

VAIL RESORTS[®]

**NOTICE OF THE 2010 ANNUAL MEETING OF STOCKHOLDERS
PROXY STATEMENT
2010 FORM 10-K ANNUAL REPORT**



VAIL RESORTS, INC.

**390 Interlocken Crescent
Broomfield, Colorado 80021**

**NOTICE OF THE 2010 ANNUAL MEETING OF STOCKHOLDERS
To be held on December 3, 2010**

October 20, 2010

To our Stockholders:

The annual meeting of stockholders of Vail Resorts, Inc., a Delaware corporation, will be held on Friday, December 3, 2010 at 9:00 a.m. Mountain Standard Time at the St. Julien Hotel, 900 Walnut Street, Boulder, CO 80302, to:

- (1) Elect the eight directors named in the attached proxy statement to serve for the ensuing year and until their successors are elected;
- (2) Ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending July 31, 2011; and
- (3) Transact such other business as may properly come before the meeting or any adjournments or postponements of the meeting.

These items of business are more fully described in the proxy statement accompanying this Notice.

Only holders of record of shares of our common stock at the close of business on October 7, 2010 are entitled to receive notice of, and to vote at, the annual meeting or at any postponement or adjournment thereof. A list of stockholders entitled to vote at the annual meeting will be available for examination by any stockholder at the annual meeting and for ten days prior to the annual meeting at our principal executive offices located at 390 Interlocken Crescent, Broomfield, Colorado 80021.

Pursuant to the rules of the Securities and Exchange Commission, or the SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, we will mail, on or about October 20, 2010, a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners as of the close of business on October 7, 2010. On the date of mailing of the Notice of Internet Availability of Proxy Materials, all stockholders and beneficial owners will have the ability to access all of the proxy materials on a website referred to and at the URL address included in the Notice of Internet Availability of Proxy Materials.

The Notice of Internet Availability of Proxy Materials will also identify the date, the time and location of the annual meeting; the matters to be acted upon at the meeting and the Board of Directors' recommendation with regard to each matter; a toll-free telephone number, an e-mail address, and a website where stockholders can request a paper or e-mail copy of the proxy statement, our annual report and a form of proxy relating to the annual meeting; information on how to access and vote the form of proxy; and information on how to obtain directions to attend the meeting and vote in person. These proxy materials will be available free of charge.

Stockholders are cordially invited to attend the annual meeting. If you wish to vote shares held in your name at the annual meeting, please bring your Notice of Internet Availability of Proxy Materials or proxy card (if you previously requested one be mailed to you) and picture identification. If you hold shares through an intermediary, such as a broker, bank or other nominee, you must present proof of ownership at the meeting. Proof of ownership could include a proxy from your broker, bank or other nominee or a copy of your account statement. Shares held through a broker, bank or other nominee may be voted by you in person at the annual meeting only if you obtain a valid proxy from the broker, bank or other nominee giving you the right to vote the shares and bring such proxy to the annual

meeting. Attendance at our annual meeting will be limited to persons presenting a Notice of Internet Availability of Proxy Materials or proxy card (if you requested one) and picture identification.

Your vote is extremely important. We appreciate your taking the time to vote promptly. After reading the proxy statement, please vote, at your earliest convenience by telephone or Internet, or request a proxy card to complete, sign and return by mail. If you decide to attend the annual meeting and would prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the annual meeting will be counted. **YOUR SHARES CANNOT BE VOTED UNLESS YOU VOTE BY: (i) TELEPHONE, (ii) INTERNET, (iii) REQUESTING A PAPER PROXY CARD, TO COMPLETE, SIGN AND RETURN BY MAIL, OR (iv) ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON.** Please note that all votes cast via telephone or the Internet must be cast prior to 11:59 p.m., Eastern Standard Time on Thursday, December 2, 2010.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'F. Arnold', written in a cursive style.

Fiona E. Arnold
*Senior Vice President,
General Counsel and Secretary*

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VAIL RESORTS, INC.

390 Interlocken Crescent

Broomfield, Colorado 80021

PROXY STATEMENT FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS

We are providing these proxy materials in connection with the solicitation of proxies by the Board of Directors of Vail Resorts, Inc. (the "Company") to be voted at our annual meeting, which will take place on Friday, December 3, 2010 at 9:00 a.m. Mountain Standard Time at the St. Julien Hotel, 900 Walnut Street, Boulder, CO 80302, and at any adjournment or postponement thereof. As a stockholder, you are invited to attend the annual meeting and are requested to vote on the items of business described in this proxy statement.

In accordance with the rules and regulations of the SEC, instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we are now furnishing proxy materials, which include our proxy statement and annual report, to our stockholders over the Internet. Because you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials, unless you have previously made a permanent election to receive these materials in hard copy. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you as to how you may submit your proxy on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

It is anticipated that the Notice of Internet Availability of Proxy Materials will be available to stockholders on or about October 20, 2010.

Who is entitled to vote at or attend the annual meeting?

Holders of record of our common stock as of the close of business on October 7, 2010, which we refer to as the record date, are entitled to vote. On the record date we had 35,974,440 shares of common stock outstanding. Each share is entitled to one vote on each item being voted on at the annual meeting. You are entitled to attend the annual meeting only if you were a Vail Resorts, Inc. stockholder or joint holder as of the record date or you hold a valid proxy for the annual meeting.

Stockholder of Record: Shares Registered in Your Name

If, on October 7, 2010, your shares were registered directly in your name with the Company's transfer agent, Wells Fargo Bank, N.A., then you are a stockholder of record and a Notice of Internet Availability was sent to you by the Company. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to vote by proxy in advance of the annual meeting over the telephone or on the Internet as instructed in the Notice of Internet Availability of Proxy Materials to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If, on October 7, 2010, your shares were not held in your name, but rather were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in "street name" and a Notice of Internet Availability of Proxy Materials was

forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares held in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent and bring such proxy to the annual meeting. If you want to attend the annual meeting, but not vote at the annual meeting, you must provide proof of beneficial ownership as of the record date, such as your most recent account statement prior to October 7, 2010, a copy of the voting instruction card provided by your broker or other agent, or other similar evidence of ownership. Whether or not you plan to attend the meeting, we urge you to vote by proxy in advance of the annual meeting over the telephone or on the Internet as instructed in the Notice of Internet Availability of Proxy Materials to ensure your vote is counted.

How do I vote my shares?

By Telephone or the Internet—Stockholders can simplify their voting by voting their shares via telephone or the Internet as instructed in the Notice of Internet Availability of Proxy Materials. The telephone and Internet procedures are designed to authenticate a stockholder's identity, to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

The telephone and Internet voting facilities will close at 11:59 p.m., Eastern Standard Time, on December 2, 2010.

By Mail—Stockholders who request a paper proxy card by telephone or Internet may elect to vote by mail and should complete, sign and date their proxy cards and mail them in the pre-addressed envelopes that accompany the delivery of paper proxy cards. Proxy cards submitted by mail must be received by the time of the meeting in order for your shares to be voted. Stockholders who hold shares beneficially in street name may vote by mail by requesting a paper voting instruction card according to the instructions contained in the Notice of Internet Availability of Proxy Materials received from your broker or other agent, and then completing, signing and dating the voting instruction card provided by the brokers or other agents and mailing it in the pre-addressed envelope provided.

At the Meeting—Shares held in your name as the stockholder of record may be voted by you in person at the annual meeting. Shares held beneficially in street name may be voted by you in person at the annual meeting only if you obtain a valid proxy from the broker or other agent that holds your shares giving you the right to vote the shares and bring such proxy to the annual meeting.

Can I change my vote?

You may change your vote at any time prior to the vote at the annual meeting by:

- providing timely delivery of a later-dated proxy (including telephone or Internet vote);
- providing written notice of revocation to our Secretary at 390 Interlocken Crescent, Broomfield, Colorado 80021; or
- attending the annual meeting and voting in person.

