), only those duties that are specifically set forth in the TIA or this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, provided that the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(A) this paragraph does not limit the effect of clause (2) of this Section 7.01;

(B) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(C) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(4) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (1), (2) and (3) of this Section 7.01.

(5) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture unless the Holders shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(6) The Trustee shall not be liable for interest on any money or other assets received by it except as the Trustee may agree in writing with the Company. Money or other assets held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(7) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or documents, but the Trustee, in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company or any Subsidiary of the Company, personally or by agent or attorney.

Section 7.02 Rights of Trustee.

(1) The Trustee may conclusively rely and shall be fully protected in relying upon any resolution, document, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may consult with counsel and it may require an Officers' Certificate or an Opinion of Counsel or both which shall comply with Section 11.05 hereof. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability, in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(3) The Trustee may act through its attorneys, agents, custodians and nominees and shall not be responsible for the misconduct or negligence of any agent, custodian and nominee appointed with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(5) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company. A permissive right granted to the Trustee hereunder shall not be deemed an obligation to act.

(6) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture including, without limitation, the provisions of Section 6.05 hereof, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request, order or direction.

(7) The Trustee shall not be charged with knowledge of any Default or Event of Default unless either (i) a Trust Officer of the Trustee shall have actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default shall have been given to the Trustee by the Company or any Holder.

(8) In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any such investment prior to its stated maturity or the failure of the party directing such investment to provide timely written investment direction; provided in each such case that the Trustee shall have acted strictly in accordance with written directions received from the instructing party. The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction.

(9) In the event that the Trustee is also acting as Paying Agent, Transfer Agent, or Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article 7 shall also be afforded to such Paying Agent, Transfer Agent, or Registrar.

Section 7.03 Individual Rights of Trustee.

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee or resign. Any Agent may do the same with like rights and duties. However, the Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the direction of the Company under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Securities or any other document in connection with the sale of the Securities or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to a Trust Officer of the Trustee, the Trustee shall mail to Holders of Securities a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, interest, if any, on any Security pursuant to Section 6.01(1) or (2) hereof, the Trustee may withhold the notice if it in good faith determines that withholding the notice is in the interests of Holders of Securities.

Section 7.06 Reports by Trustee to Holders of Securities.

Within 60 days after each March 1 and for so long as Securities remain outstanding, the Trustee shall mail to the Holders of Securities a brief report dated as of such reporting date that complies with TIA ss. 313(a) (but if no event described in TIA ss. 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA ss. 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA ss. 313(c).

A copy of each report at the time of its mailing to the Holders of Securities shall be mailed to the Company and filed with the SEC and each stock exchange on which the Securities are listed in accordance with TIA ss. 313(d). The Company shall promptly notify the Trustee when the Securities are listed on any securities exchange or of any delisting thereof.

Section 7.07 Compensation and Indemnity.

The Company shall pay to the Trustee, from time to time, as may be agreed upon between them, reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services in accordance with any provision of this Indenture (including, without limitation, the reasonable compensation, expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ (A) in connection with the preparation, execution and delivery of this Indenture, any waiver or consent hereunder, any modification or termination hereof, or any Event of Default or alleged Event of Default; (B) if an Event of Default occurs, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings relating thereto; (C) in connection with the administration of the Trustee's rights pursuant hereto; or (D) in connection with any removal of the Trustee pursuant to Section 7.08 hereof), except such disbursements, advances and expenses as may be attributable to its negligence or bad faith.

The Company shall indemnify the Trustee and its officers, directors, employees and agents against any and all losses, liabilities, obligations, damages, penalties, judgments, actions, suits, proceedings, reasonable costs and expenses (including reasonable fees and disbursements of counsel) of any kind whatsoever which may be incurred by the Trustee in connection with any investigative, administrative or judicial proceeding (whether or not such indemnified party is designated a party to such proceeding) arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its duties or powers hereunder; provided, however, that the Company need not reimburse any expense or indemnify against any loss, obligation, damage, penalty, judgment, action, suit, proceeding, reasonable cost or expense (including reasonable fees and disbursements of counsel) of any kind whatsoever which may be incurred by the Trustee in connection with any investigative, administrative or judicial proceeding (whether or not such indemnified party is designated a party to such proceeding) in which it

is determined that the Trustee acted with gross negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of any of their obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 (including the reasonable fees and expenses of its agents and counsel) shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture and any rejection or termination under any Bankruptcy Law.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest, if any, on particular Securities. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(4) or (5) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA ss. 313(b)(2) to the extent applicable.

Section 7.08 Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Securities may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a Custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after

the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of Securities who has been a Holder of a Security for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Security may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Company shall give or cause to be given notice of each resignation and each removal of the Trustee to all Holders in the manner provided herein. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of Securities. The retiring Trustee shall promptly transfer, after payment of all amounts owing to the Trustee pursuant to Section 7.07 hereof, all property held by it as Trustee to the successor Trustee; provided that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the trust created by this Indenture) to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10 Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States or of any state or territory thereof or of the District of Columbia that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal, state, territorial or District of Columbia authorities and that has, or is a wholly owned subsidiary of a bank holding company that has, a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition.

If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.10 it shall resign immediately in the manner and with the effect specified in this Article 7.