If you are a beneficial owner of shares, you may change your vote by submitting new voting instructions to your broker or other agent following the instructions they provided, or, if you have obtained a valid proxy from your broker or other agent giving you the right to vote your shares, by attending the meeting and voting in person.

How many shares must be present or represented to conduct business at the annual meeting?

The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of the issued and outstanding common stock that is entitled to vote must be present in person or represented by proxy. Both abstentions and broker non-votes described below are counted for the purpose of determining the presence of a quorum. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

What are the voting requirements?

In the election of directors named in this proxy statement, you may vote “FOR” one or more of the nominees or your vote may be “WITHHELD” with respect to one or more of the nominees. If you elect “WITHHELD,” your vote will be counted as a vote cast with respect to such nominee and will have the effect of a negative vote. You may not cumulate your votes for the election of directors. Each director nominee requires a majority of the votes cast, which means that each director nominee must receive an affirmative “FOR” vote from a number of shares present in person or represented by proxy and entitled to vote that exceeds the number of votes “WITHHELD” from that director nominee.

For the other items of business, you may vote “FOR,” “AGAINST” or “ABSTAIN.” If you elect to “ABSTAIN,” which we refer to as an abstention, your vote will not be counted for voting purposes and therefore will not be included in the calculation of voting results. However, abstentions are considered present for purposes of determining a quorum, even though they are not considered votes cast on that proposal since an abstention is not a vote cast. This treatment of abstentions is consistent with the express terms of our Amended and Restated Bylaws, which we refer to as our bylaws, regarding stockholder voting. If you provide specific instructions with regard to certain proposals, your shares will be voted as you instruct on such proposals.

The proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the affirmative “FOR” vote of a majority of those shares present in person or represented by proxy, entitled to vote, and actually voted on the proposal at the annual meeting.

What are “broker non-votes”?

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute “broker non-votes.” Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given by the beneficial owner. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are considered present for purpose of determining a quorum but are not considered entitled to vote or votes cast on that proposal. Thus, a broker non-vote will make a quorum more readily attainable, but broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained.

If your shares are held in street name and you do not instruct your broker on how to vote your shares, your brokerage firm, in its discretion, may either leave your shares unvoted or vote your shares on routine matters. The proposal to ratify the appointment of our independent registered public accounting firm for the current fiscal year (Proposal No. 2) is considered a routine matter. Under the rules of the New York Stock Exchange, or the NYSE, the election of directors (Proposal No. 1) is not considered a routine matter and, consequently, without your voting instructions, your brokerage firm cannot vote your shares for the election of directors.

Who will serve as inspector of elections?

The inspector of elections will be a representative from Broadridge Financial Solutions, Inc.

Who will bear the cost of soliciting votes for the annual meeting?

We will bear the cost of soliciting proxies. In addition to the original solicitation of proxies, proxies may be solicited personally, by telephone or other means of communication, by our directors and employees. Directors and employees will not be paid any additional compensation for soliciting proxies.

We may reimburse brokers holding common stock in their names or in the names of their nominees for their expenses in sending proxy material to the beneficial owners of such common stock.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials?

If you receive more than one Notice of Internet Availability of Proxy Materials, you hold shares registered in more than one name or shares that are registered in different accounts. To ensure that all of your shares are voted, you will need to vote separately by telephone or the Internet using the specific control number contained in each Notice of Internet Availability of Proxy Materials that you receive.

What if I submit a proxy but do not make specific choices?

If a proxy is voted by telephone or Internet, or is signed and returned by mail without choices specified, in the absence of contrary instructions, subject to Rule 14a-4(d)(1) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, the shares of common stock represented by such proxy will be voted "FOR" Proposals 1 and 2, and will be voted in the proxy holders' discretion as to other matters that may properly come before the annual meeting.

Annual Meeting Materials

The Notice of Internet Availability of Proxy Materials, Notice of Annual Meeting, this proxy statement and the annual report of the Company for the fiscal year ended July 31, 2010, or fiscal 2010, have been made available to all stockholders entitled to Notice of Internet Availability of Proxy Materials and entitled to vote at the annual meeting. The annual report is not incorporated into this proxy statement and is not considered proxy-soliciting material.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in a Form 8-K, which will be filed with the SEC within four business days of the date of the annual meeting.

PROPOSAL 1. ELECTION OF DIRECTORS

Our Board of Directors, or Board, presently consists of eight members. Each director to be elected will hold office until the next annual meeting of stockholders or until his successor is duly elected and qualified, or until the earlier of the director's death, resignation or removal. Each of the nominees listed below is currently a director of the Company. Each of the nominees listed below, other than Ms. Schneider, was previously elected by the stockholders. The proxies solicited by this proxy statement may not be voted for more than eight nominees.

The persons named as proxies in the accompanying proxy, who have been designated by the Board, intend to vote, unless otherwise instructed in such proxy, "FOR" the election of Messrs. Hernandez, Hyde, Jones, Katz, Kincaid, Redmond and Sorte and Ms. Schneider as directors. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee, if any, proposed by the Board. Each person nominated for election has agreed to serve if elected. Our Board has no reason to believe that any nominee will be unable to serve.

INFORMATION WITH RESPECT TO NOMINEES

The following sets forth the name and age of each nominee, identifies whether the nominee is currently a member of the Board, lists all other positions and offices, if any, now held by him or her with the Company, and specifies his or her principal occupation during at least the last five years.

The Nominating & Governance Committee monitors the mix of skills, knowledge, perspective, leadership, age, experience and diversity among directors in order to assure that the board has the ability to perform its oversight function effectively.

The Nominating & Governance Committee has determined that the Board will be comprised of individuals who meet the highest possible personal and professional standards. Our director nominees should have broad experience in management, policy-making and/or finance, relevant industry knowledge, business creativity and vision. They should also be committed to enhancing stockholder value and should be able to dedicate sufficient time to effectively carry out their duties.

The Nominating & Governance Committee considers many factors when determining the eligibility of candidates for nomination as director. The Committee does not have a formal diversity policy; however, in connection with the annual nomination process, the Committee considers the diversity of candidates to ensure that the board is comprised of individuals with a broad range of experiences and backgrounds who can contribute to the board's overall effectiveness in carrying out its responsibilities. The Committee assesses the effectiveness of its efforts at achieving a diverse Board when it annually evaluates the Board's composition.

The Nominating & Governance Committee considers the following specific characteristics in making its nominations for our Board:

- Personal and professional integrity;
- Exceptional ability and broad business judgment;
- Skills, knowledge and a diverse perspective;
- Leadership;
- Industry knowledge;
- Business creativity and vision; and
- Overall experience, age and diversity.

The Nominating & Governance Committee retained an executive search firm in fiscal 2010 to assist in identifying and evaluating potential nominees for the Board, and such search firm identified Ms. Schneider as a Board candidate. Following a screening process of potential candidates and the recommendation by the Nominating & Governance Committee, the Board elected Ms. Schneider as a new director effective March 30, 2010.

Nominees for Directors

Roland A. Hernandez, 53, was appointed a director of the Company in December 2002 and was appointed Lead Director in March 2009. Mr. Hernandez is the founding principal and Chief Executive Officer of Hernandez Media Ventures, a privately held company engaged in the acquisition and management of media assets. Prior to forming that company, Mr. Hernandez was President, Chief Executive Officer and Chairman of the Board of Telemundo Group, Inc., a Spanish-language television and entertainment company, from 1998 to 2000. From 1995 to 1998, Mr. Hernandez was President and Chief Executive Officer of Telemundo Group, Inc. From 1986 to 1994, Mr. Hernandez was President of the corporate general partner of Interspan Communications. Mr. Hernandez is the presiding director of MGM Mirage and is a director of Ryland Group, Inc., Lehman Brothers Holdings, Inc. and Sony Corporation. He serves on the audit committee of Ryland Group, Inc. and as Chairman of the audit committee of MGM Mirage.