This Indenture shall always have a Trustee who satisfies the requirements of the TIA, including TIA ss.ss. 310(a)(1), (2) and (5). The Trustee is subject to TIA ss. 310(b).

Section 7.11 Preferential Collection of Claims Against Company.

The Trustee is subject to TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

ARTICLE 8

DISCHARGE OF INDENTURE

Section 8.01 Defeasance.

Securities of a series may be defeased, subject to the provisions of Article 10 hereof, in accordance with their terms and, unless the Bond Resolution otherwise provides, in accordance with this Article.

The Company at any time may terminate as to a series all of its obligations under this Indenture, the Securities of the series and any related coupons ("legal defeasance option"). The Company at any time may terminate as to a series its obligations under Sections 4.02, 4.03, 4.04, 4.05, 4.06 and 5.01 provided that none of its obligations in the Sections set forth in the immediately succeeding sentence may be terminated ("covenant defeasance option"). However, in the case of the legal defeasance option, the Company's obligations in Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.08, 7.07 and 7.08, shall survive until the Securities of the series are no longer outstanding; thereafter the Company's obligations in Section 7.07 shall survive.

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, a series may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, a series may not be accelerated by reference to Sections 4.02, 4.03, 4.04, 4.05, 4.06 or 5.01.

The Trustee upon request shall acknowledge in writing the discharge of those obligations that the Company terminates.

Section 8.02 Conditions to Defeasance.

The Company may exercise as to a series its legal defeasance option or its covenant defeasance option if:

(1) the Company irrevocably deposits in trust with the Trustee or another trustee money or U.S. Government Obligations;

(2) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due on the deposited U.S. Government Obligations without reinvestment plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the Securities of the series to maturity or redemption, as the case may be;

(3) immediately after the deposit no Default exists;

(4) the deposit does not constitute a default under any other agreement binding on the Company;

(5) the deposit does not cause the Trustee to have a conflicting interest under TIA Section 310(a) or Section 310(b) as to another series;

(6) the Company delivers to the Trustee an Opinion of Counsel to the effect that Holders of the series will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance and, in the case of legal defeasance, such opinion must be based on a U.S. Internal Revenue Service ruling or a change in U.S. Federal income tax law;

(7) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940; and

(8) 91 days pass after the deposit is made and during the 91-day period no Default specified in Section 6.01(4) or (5) occurs that is continuing at the end of the period.

Before or after a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

"U.S. Government Obligations" means direct obligations of the United States which have the full faith and credit of the United States pledged for payment and which are not callable at the issuer's option, or certificates representing an ownership interest in such obligations.

Section 8.03 Application of Trust Money.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 8.02. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal and interest on Securities of the defeased series.

Section 8.04 Repayment to Company.

The Trustee and the Paying Agent shall promptly turn over to the Company upon request any excess money or Securities held by them at any time.

The Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years. After payment to the Company, Securityholders entitled to the money must look to the Company for payment as unsecured general creditors unless an abandoned property law designates another person.

ARTICLE 9

AMENDMENTS

Section 9.01 Without Consent of Holders.

The Company and the Trustee may amend this Indenture, the Securities or any coupons without the consent of any Securityholder:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to comply with Article 5;
- (3) to provide that specific provisions of this Indenture shall not apply to a series not previously issued;
- (4) to create a series and establish its terms;
- (5) to provide for a separate Trustee for one or more series; or
- (6) to make any change that does not materially adversely affect the rights of any Securityholder.

Section 9.02 With Consent of Holders.

Unless the Bond Resolution otherwise provides, the Company and the Trustee may amend this Indenture, the Securities and any coupons with the written consent of the Holders of a majority in principal amount of the Securities of all series affected by the amendment voting as one class. However, without the consent of each Securityholder affected, an amendment under this Section 9.02 may not:

- (1) reduce the amount of Securities whose Holders must consent to an amendment;
- (2) reduce the interest on or change the time for payment of interest on any Security;
- (3) change the fixed maturity of any Security;
- (4) reduce the principal of any non-Discounted Security or reduce the amount of principal of any Discounted Security that would be due upon an acceleration thereof;

(5) change the currency in which principal or interest on a Security is payable; or

(6) make any change in Section 6.04 or this Section 9.02, except to increase the amount of Securities whose Holders must consent to an amendment or waiver or to provide that other provisions of this Indenture cannot be amended or waived without the consent of each Securityholder affected thereby;

(7) impair the right of any Securityholder to sue for payment under this Indenture, the Securities or any coupon; or

(8) modify the ranking or priority of the Securities of any series or amend or modify the definition of Senior Indebtedness or amend or modify Article 10 in any manner adverse to the holders of the Securities.

An amendment of a provision included solely for the benefit of one or more series does not affect Securityholders of any other series.

Securityholders need not consent to the exact text of a proposed amendment or waiver; it is sufficient if they consent to the substance thereof.

Section 9.03 Compliance with Trust Indenture Act.

Every amendment pursuant to Section 9.01 or 9.02 shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

If a provision of the TIA requires or permits a provision of this Indenture and the TIA provision is amended, then the Indenture provision shall be automatically amended to like effect.

Section 9.04 Effect of Consents.

An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Securityholder entitled to consent to it.