The Nominating & Governance Committee has determined that Mr. Hernandez's extensive public company board experience, including as a presiding director in the travel and leisure sector, qualifies him to serve on the Board.

Thomas D. Hyde, 61, was appointed a director of the Company in June 2006. From June 2005 through August 2010, Mr. Hyde was Executive Vice President and Corporate Secretary of Wal-Mart Stores, Inc. ("Wal-Mart"), an international retail store operator. From June 2003 to June 2005, Mr. Hyde served as Executive Vice President, Legal and Corporate Affairs and Corporate Secretary of Wal-Mart and from July 2001 to June 2003, he served as Executive Vice President, Senior General Counsel of Wal-Mart. Prior to July 2001, he served as Senior Vice President and General Counsel of Raytheon Company since 1992. Mr. Hyde retired from Wal-Mart effective August 1, 2010.

The Nominating & Governance Committee has determined that Mr. Hyde's extensive executive management and international retail experience qualify him to serve on the Board.

Jeffrey W. Jones, 48, was appointed a director of the Company in June 2008. He was appointed Senior Executive Vice President and Chief Financial Officer in February 2006. Mr. Jones joined the Company in September 2003 and was appointed Senior Vice President and Chief Financial Officer of the Company in November 2003. From 1999 to 2003, Mr. Jones served as Executive Vice President and Chief Financial Officer of Clark Retail Enterprises, Inc. ("Clark Retail") in Chicago, Illinois. On October 15, 2002, at which time he was serving as Executive Vice President and Chief Financial Officer of Clark Retail, Clark Retail filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. From June 1998 to June 1999, Mr. Jones was Chief Financial Officer and Treasurer of Lids Corporation in Boston, Massachusetts. Mr. Jones is a member of the American Institute of Certified Public Accountants and a director of the Denver Metro Chamber of Commerce.

The Nominating & Governance Committee has determined that Mr. Jones' extensive finance, accounting and management experience, together with his extensive industry and Company knowledge, qualify him to serve on the Board.

Robert A. Katz, 43, was appointed a director of the Company in June 1996 and was appointed Chairman of the Board in March 2009. Mr. Katz also served as Lead Director from June 2003 until his appointment as Chief Executive Officer of the Company in February 2006. Prior to his appointment as

the Company's Chief Executive Officer, Mr. Katz was associated with Apollo Management L.P., a private equity investment firm, since 1990.

The Nominating & Governance Committee has determined that Mr. Katz's broad business and finance background and his extensive industry knowledge qualify him to serve on the Board. In addition, since Mr. Katz has been involved with the Company since 1996, the Nominating & Governance Committee believes that Mr. Katz brings to the Board a valuable historical perspective of Company operations.

Richard D. Kincaid, 48, was appointed a director of the Company in June 2006. Mr. Kincaid is the founder and President of the BeCause Foundation, a nonprofit corporation that drives social change through the fusion of documentary filmmaking and related strategic programs. Until March 2007, Mr. Kincaid was President, Chief Executive Officer and a trustee of Chicago-based Equity Office Properties Trust ("Equity Office"), formerly the largest owner and manager of office buildings in the United States. Mr. Kincaid was President of Equity Office since 2002 and was named Chief Executive Officer in April 2003. From 1997 to 2002, Mr. Kincaid was Executive Vice President of Equity Office and was Chief Operating Officer from September 2001 until November 2002. He served as Chief Financial Officer of Equity Office from March 1997 until August 2002. Mr. Kincaid also is a director of Rayonier Inc., a global supplier of timber, performance fibers and wood products, Strategic Hotels and Resorts, a real estate investment trust that owns 19 high end hotel properties in the U.S. and Europe, QuietAgent, an online career and recruiting company, and the Street Medicine Institute, a not-for-profit corporation.

The Nominating & Governance Committee has determined that Mr. Kincaid's extensive public company board experience, together with his real estate and executive management experience, qualify him to serve on the Board.

John T. Redmond, 52, was appointed a director of the Company in March 2008. Mr. Redmond served as President and Chief Executive Officer of MGM Grand Resorts, LLC, a collection of resort-casino, residential living and retail developments, from March 2001 until August 2007. Prior to that, he served as co-Chief Executive Officer of MGM Mirage from December 1999 to March 2001. He was President and Chief Operating Officer of Primm Valley Resorts from March 1999 to December 1999 and Senior Vice President of MGM Grand Development, Inc. from August 1996 to February 1999. Prior to 1996, Mr. Redmond was Senior Vice President and Chief Financial Officer of Caesars Palace and Sheraton Desert Inn, having served in various other senior operational and development positions with Caesars World, Inc. Mr. Redmond is also a director of Allegiant Travel Co.

The Nominating & Governance Committee has determined that Mr. Redmond's extensive public company board experience, together with his executive management experience in the travel and leisure sector, qualify him to serve on the Board.

John F. Sorte, 63, was appointed a director of the Company in January 1993. Mr. Sorte has been President and Chief Executive Officer of Morgan Joseph LLC, an investment banking firm, since June 2001. Mr. Sorte is also a director of Morgan Joseph Holdings Inc. From March 1994 to June 2001, he served as President of New Street Advisors L.P. and from 1992 until 1994 as Chief Executive Officer of New Street Capital Corporation. Prior to that position, Mr. Sorte joined Drexel Burnham Lambert Inc. as Managing Director in 1980 and served as Chief Executive Officer from 1990 through 1992.

The Nominating & Governance Committee has determined that Mr. Sorte's extensive executive management and finance experience qualify him to serve on the Board.

Hilary A. Schneider, 49, was appointed a director of the Company in March 2010. Ms. Schneider is Executive Vice President of Yahoo! Americas. She joined Yahoo in 2006 when she led the company's U.S. region, Global Partner Solutions and Local Markets and Commerce divisions. Prior to joining

Yahoo, Ms. Schneider held senior leadership roles at Knight Ridder, Inc., from 2002 through 2005, where she was Chief Executive Officer of Knight Ridder Digital before moving to co-manage the company's overall newspaper and online business. Before joining Knight Ridder, Ms. Schneider served as President and Chief Executive Officer of Red Herring Communications, from 2000 through 2002, overseeing *Red Herring Magazine*, www.RedHerring.com, and Red Herring's events unit. She also held numerous roles at Times Mirror, from 1990 through 2000, including President and Chief Executive Officer of Times Mirror Interactive and General Manager of the *Baltimore Sun*.

The Nominating & Governance Committee has determined that Ms. Schneider's extensive executive management and online marketing experience qualify her to serve on the Board.

Vote Required for Approval

To be elected, each director nominee requires a majority of the votes cast, which means that each director nominee must receive an affirmative "FOR" vote from a number of shares present in person or represented by proxy and entitled to vote that exceeds the number of votes "WITHHELD" from that director nominee.

Our bylaws require that each director receive a majority of the votes cast with respect to such director (the number of shares voted "FOR" a director nominee must exceed the number of votes "WITHHELD" from that nominee). All of the nominees named in the proxy currently serve as a director. If stockholders do not elect a nominee who is serving as a director, Delaware law provides that the director would continue to serve on the Board as a "holdover director," rather than causing a vacancy, until a successor is duly elected or until the director resigns. Under our Corporate Governance Guidelines and as permitted by our bylaws, each director has submitted an advance, contingent resignation that the Board may accept if stockholders do not elect the director. In that situation, our Nominating & Governance Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action.

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THESE NOMINEES.

MANAGEMENT

The following table sets forth the executive officers of the Company (or its operating subsidiaries) as of October 5, 2010.

Name	Position
Robert A. Katz	Chief Executive Officer
Jeffrey W. Jones	Senior Executive Vice President and Chief Financial Officer
Fiona E. Arnold	Senior Vice President, General Counsel and Secretary
Blaise T. Carrig	Co-President, Mountain Division
John McD. Garnsey	Co-President, Mountain Division
Mark L. Schoppet	Senior Vice President, Controller and Chief Accounting Officer
Paul Toner	Senior Vice President and Chief Operating Officer, RockResorts and Vail Resorts Hospitality

For biographical information about Mr. Katz and Mr. Jones see "Information With Respect to Nominees."

Fiona E. Arnold, 43, was appointed Senior Vice President and General Counsel in June 2007; in addition, she was appointed Secretary of the Company in September 2007. Ms. Arnold joined the Company as Deputy General Counsel in September 2006. From 2003 to 2006, Ms. Arnold served as Associate General Counsel for Western Gas Resources, Inc., an independent processor, transporter and

marketer of natural gas and natural gas liquids, in Denver, Colorado and from 2001 to 2003 she served as Vice President of Legal and Business Affairs and Assistant General Counsel for Crown Media Holdings, Inc., also in Denver. From 1998 to 2001, Ms. Arnold was an associate at the law firm Jones Day in Dallas, Texas, where she practiced securities and transactional law. Ms. Arnold began her legal career in Australia in 1993.

Blaise T. Carrig, 59, was appointed Co-President, Mountain Division, in April 2010. From September 2008 to April 2010, Mr. Carrig was Co-President, Mountain Division and Chief Operating Officer of Heavenly Mountain Resort. He was previously appointed Executive Vice President, Mountain Division and Chief Operating Officer of Heavenly Mountain Resort in January 2008. Mr. Carrig joined the Company as Senior Vice President and Chief Operating Officer of Heavenly Mountain Resort in September 2002. Mr. Carrig was President and Managing Director of The Canyons, a ski and snowboard resort, in Park City, Utah from July 1997 through August 2002 and, from 1976 to 1997, was employed at Sugarbush Resort in Warren, Vermont. At Sugarbush, he held various management positions in Mountain Operations, ultimately serving as the Managing Director of the resort.

John McD. Garnsey, 60, was appointed Co-President, Mountain Division, in April 2010. From September 2008 to April 2010, Mr. Garnsey was Co-President, Mountain Division and Chief Operating Officer of Beaver Creek. He was previously appointed Executive Vice President, Mountain Division and Chief Operating Officer of Beaver Creek in January 2008. Mr. Garnsey joined the Company as Senior Vice President and Chief Operating Officer of Beaver Creek in May 1999. Mr. Garnsey served as President of the Vail Valley Foundation from 1991 through April 1999 and as Vice President from 1983 to 1991.

Mark L. Schoppet, 51, was appointed Senior Vice President, Controller and Chief Accounting Officer in April 2010. From October 2008 through April 2010, Mr. Schoppet was Vice President, Controller and Chief Accounting Officer of the Company. Mr. Schoppet joined the Company as Vice President and Controller in November 2005. Before joining the Company, Mr. Schoppet was an independent consultant to the Company since 2004. Mr. Schoppet was Managing Partner of the Little Rock, Arkansas office of Arthur Andersen LLP, an accounting firm, from 1994 to 2002 and was an independent consultant to Arthur Andersen LLP from 2002 to 2004. Mr. Schoppet joined Arthur Andersen LLP in 1981 and has more than 20 years of public accounting experience.

Paul Toner, 48, was appointed Senior Vice President and Chief Operating Officer of RockResorts and Vail Resorts Hospitality in September 2009. Mr. Toner joined the Company as Vice President of Sales and Marketing for RockResorts and Vail Resort Hospitality in April 2008. Mr. Toner was Vice President of sales and marketing for the Hong Kong Regional Office of Marriott International, Inc., a hospitality company, from 2005 to 2008. From 2002 to 2005, he was area director of marketing for Marriott's Pacific Islands Regional Office in Honolulu, Hawaii. Mr. Toner held various sales and marketing positions within Marriott from 1985 to 2002.

SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS

Set forth in the following table is the beneficial ownership of common stock at the close of business on October 5, 2010 for all directors, nominees, the named executive officers listed on the Summary Compensation Table, and, as a group, such persons and all other executive officers as of such date.

<u>Name</u>	<u>Number of Shares of Common Stock Beneficially Owned</u>	<u>Percent of Class</u>
Roland A. Hernandez	40,071(1)	*
Thomas D. Hyde	11,321(2)	*
Richard D. Kincaid	16,321(3)	*
John T. Redmond	6,701(4)	*
John F. Sorte	47,571(5)	*
Hilary A. Schneider	0	*
Robert A. Katz	613,221(6)	1.70%
Jeffrey W. Jones	294,866(7)	*
Fiona E. Arnold	24,490(8)	*
Blaise T. Carrig	75,508(9)	*
John McD. Garnsey	85,266(10)	*
Directors, nominees and executive officers as a group (13 Persons)	1,272,229(11)	3.54%

* Applicable percentages are based on 35,974,440 shares outstanding on October 5, 2010, adjusted as required by rules promulgated by the SEC. Unless indicated by footnote, the address for each listed director and executive officer is 390 Interlocken Crescent, Broomfield, CO 80021. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated by footnote, the person named in the table report having sole voting and investment power with respect to all shares of common stock known as beneficially owned by them.

The number of shares of common stock outstanding used in calculating the percentage for each listed person includes the restricted stock units, or RSUs, and common stock underlying stock appreciation rights, or SARs, and options held by that person that are currently exercisable or are exercisable within 60 days of October 5, 2010, but excludes RSUs and our common stock underlying SARs or options held by any other person.

- (1) Includes options to purchase 25,000 shares of common stock which are currently exercisable. Includes 296 SARs which would be exercisable for 173 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (2) Includes 296 SARs which would be exercisable for 173 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (3) Includes 296 SARs which would be exercisable for 173 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (4) Includes 296 SARs which would be exercisable for 173 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (5) Includes options to purchase 22,500 shares of common stock which are currently exercisable. Includes 296 SARs which would be exercisable for 173 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).

- (6) Includes options to purchase 25,000 shares of common stock which are currently exercisable. Includes 489,522 SARs which would be exercisable for 65,298 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (7) Includes options to purchase 180,000 shares of common stock which are currently exercisable. Includes 72,221 SARs which would be exercisable for 2,194 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (8) Includes 22,337 SARs which would be exercisable for 1,198 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (9) Includes options to purchase 25,166 shares of common stock which are currently exercisable. Includes 45,225 SARs which would be exercisable for 1,667 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (10) Includes options to purchase 35,500 shares of common stock which are currently exercisable. Includes 45,225 SARs which would be exercisable for 1,667 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).
- (11) Includes options to purchase 333,166 shares of common stock and 705,034 SARs which would be exercisable for 74,387 shares of common stock (assuming a fair market value of \$39.81, the closing price of our common stock on October 5, 2010).

INFORMATION AS TO CERTAIN STOCKHOLDERS

Set forth below is certain information with respect to the only persons known to the Company to be the beneficial owners of more than five percent of the Company's voting securities at the close of business on October 5, 2010, based on filings required by the SEC.

<u>Name of Beneficial Owner</u>	<u>Common Stock Beneficially Owned</u>	
	<u>Shares</u>	<u>Percent of Total</u>
Ronald Baron/BAMCO	5,855,606(1)	16.28%
Marsico Capital Management, LLC	3,811,841(2)	10.60%
Janus Capital Management LLC	3,789,945(3)	10.54%
Advisory Research, Inc.	3,485,341(4)	9.69%
Columbia Wanger Asset Management, L.P.	2,352,700(5)	6.54%
Paulson & Co. Inc.	2,239,924(6)	6.23%
FMR LLC	2,128,438(7)	5.92%
Keeley Asset Management Corp.	1,899,187(8)	5.28%

Applicable percentages are based on 35,974,440 shares outstanding on October 5, 2010.