A consent to an amendment or waiver by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security that evidences the same debt as the consenting Holder's Security. Any Holder or subsequent Holder may revoke the consent as to his Security if the Trustee receives notice of the revocation before the amendment or waiver becomes effective.

The Company may fix a record date for the determination of Holders of Registered Securities entitled to give a consent. The record date shall not be less than 10 nor more than 60 days prior to the first written solicitation of Securityholders.

Section 9.05 Notation on or Exchange of Securities.

The Company or the Trustee may place an appropriate notation about an amendment or waiver on any Security thereafter authenticated. The Company may issue in exchange for affected Securities new Securities that reflect the amendment or waiver.

ARTICLE 10

SUBORDINATION OF SECURITIES

Section 10.01 Securities Subordinated to Senior Indebtedness.

The Company covenants and agrees, and the Trustee and each Holder of the Securities by his acceptance thereof likewise covenant and agree, that all Securities shall be issued subject to the provisions of this Article 10; and each person holding any Security, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees that all payments of the principal of and interest on the Securities by the Company shall, to the extent and in the manner set forth in this Article 10, be subordinated and junior in right of payment to the prior payment in full in cash of all Senior Indebtedness, whether outstanding on the date of this Indenture or thereafter incurred.

Section 10.02 No Payment on Securities in Certain Circumstances.

(a) No direct or indirect payment (excluding any payment or distribution of Permitted Junior Securities) by or on behalf of the Company of principal of or interest on or to purchase, redeem or defease the Securities (except from those funds held in trust for the benefit of Holders of any Securities) pursuant to the procedures set forth in Article 8 hereof, whether pursuant to the terms of the Securities, upon acceleration or otherwise, shall be made if, at the time of such payment, there exists a default in the payment of all or any portion of the obligations on any Senior Indebtedness, whether at maturity, on account of mandatory redemption or prepayment or purchase, acceleration or otherwise, that continues beyond any applicable period of grace, and such default shall not have been cured or waived or the benefits of this sentence waived by or on behalf of the holders of such Senior Indebtedness. In addition, during the continuance of any non-payment event of default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be immediately accelerated, and upon receipt by the Trustee of written notice (a "Payment Blockage Notice") from the holder or holders of such Designated Senior Indebtedness or the trustee or agent acting on behalf of such Designated Senior Indebtedness, then, unless and until such event of default has been cured or waived or has ceased to exist or such Designated Senior Indebtedness has been discharged or repaid in full in cash or the benefits of these provisions have been waived by the holders of such Designated Senior Indebtedness, no direct or indirect payment (excluding any payment or distribution of Permitted Junior Securities) shall be made by or on behalf of the Company of principal of, or interest on or to purchase, redeem or defease the Securities, except from those funds held in trust for the benefit of Holders of any Securities pursuant to the procedures set forth in Article 8 hereof, during a period (a "Payment Blockage Period") commencing on the date of receipt of such notice by the Trustee and ending 179 days thereafter, unless the maturity of such Designated Senior Indebtedness is theretofore accelerated.

Notwithstanding anything in this subordination provision or in the Securities to the contrary, (x) in no event shall a Payment Blockage Period extend beyond 179 days from the date the Payment Blockage Notice in respect thereof was given, (y) there shall be a period of at least 181 consecutive days in each 360-day period when no Payment Blockage Period is in effect and (z) not more than one Payment Blockage Period may be commenced with respect to the Securities during any period of 360 consecutive days. However, if the Payment Blockage Notice is not given on behalf of creditors under a Credit Facility, a representative of such creditors may, subject to the limitations set forth in clause (y) of the preceding sentence, give one additional notice during the Payment Blockage Period. No non-payment event of default that existed or was continuing on the date of commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period may be, or be made, the basis for the commencement of any other Payment Blockage Period by the holder or holders of such Designated Senior Indebtedness or the trustee or agent acting on behalf of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless such event of default has been cured or waived for a period of not less than 90 consecutive days.

(b) In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee or any Holder when such payment is prohibited by Section 10.02(a), such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders) or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, but only to the extent that, upon notice from the Trustee to the holders of Senior Indebtedness that such prohibited payment has been made, the holders of the Senior Indebtedness (or their representative or representatives or a trustee) notify the Trustee in writing of the amounts then due and owing on the Senior Indebtedness, if any, and only the amounts specified in such notice to the Trustee shall be paid to the holders of Senior Indebtedness.

Section 10.03 Payment Over of Proceeds upon Dissolution, etc.

(a) Upon any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities (excluding any payment or distribution of Permitted Junior Securities), upon any dissolution or winding up or liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all Senior Indebtedness will first be paid in full in cash before the Holders of the Securities or the Trustee on behalf of such Holders will be entitled to receive any payment by the Company of the principal of or interest on the Securities, or any payment by the Company to acquire any of the Securities for cash, property or securities, or any distribution with respect to the Securities of any cash, property or securities (excluding any payment or distribution of Permitted Junior Securities). Before any payment may be made by, or on behalf of, the Company of the principal of, or interest on the Securities upon any such dissolution or winding up or liquidation or reorganization, any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities (excluding any payment or distribution of Permitted Junior Securities), to which the Holders of the Securities or the Trustee on their behalf would be entitled, but for the subordination provisions of this Indenture, will be made by the Company or by any receiver, trustee in bankruptcy, liquidation trustee, agent

or other person making such payment or distribution, directly to the holders of the Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders) or their representatives or to the trustee or trustees or agent or agents under any agreement or indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all such Senior Indebtedness in full in cash after giving effect to any prior or concurrent payment, distribution or provision therefor to or for the holders of such Senior Indebtedness.