- (1) As reported by Baron Capital Group, Inc. ("BCG"), Ronald Baron, BAMCO, Inc. ("BAMCO"), Baron Capital Management, Inc. ("BCM"), Baron Asset Fund ("BAF") and Baron Growth Fund ("BGF") on a joint Schedule 13G/A filed with the SEC on March 3, 2010. BAMCO and BCM are subsidiaries of BCG. BAF and BGF are advisory clients of BAMCO. Ronald Baron owns a controlling interest in BCG and is Chairman and Chief Executive Officer of BCG, BAMCO and BCM and Chief Executive Officer of BAF and BGF. The address for BCG is 767 Fifth Avenue, 49th Floor, New York, NY 10153. BCG and Ronald Baron disclaim beneficial ownership of shares held by their controlled entities (or the investment advisory clients thereof) to the extent such shares are held by persons other than BCG and Ronald Baron. BAMCO and BCM disclaim beneficial ownership of shares held by their investment advisory clients to the extent such shares are held by persons other than BAMCO, BCM and their affiliates.

- (2) As reported by Marsico Capital Management, LLC on Schedule 13G filed with the SEC on February 12, 2010. The address for Marsico Capital Management, LLC is 1200 17th Street, Suite 1600, Denver, CO 80202.
- (3) As reported by Janus Capital Management LLC and Janus Contrarian Fund on a joint Schedule 13G/A filed with the SEC on February 16, 2010. The address for Janus Capital Management, LLC is 151 Detroit Street, Denver, CO 80206.
- (4) As reported by Advisory Research, Inc. on Schedule 13G/A filed with the SEC on February 12, 2010. The address for Advisory Research, Inc. is 180 N. Stetson Street, Suite 5500, Chicago, IL 60601
- (5) As reported by Columbia Wanger Asset Management, L.P. on Schedule 13G/A filed with the SEC on February 12, 2010. The address for Columbia Wanger Asset Management, L.P. is 227 West Monroe Street, Suite 3000, Chicago, IL 60606.
- (6) As reported by Paulson & Co. Inc. on Schedule 13G filed with the SEC on February 16, 2010. The address for Paulson & Co. Inc. is 1251 Avenue of the Americas, New York, NY 10020.
- (7) As reported by FMR LLC on Schedule 13G filed with the SEC on February 16, 2010. The address for FMR LLC is 82 Devonshire Street, Boston, MA 02109.
- (8) As reported by Keeley Asset Management Corp. on Schedule 13G/A filed with the SEC on February 16, 2010. The address for Keeley Asset Management Corp. is 401 South LaSalle Street, Chicago, Illinois 60605.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Company's Board acts as the ultimate decision-making body of the Company and advises and oversees our management, who are responsible for the day-to-day operations and administration of the Company. The Board has adopted Corporate Governance Guidelines which, along with the charters of each of the committees of the Board and the Company's Code of Ethics and Business Conduct, provide the framework for the governance of the Company. A complete copy of the Company's Corporate Governance Guidelines, the charters of the Board committees and the Code of Ethics and Business Conduct for employees and directors may be found on the Company's website at www.vailresorts.com. Copies of these materials are available in print, without charge upon written request to: Secretary, Vail Resorts, Inc., 390 Interlocken Crescent, Broomfield, CO 80021.

Board Leadership and Lead Independent Director

Currently, the positions of Chairman of the Board and Chief Executive Officer of the Company are held by the same person, Mr. Katz. When the Chairman of the Board and the Chief Executive Officer of the Company are the same person, the Board elects a non-management director to serve in a lead capacity. In March 2009, the Board appointed Mr. Katz as Chairman of the Board and designated Mr. Hernandez as our Lead Independent Director, or Lead Director. The Board has adopted a Charter of the Lead Independent Director, which is available on the Company's website at www.vailresorts.com. The duties of the Lead Director include:

- preside over meetings of the independent directors;
- serve as principal liaison on Board-wide issues between the independent directors and the Chairman;
- review information sent to the Board and communicate with management if there needs to be additional materials or analyses provided to directors;

- approve meeting agendas and meeting schedules for the Board, to assure that there is sufficient time for discussion of all agenda items;
- serve as the point of contact for communications from stockholders or other interested parties directed to the lead director or the non-management directors or Board as a group; and
- serve on the Executive Committee of the Board.

The Board believes that a single leader serving as Chairman and Chief Executive Officer, together with an experienced and engaged Lead Director, is the most appropriate leadership structure for the Board at this time. The Board believes that this approach makes sense because the Chief Executive Officer is the individual with primary responsibility for implementing the Company's strategy, directing the work of other officers and leading implementation of the Company's strategic plans as approved by the Board. This structure results in a single leader being directly accountable to the Board and, through the Board, to stockholders, and enables the Chief Executive Officer to act as the key link between the Board and other members of management.

Meetings of the Board

The Board held a total of four meetings during fiscal 2010. During fiscal 2010, all of the directors of the Company attended 75% or more of the meetings of the Board held during the period for which they were directors. During fiscal 2010, all of the directors of the Company attended at least 75% of the total meetings of the committees on which they served, held during the period for which they were committee members. The Chief Executive Officer typically develops the agenda for Board meetings and reviews the agenda with the Lead Director. In accordance with our Corporate Governance Guidelines, directors are invited and encouraged to attend our annual meetings of stockholders. All but one of the then-serving directors attended our 2009 annual meeting of stockholders.

Executive Sessions

The non-management directors' practice is to meet in executive session following the conclusion of each Board meeting to discuss such matters as they deem appropriate and, at least once a year, to review the Compensation Committee's annual review of the Chief Executive Officer. These executive sessions are chaired by the Lead Director or other non-management director, as appointed by the Board. Interested parties, including our stockholders, may communicate with the Lead Director and the non-management directors by following the procedures under the heading "Communications with the Board of Directors" below.

Director Nominations

The Nominating & Governance Committee considers and recommends candidates for election to the Board. The committee also considers candidates for election to the Board, if any, that are submitted by stockholders. Each member of the committee participates in the review and discussion of director candidates. In addition, members of the Board who are not on the committee may meet with and evaluate the suitability of candidates. In making its selections of candidates to recommend for election, the committee seeks persons who have achieved prominence in their field and who possess significant experience in areas of importance to the Company. The minimum qualifications that the Nominating & Governance Committee believes must be met for a candidate to be nominated include integrity, independence, forthrightness, analytical skills and the willingness to devote appropriate time and attention to the Company's affairs. Successful candidates may also demonstrate significant experience in industries related to our business and in other areas of importance to the Company, such as general management, finance, marketing, technology, law or public sector activities.

Stockholders who wish to submit candidates for consideration by the Nominating & Governance Committee for election at an annual or special meeting of stockholders should follow the procedure described in our bylaws. Recommendations must include a written statement from the candidate expressing a willingness to serve. The Nominating & Governance Committee applies the same standards in considering candidates submitted by stockholders as it does in evaluating candidates submitted by members of the Board. The Nominating & Governance Committee recommended the eight nominees for election at this year's annual meeting.

Determinations Regarding Independence

Under the Company's Corporate Governance Guidelines, a majority of the Board must be comprised of directors who are independent under the Corporate Governance Standards of the NYSE. The Board has adopted categorical standards of director independence, attached as Appendix "A" to this proxy statement, to assist it in making determinations of independence of Board members.

The Board has determined that each of the nominees, other than Mr. Katz and Mr. Jones, is "independent" under the categorical standards of director independence adopted by the Board and the applicable rules of the NYSE. Mr. Stirtz who served on the Board until his resignation in December 2009 was also "independent" under such categorical standards.

Communications with the Board of Directors

The Company's Board has adopted a formal process by which interested parties, including our stockholders, may communicate with the Board or the non-management directors. This information is available on the Company's website at www.vailresorts.com, on the Corporate Governance home page within the Investor Relations section.

Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct that applies to all directors and employees, including its principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. The Code of Ethics and Business Conduct is available on the Company's website at www.vailresorts.com, or in print, without charge, to any stockholder who sends a request to: Secretary, Vail Resorts, Inc., 390 Interlocken Crescent, Broomfield, CO 80021. The Company will also post on its website any amendment to the Code of Ethics and Business Conduct and any waiver granted to any of its directors or executive officers.

Risk Management

The Company's Board believes that oversight of the Company's overall risk management program is the responsibility of the entire Board. We view risk management as an important part of the Company's overall strategic planning process. The Board has delegated the regular oversight of the elements of the risk management program to the Audit Committee and the Board receives updates on individual areas of risk from the Audit Committee. The Board schedules a risk management review agenda item for regular Board meetings on a periodic basis and additionally as needed, during which the Audit Committee reports to and informs the Board of its risk management oversight activities. Senior management reports directly to the Audit Committee at each scheduled Audit Committee meeting and additionally as needed on the status of the Company's day-to-day risk management program. The Audit Committee has established an internal audit function to provide management and the Board with ongoing assessments of the Company's risk management processes and systems of internal control. In addition, as part of its responsibilities, the Audit Committee inquires of management and our independent auditors about the Company's processes for identifying and assessing such risks and exposures and the steps management has taken to minimize such risks and exposures to

the Company. The Audit Committee also reviews the Company's guidelines and policies that govern the processes for identifying and assessing significant risks or exposures and for formulating and implementing steps to minimize such risks and exposures to the Company.

Compensation Risk Assessment

Our Compensation Committee, with the assistance of our outside compensation consultant, reviewed the material compensation policies and practices for all employees, including executive officers. The Compensation Committee considered whether the compensation program encouraged excessive risk taking by employees at the expense of long-term Company value. Based upon its assessment, the Compensation Committee believes that the design of the compensation program, which includes a mix of annual and long-term incentives, cash and equity awards and retention incentives, is balanced and does not motivate imprudent risk-taking.

Committees of the Board

The Board has an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating & Governance Committee. The charters for all of these committees, which have been approved by the Board, are available on the Company's website at www.vailresorts.com, or in print, without charge, to any stockholder who sends a request to: Secretary, Vail Resorts, Inc., 390 Interlocken Crescent, Broomfield, CO 80021. Below is a description of each committee of the Board. Each of the committees has authority to engage legal counsel or other experts or consultants, as it deems appropriate to carry out its responsibilities.

The Executive Committee

The Executive Committee has all powers and rights necessary to exercise the full authority of the Board during the intervals between meetings of the Board in the management of the business and affairs of the Company, subject to certain limitations set forth in the charter of the Executive Committee. During fiscal 2010, the members of the Executive Committee were Messrs. Katz, Hernandez and Sorte. During fiscal 2010, the Executive Committee met once via teleconference and acted by written consent three times.

The Audit Committee

The Audit Committee is primarily concerned with the effectiveness of the Company's independent registered public accounting firm, accounting policies and practices, financial reporting and internal controls. The Audit Committee acts pursuant to its charter, and is authorized and directed, among other things, to: (1) appoint, retain, compensate, evaluate and terminate, as appropriate, the Company's independent registered public accounting firm; (2) approve all audit engagement fees and terms, as well as all permissible non-audit service engagements with the independent registered public accounting firm; (3) discuss with management and the independent registered public accounting firm the Company's annual audited financial statements and quarterly financial statements, including reviewing the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (4) review reports by the independent registered public accounting firm describing its internal quality control procedures and all relationships between the Company and the independent registered public accounting firm; (5) establish procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; (6) monitor the rotation of partners of the independent auditors on the Company's audit engagement team as required by law; (7) review and approve or reject transactions between the Company and any related persons in accordance with the Company's Related Party Transactions Policy; (8) confer with

management and the independent auditors regarding the effectiveness of internal controls over financial reporting; (9) oversee management's efforts to monitor compliance with the Company's programs and policies designed to ensure adherence to applicable laws and regulations and the Company's Code of Ethics and Business Conduct; and (10) annually prepare a report as required by the SEC to be included in the Company's annual proxy statement.

The members of the Audit Committee for fiscal 2010 were Mr. Hyde, Chairman, and Messrs. Hernandez and Redmond. The Board has determined that Messrs. Hyde and Hernandez are each an "audit committee financial expert" as defined in the rules and regulations adopted pursuant to the Exchange Act. The Board has determined that all current members of the Audit Committee are "independent" as defined by the Corporate Governance Standards of the NYSE and the rules of the SEC applicable to audit committee members. The Audit Committee held four meetings during fiscal 2010.

AUDIT COMMITTEE REPORT*

Management is responsible for the Company's accounting practices, internal control over financial reporting, the financial reporting process and preparation of the consolidated financial statements. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board, or the PCAOB. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context, the committee has met and held discussions with management and the Company's independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements for the fiscal year ended July 31, 2010 were prepared in accordance with generally accepted accounting principles. The Audit Committee reviewed and discussed the consolidated financial statements with management and the Company's independent registered public accounting firm, including a discussion of the quality of the accounting principles, the reasonableness of significant judgments, the clarity of disclosures in the financial statements, and management's assessment of the effectiveness of the Company's internal control over financial reporting. The Audit Committee further discussed with the Company's independent registered public accounting firm the matters required to be discussed under the rules adopted by the PCAOB, as well as the Company's independent registered public accounting firm's opinion on the effectiveness of the Company's internal control over financial reporting.

The Company's independent registered public accounting firm also provided to the Audit Committee the written disclosures and letter required by applicable requirements of the PCAOB regarding the independent accountants' communications with the audit committee concerning independence, and the Audit Committee discussed with the Company's independent registered public accounting firm, and were satisfied with, that firm's independence from the Company and its management. The Audit Committee has also considered whether the Company's independent registered public accounting firm's provision of non-audit services to the Company is compatible with the auditors' independence.

The Audit Committee discussed with the Company's internal auditor and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee meets with the Company's independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting. Additionally, the Audit Committee meets with the internal auditor, with and without management present, to discuss the results of their examination and evaluation of the Company's internal control over financial reporting. The Audit Committee has also reviewed and discussed Company policies with respect to risk assessment and risk management.

Based upon the Audit Committee's discussion with management and the Company's independent registered public accounting firm, the Audit Committee recommended to the Board that the Company's audited financial statements as of and for the fiscal year ended July 31, 2010 be included in the Company's annual report on Form 10-K for the year ended July 31, 2010 for filing with the SEC on September 23, 2010.

Audit Committee

Thomas D. Hyde, Chairman

Roland A. Hernandez

John T. Redmond

* In accordance with the rules and regulations of the SEC, the material in the above report shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, under the Exchange Act, or to the liabilities of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Act, notwithstanding any general incorporation of this proxy statement into any other document filed with the SEC.