(b) In the event that, notwithstanding the foregoing provision prohibiting such payment or distribution, any payment or distribution of assets or securities of the Company of any kind or character, whether in cash, property or securities (excluding any payment or distribution of Permitted Junior Securities), shall be received by the Trustee or any Holder of Securities at a time when such payment or distribution is prohibited by Section 10.03(a) and before all obligations in respect of Senior Indebtedness are paid in full in cash, or payment provided for, such payment or distribution shall be received and held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders) or their respective representatives, or to the trustee or trustees or agent or agents under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of Senior Indebtedness remaining unpaid until all such Senior Indebtedness has been paid in full in cash after giving effect to any prior or concurrent payment, distribution or provision therefor to or for the holders of such Senior Indebtedness.

The consolidation of the Company with, or the merger of the Company with or into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided in Article 5 (or any replacement provisions as contemplated by Article 5) shall not be deemed a dissolution, winding up, liquidation or reorganization for the purposes of this Section 10.03 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article 5 (or any replacement provisions as contemplated by Article 5).

Section 10.04 Subrogation.

Upon the payment in full of all Senior Indebtedness, or provision for payment, the Holders of the Securities shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company made on such Senior Indebtedness until the principal of and interest on the Securities shall be paid in full in cash; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee on their behalf would be entitled except for the provisions of this Article 10, and no payment over pursuant to the provisions of this Article 10 to the holders of Senior Indebtedness by Holders of the Securities or the Trustee on their behalf shall, as between the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Securities, be deemed to be a payment by the Company to or on account of the Senior Indebtedness. It is understood that the provisions of this Article 10 are and are intended solely for the purpose of defining the

relative rights of the Holders of the Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

If any payment or distribution to which the Holders of the Securities would otherwise have been entitled but for the provisions of this Article 10 shall have been applied, pursuant to the provisions of this Article 10, to the payment of all amounts payable under Senior Indebtedness, then and in such case, the Holders of the Securities shall be entitled to receive from the holders of such Senior Indebtedness any payments or distributions received by such holders of Senior Indebtedness in excess of the amount required to make payment in full, or provision for payment, of such Senior Indebtedness.

Section 10.05 Obligations of Company Unconditional.

Nothing contained in this Article 10 or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Holder of any Security or the Trustee on its behalf from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 10 of the holders of the Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Without limiting the generality of the foregoing, nothing contained in this Article 10 shall restrict the right of the Trustee or the Holders of Securities to take any action to declare the Securities to be due and payable prior to their stated maturity pursuant to Section 6.01 or to pursue any rights or remedies hereunder; provided, however, that all Senior Indebtedness then due and payable shall first be paid in full before the Holders of the Securities or the Trustee is entitled to receive any direct or indirect payment from the Company of principal of or interest on the Securities.

Section 10.06 Notice to Trustee.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities pursuant to the provisions of this Article 10. The Trustee shall not be charged with knowledge of the existence of any event of default with respect to any Senior Indebtedness or of any other facts which would prohibit the making of any payment to or by the Trustee unless and until the Trustee shall have received notice in writing at its corporate trust office to that effect signed by an Officer of the Company, or by a holder of Senior Indebtedness or trustee or agent therefor; and prior to the receipt of any such written notice, the Trustee shall, subject to Article 7, be entitled to assume that no such facts exist; provided that if the Trustee shall not have received the notice provided for in this Section 10.06 at least two business days prior to the date upon which by the terms of this Indenture any moneys shall become payable for any purpose (including, without limitation, the payment of the principal of or interest on any Security), then, regard-

less of anything herein to the contrary, the Trustee shall have full power and authority to receive any moneys from the Company and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date. Nothing contained in this Section 10.06 shall limit the right of the holders of Senior Indebtedness to recover payments as contemplated by Section 10.03. The Trustee shall be entitled to rely on the delivery to it of a written notice by a person representing himself or itself to be a holder of any Senior Indebtedness (or a trustee on behalf of, or other representative of, such holder) to establish that such notice has been given by a holder of such Senior Indebtedness or a trustee or representative on behalf of any such holder.

In the event that the Trustee determines in good faith that any evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article 10, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article 10, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

Section 10.07 Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets or securities referred to in this Article 10, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of the Securities for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

Section 10.08 Trustee's Relation to Senior Indebtedness.

The Trustee and any Paying Agent shall be entitled to all the rights set forth in this Article 10 with respect to any Senior Indebtedness which may at any time be held by it in its individual or any other capacity to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee or any Paying Agent of any of its rights as such holder.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness (except as provided in Section 10.03(b)). The Trustee shall not be liable to any such holders if the Trustee shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other per-

son cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article 10 or otherwise.

Section 10.09 Subordination Rights Not Impaired by Acts or Omissions of the Company or Holders of Senior Indebtedness.

No right of any present or future holders of any Senior Indebtedness to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with. The provisions of this Article 10 are intended to be for the benefit of, and shall be enforceable directly by, the holders of Senior Indebtedness.