The Compensation Committee

The Compensation Committee acts pursuant to its charter and is authorized and directed, among other things, to: (1) review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives (including the Chief Executive Officer's performance in fostering a culture of ethics and integrity), and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the Chief Executive Officer's compensation level based on this evaluation; (2) review the performance of and make recommendations to the Board regarding the individual elements of total compensation for the executive officers of the Company other than the Chief Executive Officer, including any amendments to such executive's employment agreement, any proposed severance arrangements or change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements; (3) review and approve the Company's incentive compensation and equity-based plans and approve changes to such plans, in each case subject, where appropriate, to stockholder or Board approval, and review and approve issuances of equity securities to employees of the Company; (4) approve annual retainer and meeting fees for non-employee members of the Board and committees of the Board, fix the terms and awards of stock compensation for such members of the Board and determine the terms, if any, upon which such fees may be deferred; and (5) produce a compensation committee report on executive officer compensation as required by the SEC, after the committee reviews and discusses with management the Company's Compensation Discussion and Analysis, or CD&A, and consider whether to recommend that it be included in the Company's proxy statement or annual report on Form 10-K filed with the SEC.

The members of the Compensation Committee for fiscal 2010 were Mr. Sorte, Chairman, Mr. Kincaid, Mr. Redmond, until March 2010, and Ms. Schneider, who was appointed to the Compensation Committee in March 2010. The Board has determined that all current and former members of the Compensation Committee are or were "independent" as defined by the Corporate Governance Standards of the NYSE. Also, the Compensation Committee consists of "non-employee directors," within the meaning of Rule 16b-3 promulgated under the Exchange Act and "outside directors," within the meaning of regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, and grants awards to the Company's named executive officers, as defined herein, and to officers who are subject to Section 16 of the Exchange Act under the Company's equity compensation plans.

Compensation Committee Processes and Procedures

Typically, the Compensation Committee meets at least two times annually and with greater frequency as necessary and met two times in fiscal 2010. The agenda for each meeting is usually developed by the Chairman of the Compensation Committee, in consultation with the Chief Executive Officer. The Chief Executive Officer may not participate in or be present during any deliberations or determinations of the Compensation Committee regarding his compensation or individual performance objectives. The charter of the Compensation Committee grants the Compensation Committee authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's fees and other retention terms.

Our Compensation Committee expects that it will seek advice from outside compensation consultants as it deems necessary on a periodic basis, but not necessarily annually, in order to determine that the Company's compensation programs remain appropriate and consistent with industry practices. As part of the Compensation Committee's annual review of compensation for the fiscal year ended July 31, 2008, or fiscal 2008, the Compensation Committee engaged Hewitt Associates as compensation consultant to develop a comparative group of companies and prepare a competitive benchmarking analysis for various compensation components provided at executive levels. However, the Compensation Committee did not commission a new benchmark study for the fiscal year ended July 31, 2009 (fiscal 2009) or fiscal 2010, as discussed in more detail in the CD&A section of this proxy statement. During fiscal 2008, Hewitt Associates reviewed new executive employment agreements proposed for the purpose of updating all agreements to comply with Section 409A of the Internal Revenue Code and to reflect certain best practices in the agreements. Hewitt Associates discussed these agreements and related matters with the Compensation Committee. In early fiscal 2009, these agreements were approved by the Compensation Committee and entered into with each of our named executive officers, other than Ms. Arnold who does not have an employment agreement with the Company, to supersede and replace such officers' existing agreements, all as described in more detail below under the heading "Employment Agreements" in the Executive Compensation section of this proxy statement.

Under its amended and restated charter, the Compensation Committee may form, and delegate authority to, subcommittees, as appropriate, and the Chief Executive Officer has been granted authority to grant equity awards for hiring incentive grants or to promoted non-officer employees. The purpose of this delegation of authority is to enhance the flexibility of equity administration within the Company and to facilitate the timely grant of equity awards to new or recently promoted non-officer employees within specified limits approved by the Compensation Committee. The Chief Executive Officer's authority to make new hire incentive grants is limited by certain restrictions as established by resolution of the Compensation Committee.

Historically, the Compensation Committee has made adjustments to annual compensation, determined bonus and equity awards, and established new performance objectives at one or more meetings held during the first quarter of the fiscal year. However, the Compensation Committee also considers matters related to individual compensation, such as compensation for new executive hires, at various times as needed throughout the year. Generally, the Compensation Committee's process comprises two related elements: the determination of compensation levels and the establishment of performance objectives for the fiscal year. For executives other than the Chief Executive Officer, the Compensation Committee solicits and considers evaluations and recommendations submitted to the Committee by the Chief Executive Officer. The Board, however, makes all final determinations regarding these awards, based on the recommendations of the Compensation Committee, and none of

our executive officers, including the Chief Executive Officer, are involved in the determination of their own compensation. In the case of the Chief Executive Officer, the evaluation of his performance is conducted by the Compensation Committee, which determines any adjustments to his compensation as well as awards to be granted. For all executives and directors, as part of its deliberations, the Compensation Committee may review and consider, as appropriate, materials such as financial reports and projections, operational data, tax and accounting information, tally sheets that set forth the total compensation that may become payable to executives in various hypothetical scenarios, executive and director stock ownership information, company stock performance data, analyses of historical executive compensation levels and current Company-wide compensation levels, and recommendations of the Compensation Committee's compensation consultant, including analyses of executive and director compensation paid at other companies identified by the consultant.

The specific determinations of the Compensation Committee with respect to executive compensation for fiscal 2010 are described in greater detail in the CD&A section of this proxy statement, as well as the narrative disclosure that accompanies the Summary Compensation Table and related tables in the Executive Compensation section of this proxy statement.

Compensation Committee Interlocks and Insider Participation

During fiscal 2010, no Compensation Committee interlocks existed between the Company and any other entity, meaning none of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee. No member of our Compensation Committee has ever been an executive officer or employee of ours.

COMPENSATION COMMITTEE REPORT*

The Compensation Committee has reviewed and discussed with management the CD&A contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the CD&A be included in this proxy statement and incorporated into our annual report on Form 10-K for the fiscal year ended July 31, 2010 and the Board of Directors approved that recommendation.

Compensation Committee

John F. Sorte, Chairman

Richard D. Kincaid

Hilary A. Schneider

* In accordance with the rules and regulations of the SEC, the material in the above report shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, under the Exchange Act, or to the liabilities of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act, notwithstanding any general incorporation of this proxy statement into any other document filed with the SEC.

The Nominating & Governance Committee

The Nominating & Governance Committee acts pursuant to its charter and is authorized and directed to: (1) review the overall composition of the Board; (2) actively seek individuals qualified to become Board members for recommendation to the Board; (3) identify and recommend to the Board director nominees for the next annual meeting of stockholders and members of the Board to serve on the various committees of the Board; (4) be responsible for oversight of the evaluation of the performance of the Board and management; and (5) review and reassess the adequacy of the

Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval. The Nominating & Governance Committee has the ability to review and present to the Board individual director candidates recommended by stockholders for election and stockholder proposals. The Nominating & Governance Committee also has the authority to retain and terminate any search firm to be used to identify candidates and to approve the search firm's fees and other retention terms.

The members of the Nominating & Governance Committee for fiscal 2010 were Mr. Hernandez, Chairman, Messrs. Hyde and Stirtz, until Mr. Stirtz's resignation in December 2009, and Mr. Sorte, who was appointed to the Nominating & Governance Committee in March 2010. The Board has determined that all current and former members of the Nominating & Governance Committee are or were "independent" as defined by the Corporate Governance Standards of the NYSE. The Nominating & Governance Committee met twice during fiscal 2010.