Section 10.10 Securityholders Authorize Trustee to Effectuate Subordination of Securities.

Each Holder of Securities by his acceptance of such Securities authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article 10, and appoints the Trustee his attorney-in-fact for such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency, receivership, reorganization or similar proceedings or upon an assignment for the benefit of creditors or otherwise) tending towards liquidation of the business and assets of the Company, the filing of a claim for the unpaid balance of its or his Securities in the form required in those proceedings.

Section 10.11 This Article Not to Prevent Events of Default.

The failure to make a payment on account of principal of or interest on the Securities by reason of any provision of this Article 10 shall not be construed as preventing the occurrence of an Event of Default specified in clause (1) or (2) of Section 6.01.

Section 10.12 Trustee's Compensation Not Prejudiced.

Nothing in this Article 10 shall apply to amounts due to the Trustee pursuant to other sections in this Indenture.

Section 10.13 No Waiver of Subordination Provisions.

Without in any way limiting the generality of Section 10.09, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article 10 or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness, do any one or more of the following: (a) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding or secured; (b) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (c) release any person liable in any manner for the collection of Senior In-

debtedness; and (d) exercise or refrain from exercising any rights against the Company and any other person.

Section 10.14 Certain Payments May Be Paid Prior to Dissolution.

All money and United States Government Obligations properly deposited in trust with the Trustee pursuant to and in accordance with Article Eight shall be for the sole benefit of the Holders and shall not be subject to this Article 10.

Nothing contained in this Article 10 or elsewhere in this Indenture shall prevent (i) the Company, except under the conditions described in Section 10.02, from making payments of principal of and interest on the Securities, or from depositing with the Trustee any moneys for such payments or from effecting a termination of the Company's and the Guarantors' obligations under the Securities and this Indenture as provided in Article 8, or (ii) the application by the Trustee of any moneys deposited with it for the purpose of making such payments of principal of and interest on the Securities to the holders entitled thereto unless at least two business days prior to the date upon which such payment becomes due and payable, the Trustee shall have received the written notice provided for in Section 10.02(b) or in Section 10.06. The Company shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Company.

ARTICLE 11

Miscellaneous

Section 11.01 Trust Indenture Act.

The provisions of TIA Sections 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 11.02 Notices.

Any notice by one party to another is duly given if in writing and delivered in person, sent by facsimile transmission confirmed by mail or mailed by first-class mail to the other's address shown below:

Company: Vail Resorts, Inc.
Post Office Box 7
Vail, Colorado 81658

Attention: General Counsel

Trustee: []

A party, by notice to the other parties, may designate additional or different addresses for subsequent notices.

Any notice mailed to a Securityholder shall be mailed to his address shown on the register kept by the Transfer Agent or on the Bearer Securities List referred to in Section 2.06. Failure to mail a notice to a Securityholder or any defect in a notice mailed to a Securityholder shall not affect the sufficiency of the notice mailed to other Securityholders or the sufficiency of any published notice.

If a notice is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice to Securityholders, it shall mail a copy to the Trustee and each Agent at the same time.

If in the Company's opinion it is impractical to mail a notice required to be mailed or to publish a notice required to be published, the Company may give such substitute notice as the Trustee approves. Failure to publish a notice as required or any defect in it shall not affect the sufficiency of any mailed notice.

All notices shall be in the English language, except that any published notice may be in an official language of the country of publication.

A "notice" includes any communication required by this Indenture.

Section 11.03 Communications by Holders with Other Holders.

Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and any other person shall have the protection of TIA Section 312(c).

Section 11.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall if so requested furnish to the Trustee:

- (1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 11.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 11.06 Rules by Company and Agents.

The Company may make reasonable rules for action by or a meeting of Securityholders. An Agent may make reasonable rules and set reasonable requirements for its functions.

Section 11.07 Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions are not required to be open. If a payment date is a Legal Holiday at a place of payment, unless the Bond Resolution otherwise provides, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

Section 11.08 No Recourse Against Others.

All liability described in the Securities of any director, officer, employee or stockholder, as such, of the Company is waived and released.

Section 11.09 Duplicate Originals.

The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

Section 11.10 Governing Law.

The laws of the State of New York shall govern this Indenture, the Securities and any coupons, unless federal law governs without regard to principles of conflicts of laws.

SIGNATURES

Dated: [], 20[]

VAIL RESORTS, INC.

By:

Name:

Title:

Dated: [], 20[]

[], as Trustee

By:

Name:

EXHIBIT A
Form of Registered Security

No. _____ \$ _____

VAIL RESORTS, INC.
[Title of Security]

Vail Resorts, Inc. promises to pay to _____ or registered assigns
the principal sum of _____ Dollars on _____, 20[] .

Interest Payment Dates:

Record Dates:

Dated:

[_____]
Transfer Agent and Paying Agent

VAIL RESORTS, INC.

(SEAL)

Authenticated: Name:
 Title:

Registrar, by
Authorized Signatory Name:
 Title:

VAIL RESORTS, INC.

[Title of Security]

1. Interest(1)

Vail Resorts, Inc. ("Company"), a Delaware corporation, promises to pay interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semiannually on and of each year commencing [], 200[]. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from [], 200[]. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment(2)

The Company will pay interest on the Securities to the persons who are registered holders of Securities at the close of business on the record date for the next interest payment date, except as otherwise provided in the Indenture. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money. It may mail an interest check to a holder's registered address.

3. Bond Agents.

Initially, [] will act as Paying Agent, Transfer Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an Indenture dated as of [], 200[] ("Indenture") between the Company and [] ("Trustee"). The terms of the Securities include those stated in the Indenture and in the Bond Resolution creating the Securities and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb). Securityholders are referred to the Indenture, the Bond Resolution and the Act for a statement of such terms.

5. Optional Redemption(3)

On or after [], 200[], the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning

Year	Percentage
----	-----
20[].....	
20[].....	
20[].....	
20[].....	
20[].....	

and thereafter at 100%.

6. Mandatory Redemption(4)

The Company will redeem \$[] principal amount of Securities on [] and on each [] thereafter through [], 20[] at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.(5) The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may subtract the same Security only once.

7. Additional Optional Redemption(6)

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$[] principal amount of Securities on [] and on each [] thereafter through [], 20[] at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. Notice of Redemption(7)

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of Securities to be redeemed at his registered address.

9. Denominations, Transfer, Exchange.

The Securities are in registered form without coupons in denominations of \$1,000(8) and whole multiples of \$1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The Transfer Agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange or register the transfer of any Security or portion of a Security selected for redemption. Also, it need not exchange or register the transfer of any Securities for a period of 15 days before a selection of Securities to be redeemed.

10. Subordination (9)

The Securities are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the Indenture). Each Holder by accepting a Security agrees to such subordination and authorizes the Trustee to give it effect.

11. Persons Deemed Owners.

The registered holder of a Security may be treated as its owner for all purposes.

12. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the Securities of all series affected by the amendment.(10) Subject to certain exceptions, a Default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

13. Restrictive Covenants(11)

The Securities are unsecured general obligations of the Company limited to \$[] principal amount.

14. Successors.

When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company will be released from those obligations.

15. Defeasance Prior to Redemption or Maturity(12)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

16. Defaults and Remedies.

An Event of Default with respect to this series of Securities is: default for 30 days in payment of interest on the Securities of this series; default in payment of principal on them [If the Security is subject to redemption insert ", upon redemption or otherwise"; and, if the Security is entitled to a sinking fund also add "or in the making of any sinking fund payment"]; failure by the Company for 60 days after notice to it to comply with any of its other covenants, conditions or agreements in the Indenture or the Securities of this series; a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a

default with respect to Securities of any series other than this series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including the Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall involve an amount in excess of \$10,000,000 and shall constitute a failure to pay such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 30 days after notice as provided in the Indenture; and certain events of bankruptcy or insolvency. [Add other events of default if applicable.] If an Event of Default with respect to this series of the Securities occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of this series may declare all the Securities of this series to be due and payable immediately. [If the Security is a Discounted Security, add "The amount due and payable shall be equal to" [insert formula for determining the amount.] Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal and interest, if any, on the Discounted Securities of this series shall be terminated.] Holders of Securities of this series may not enforce the Indenture or the Securities of this series except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities of this series. Subject to certain limitations, Holders of a majority in principal amount of the outstanding Securities of this series may direct the Trustee in its exercise of any trust or power with respect to this series of the Securities. The Trustee may withhold from Holders of Securities of this series notice of any continuing default (except a default in payment of principal or interest) if it determines in good faith that withholding notice is in their interests. The Company is required to file periodic reports with the Trustee as to the absence of default.

17. Trustee Dealings with Company.

The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with those persons, as if it were not Trustee.

18. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

20. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Bond Resolution, which contains the text of this Security in larger type. Requests may be made to: Secretary, Vail Resorts, Inc., PO Box 7, Vail, Colorado 81658.

EXHIBIT B
Form of Bearer Security

No. _____ \$ _____

Vail Resorts, Inc.
[Title of Security]

Vail Resorts, Inc. promises to pay to _____ or registered
assigns the principal sum of _____ Dollars on _____ ,

Interest Payment Dates:

Record Dates: _____ Dated: _____ , 20[] .

[_____]
Transfer Agent and Paying Agent

VAIL RESORTS, INC.

(SEAL)

Authenticated: _____ Name: _____
Title: _____

Registrar, by _____ Name: _____
Authorized Signatory Title: _____

[Title of Security]

1. Interest(1)

Vail Resorts, Inc. ("Company"), a Delaware corporation, promises to pay to bearer interest on the principal amount of this Security at the rate per annum shown above. The Company will pay interest semiannually on [] and [] of each year commencing [], 200[]. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from [], 20[]. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment(2)

Holder must surrender Securities and any coupons to a Paying Agent to collect principal and interest payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money.

3. Bond Agents.

Initially, [] will act as Transfer Agent, Paying Agent and Registrar. The Company may change any Paying Agent, Transfer Agent or Registrar without notice. The Company or any Affiliate may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

4. Indenture.

The Company issued the securities of this series ("Securities") under an Indenture dated as of [], 20[] ("Indenture") between the Company and [] ("Trustee"). The terms of the Securities include those stated in the Indenture and the Bond Resolution and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb). Securityholders are referred to the Indenture, the Bond Resolution and the Act for a statement of such terms.

5. Optional Redemption(3)

On or after [], 20[], the Company may redeem all the Securities at any time or some of them from time to time at the following redemption prices (expressed in percentages of principal amount), plus accrued interest to the redemption date.

If redeemed during the 12-month period beginning

Year	Percentage
----	-----
20[].....	
20[].....	
20[].....	
20[].....	
20[].....	

and thereafter at 100%.

6. Mandatory Redemption(4)

The Company will redeem \$[] principal amount of Securities on [] and on each [] thereafter through [], 20____ at a redemption price of 100% of principal amount, plus accrued interest to the redemption date. (5)The Company may reduce the principal amount of Securities to be redeemed pursuant to this paragraph by subtracting 100% of the principal amount (excluding premium) of any Securities (i) that the Company has acquired or that the Company has redeemed other than pursuant to this paragraph and (ii) that the Company has delivered to the Registrar for cancellation. The Company may subtract the same Security only once.

7. Additional Optional Redemption(6)

In addition to redemptions pursuant to the above paragraph(s), the Company may redeem not more than \$[] principal amount of Securities on [] and on each [] thereafter through [], 20[] at a redemption price of 100% of principal amount, plus accrued interest to the redemption date.

8. Notice of Redemption(7)

Notice of redemption will be published once in an Authorized Newspaper in the City of New York and if the Securities are listed on any stock exchange located outside the United States and such stock exchange so requires, in any other required city outside the United States at least 30 days but not more than 60 days before the redemption date. Notice of redemption also will be mailed to holders who have filed their names and addresses with the Transfer Agent within the two preceding years. A holder of Securities may miss important notices if he fails to maintain his name and address with the Transfer Agent.

9. Denominations, Transfer, Exchange

The Securities are in bearer form with coupons in denominations of \$1,000(8) and whole multiples of \$1,000. The Securities may be transferred by delivery and exchanged as provided in the Indenture. Upon an exchange, the Transfer Agent may require a holder, among other things, to furnish appropriate documents and to pay any taxes and fees required by law or the Indenture. The Transfer Agent need not exchange any Security or portion of a Security selected for redemption. Also, it need not exchange any Securities for a period of 15 days before a selection of Securities to be redeemed.

10. Subordination (9)

The Securities are subordinated in right of payment, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness (as defined in the Indenture). Each Holder by accepting a Security agrees to such subordination and authorizes the Trustee to give it effect.

11. Persons Deemed Owners.

The holder of a Security or coupon may be treated as its owner for all purposes.

12. Amendments and Waivers.

Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the holders of a majority in principal amount of the Securities of all series affected by the amendment.(10) Subject to certain exceptions, a Default on a series may be waived with the consent of the holders of a majority in principal amount of the series.

Without the consent of any Securityholder, the Indenture or the Securities may be amended, among other things, to cure any ambiguity, omission, defect or inconsistency; to provide for assumption of Company obligations to Securityholders; or to make any change that does not materially adversely affect the rights of any Securityholder.

13. Restrictive Covenants(11)

The Securities are unsecured general obligations of the Company limited to \$[] principal amount.

14. Successors.

When a successor assumes all the obligations of the Company under the Securities, any coupons and the Indenture, the Company will be released from those obligations.

15. Defeasance Prior to Redemption or Maturity(12)

Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities, any coupons and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity. U.S. Government Obligations are securities backed by the full faith and credit of the United States of America or certificates representing an ownership interest in such Obligations.

16. Defaults and Remedies.

An Event of Default with respect to this series of Securities is: default for 30 days in payment of interest on the Securities of this series; default in payment of principal on them [If the Security is subject to redemption insert ", upon redemption or otherwise"; and, if the Security is entitled to a sinking fund also add "or in the making of any sinking fund payment"]; failure by the Company for 60 days after notice to it to comply with any of its other covenants, conditions

or agreements in the Indenture or the Securities of this series; a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company (including a default with respect to Securities of any series other than this series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company (including the Indenture), whether such indebtedness now exists or shall hereafter be created, which default shall involve an amount in excess of \$10,000,000 and shall constitute a failure to pay such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto and shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 30 days after notice as provided in the Indenture; and certain events of bankruptcy or insolvency. [Add other events of default if applicable.] If an Event of Default with respect to this series of the Securities occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the outstanding Securities of this series may declare all the Securities of this series to be due and payable immediately. [If the Security is a Discounted Security, add "The amount due and payable shall be equal to" [insert formula for determining the amount]. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal and overdue interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal and interest, if any, on the Discounted Securities of this series shall be terminated.] Holders of Securities of this series may not enforce the Indenture or the Securities of this series except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities of this series. Subject to certain limitations, Holders of a majority in principal amount of the outstanding Securities of this series may direct the Trustee in its exercise of any trust or power with respect to this series of the Securities. The Trustee may withhold from Holders of Securities of this series notice of any continuing default (except a default in payment of principal or interest) if it determines in good faith that withholding notice is in their interests. The Company is required to file periodic reports with the Trustee as to the absence of default.

17. Trustee Dealings with Company.

The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with those persons, as if it were not Trustee.

18. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

19. Authentication.

This Security shall not be valid until authenticated by a manual signature of the Registrar.

20. Abbreviations.

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

The Company will furnish to any Securityholder upon written request and without charge a copy of the Indenture and the Bond Resolution, which contains the text of this Security in larger type. Requests may be made to: Secretary, Vail Resorts, Inc., PO Box 7, Vail, Colorado 81658.

[FACE OF COUPON]

[\$] _____
Due _____

VAIL RESORTS, INC.
[Title of Security]

Unless the Security attached to this coupon has been called for redemption, Vail Resorts, Inc. ("Company") will pay to bearer, upon surrender, the amount shown hereon when due. This coupon may be surrendered for payment to any Paying Agent listed on the back of this coupon unless the Company has replaced such Agent. Payment may be made by check. This coupon represents six months' interest.

VAIL RESORTS, INC.

By

[REVERSE OF COUPON]

PAYING AGENT

NOTES TO EXHIBITS A AND B

1. If the Security is not to bear interest at a fixed rate per annum, insert a description of the manner in which the rate of interest is to be determined. If the Security is not to bear interest prior to maturity, so state.

2. If the method or currency of payment is different, insert a statement thereof.

3. If applicable.

4. If applicable.

5. If the Security is a Discounted Security, insert amount to be redeemed or method of calculating such amount.

6. If applicable. Also insert, if applicable, provisions for repayment of Securities at the option of the Securityholder.

7. If applicable.

8. If applicable. Insert additional or different denominations.

9. If additional or different subordination terms apply, insert a brief summary thereof.

10. If different terms apply, insert a brief summary thereof.

11. If applicable. If additional or different covenants apply, insert a brief summary thereof.

12. If applicable. If different defeasance terms apply, insert a brief summary thereof.

Note: U.S. tax law may require certain legends on Discounted Securities and Bearer Securities.

EXHIBIT C
ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Security)

EXHIBIT D
CONVERSION NOTICE

To convert this Security, check the box:

/ /

To convert only part of this Security, state the amount (must be in integral multiples of \$1,000):

\$ _____

If you want the Securities delivered upon conversion made out in another person's name, fill in the form below:

(Insert other person's Social Security or Tax I.D. Number)

(Print or type other person's name, address and zip code)

Date: _____ Signature(s): _____
(Sign exactly as your name(s) appear(s) on the other side of this Security)

Signature(s) guaranteed by: _____

(All signatures must be guaranteed by a member of a national securities exchange or of the National Association of Securities Dealers, Inc. or by a commercial bank or trust company located in the United States)

Vail Resorts, Inc.
 Computation of Ratio of Earnings to Fixed Charges
 (in thousands of dollars, except ratio amounts)

	Year Ended July 31,					Six Months Ended January 31,	
	1999	2000	2001	2002	2003	2003	2004
Fixed Charges:							
Interest Expensed(1).....	25,149	35,047	31,735	38,788	50,001	24,714	26,266
Loss on Extinguishment of Debt ...	-	-	-	-	-	-	36,195
Interest Capitalized	200	1,100	1,658	2,138	1,205	415	--
Estimated Interest Component of Rent Expense.....	3,795	6,633	7,557	5,082	7,425	3,135	3,245
Total Fixed Charges.....	29,144	42,780	40,950	46,008	58,631	28,264	65,706
Income/(Loss) from Operations Before Income Taxes:.....	14,240	18,581	22,360	15,601	(14,005)	(14,217)	(50,832)
Add:							
Minority Interest in Consolidated Subsidiaries.....	1,448	713	785	569	1,064	319	2,003
Fixed Charges.....	29,144	42,780	40,950	46,008	58,631	28,264	65,706
Distributed Income from Equity Method Investees(2).....	2,223	5,156	10,793	4,997	3,120	758	17,592
Amortization of Interest Capitalized.....	47	120	208	331	411	205	206
Subtract:							
Equity Income/(Losses).....	9,233	5,034	6,775	4,435	(1,024)	2,101	(2,180)
Minority Interest in Pre-tax Income of Subsidiaries that have not Incurred Fixed Charges	-	-	6	4	(1)	(3)	(782)
Interest Capitalized	200	1,100	1,658	2,138	1,205	415	--
Adjusted Earnings.....	37,669	61,216	66,657	60,929	49,041	12,816	37,637
Ratio of Earnings to Fixed Charges.....	1.29	1.43	1.63	1.32	--	--	--
Deficiency of Earnings to Fixed Charges.....	--	--	--	--	9,590	15,448	28,069

1 Interest Expensed includes Amortization of Deferred Financing Costs and Amortization of Discount on Debt Issuance

2 Distributed Income from Equity Method Investees includes a \$16.2 million non-cash distribution for the six months ended January 31, 2004.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Amendment No. 1 to Form S-3 of our report dated November 11, 2003 relating to the financial statements and financial statement schedule, which appears in Vail Resorts, Inc.'s Annual Report on Form 10-K for the year ended July 31, 2003. We also consent to the references to us under the heading "Experts" in such Registration Statement.

/S/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 23, 2004

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Amendment No. 1 to Form S-3 of our report dated July 26, 2002 relating to the financial statements of Keystone/Intrawest, L.L.C., which appears in Vail Resorts, Inc.'s Annual Report on Form 10-K for the year ended July 31, 2003. We also consent to the references to us under the heading "Experts" in such Registration Statement.

/S/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 23, 2004