Compensation of Directors

The following table shows for fiscal 2010 certain information with respect to the compensation of all non-employee directors of the Company:

Director Compensation for Fiscal 2010

Name(1) (a)	Fees Earned or Paid in Cash (\$)(2) (b)	Stock Awards (\$)(3) (c)	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (\$)(4) (g)	Total (\$) (h)
Roland A. Hernandez(5)	100,875	123,182	—	—	—	—	224,057
Thomas D. Hyde(6)	83,000	123,182	—	—	—	—	206,182
Richard D. Kincaid(7)	50,000	123,182	—	—	—	3,165	176,347
John T. Redmond(8)	73,000	123,182	—	—	—	—	196,182
John F. Sorte(9)	53,500	123,182	—	—	—	—	176,682
Hilary A. Schneider	12,000	—	—	—	—	—	12,000
William P. Stirtz	17,750	—	—	—	—	—	17,750

- (1) Robert A. Katz and Jeffrey W. Jones are also each named executive officers and their compensation as Chief Executive Officer and Senior Executive Vice President and Chief Financial Officer, respectively is included in the Summary Compensation Table in the "Executive Compensation" section of this proxy statement. Neither of Messrs. Katz or Jones receives any additional compensation for their service on the Board.
- (2) Company directors receive retainers and meeting fees which are paid in quarterly installments. In fiscal 2010, Company directors received an annual cash retainer of \$28,000, meeting fees of \$5,000 for each meeting attended in person and \$1,000 for meetings attended telephonically. Mr. Hernandez received an additional \$25,000 for the year for service as Lead Director, \$1,875 for service as Chairman of the Nominating & Governance Committee following his appointment in fiscal 2010 as Chairman of the Nominating & Governance Committee and \$15,000 for service on the Audit Committee, along with the \$28,000 annual Board member retainer. Mr. Hyde received an additional \$25,000 for service as Chairman of the Audit Committee. Mr. Redmond received an additional \$15,000 for service on the Audit Committee. Mr. Sorte, as Chairmen of our Compensation Committee, received \$7,500 for such committee service. Mr. Stirtz received \$3,750 for service as Chairman of the Nominating & Governance Committee prior to his resignation on December 4, 2009. Members of the Compensation Committee received \$1,000 for each Compensation Committee meeting attended, members of the Nominating & Governance

Committee received \$1,000 for each Nominating & Governance Committee meeting attended, members of the Audit Committee received \$2,000 for each Audit Committee meeting attended and members of the Executive Committee received \$1,000 for each Executive Committee meeting attended, as follows:

Name	Fiscal Year	Board of Directors			Committees						Total (\$)
		Board Service (\$)	Meeting Attendance (\$)	Audit		Compensation		Nominating & Governance		Executive	
				Committee Service (\$)	Meeting Attendance (\$)	Committee Service (\$)	Meeting Attendance (\$)	Committee Service (\$)	Meeting Attendance (\$)	Meeting Attendance (\$)	
Roland A. Hernandez . . .	2010	53,000	20,000	15,000	8,000	—	—	1,875	2,000	1,000	100,875
Thomas D. Hyde	2010	28,000	20,000	25,000	8,000	—	—	—	2,000	—	83,000
Richard D. Kincaid	2010	28,000	20,000	—	—	—	2,000	—	—	—	50,000
John T. Redmond(a)	2010	28,000	20,000	15,000	8,000	—	2,000	—	—	—	73,000
John F. Sorte(b)	2010	28,000	15,000	—	—	7,500	2,000	—	—	1,000	53,500
Hilary A. Schneider(c) . . .	2010	7,000	5,000	—	—	—	—	—	—	—	12,000
William P. Stirtz(d)	2010	14,000	—	—	—	—	—	3,750	—	—	17,750

(a) Mr. Redmond was replaced by Ms. Schneider on the Compensation Committee on March 30, 2010.

(b) Mr. Sorte was appointed to the Nominating & Governance Committee on March 30, 2010.

(c) Ms. Schneider was appointed to the Board and the Compensation Committee on March 30, 2010.

(d) Mr. Stirtz resigned from the Board and the Nominating & Governance Committee on December 4, 2009.

- (3) The amounts in this column represent the aggregate grant date fair value of RSUs granted during fiscal 2010 computed in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718.
- (4) Directors receive benefits consisting of lodging, ski school privileges and discretionary spending on services at our properties for personal use, in accordance with the terms of the Company’s Executive Perquisite Fund Program, or Perquisite Program, discussed in the CD&A section of this proxy statement below. Each director is entitled to an annual \$30,000 allowance to be used at the Company’s resorts in accordance with such program, under which directors may draw against the account to pay for services at the market rate for the applicable resort or services. Unused funds in each director’s account at the end of each fiscal year are forfeited. In accordance with SEC rules, the value of these benefits is measured on the basis of the estimated aggregate direct incremental cost to the Company for providing these benefits, and perquisites and personal benefits are not reported for any director for whom such amounts were less than \$10,000 in the aggregate for the fiscal year. Perquisites do not include benefits generally available on a non-discriminatory basis to all of our employees, such as skiing privileges. In addition, each year we allow each director to designate one charity as the recipient of a vacation package with a retail value of no more than \$4,000 and to include only the same array of services that are eligible under the Perquisite Program. We also require that the package be given as part of a public event, dinner or auction and that Vail Resorts receives appropriate credit and marketing presence. In fiscal 2010, Mr. Kincaid designated a charity to receive a vacation package that resulted in direct incremental costs to us of \$3,165, which amount is included in “All Other Compensation” for this director.
- (5) As of July 31, 2010, Mr. Hernandez held an aggregate of 25,000 shares subject to outstanding stock options, 296 SARs and 3,437 RSUs.
- (6) As of July 31, 2010, Mr. Hyde held 296 SARs and 3,437 RSUs.
- (7) As of July 31, 2010, Mr. Kincaid held 296 SARs and 3,437 RSUs.
- (8) As of July 31, 2010, Mr. Redmond held 296 SARs and 3,437 RSUs.
- (9) As of July 31, 2010, Mr. Sorte held an aggregate 22,500 shares subject to outstanding stock options, 296 SARs and 3,437 RSUs.

Director Cash Compensation

All of our non-employee directors receive annual fees, payable in quarterly installments. The annual retainer for each Board member is \$28,000 and meeting fees are \$5,000 for each Board meeting attended in person and \$1,000 for meetings attended telephonically. In addition, the Lead Director of the Board receives an additional \$25,000 per year, the Chairman of the Audit Committee receives an additional \$25,000 per year, each other Audit Committee member receives an additional \$15,000 per year and the Chairman of the Nominating & Governance Committee and the Chairman of the Compensation Committee each receive an additional \$7,500 per year. A non-executive Chairman of the Board receives an additional annual retainer of \$50,000, but our Chief Executive Officer is currently our Chairman of the Board and he is not entitled to this retainer. Members of the Executive Committee, Compensation Committee and Nominating & Governance Committee receive \$1,000 per committee meeting attended and Audit Committee members receive \$2,000 per each committee meeting attended. All directors receive reimbursement of their reasonable travel expenses in connection with such service.

Director Equity Compensation

The Company provides its directors with equity compensation as determined each year by the Compensation Committee. RSUs granted to directors in fiscal 2010 are more fully described in footnote 3 to the table “Director Compensation for Fiscal 2010” above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company’s officers and directors and persons who own more than ten percent of a registered class of the Company’s equity securities to file initial reports of ownership and changes in ownership with the SEC and the NYSE. Such officers, directors and stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such reports furnished to the Company, and written representations that no other reports were required to be filed during fiscal 2010, the Company believes that all persons subject to the reporting requirements of Section 16(a) filed the required reports on a timely basis for fiscal 2010.

TRANSACTIONS WITH RELATED PERSONS

Related Party Transactions Policy and Procedures

We have adopted a written Related Party Transactions Policy that sets forth the Company’s policies and procedures regarding the identification, review, consideration and approval or ratification of “related party transactions.” For purposes of our policy only, a “related party transaction” is a transaction, contract, agreement, understanding, loan, advance or guarantee (or any series of similar transactions or arrangements) in which the Company and any “related person” are participants involving an amount that exceeds \$120,000. Transactions involving compensation for services provided to the Company as an officer or director by a related person are not covered by this policy. A related person is any executive officer, director, or more than 5% stockholder of the Company, or any immediate family member of an executive officer or director, including any entity in which such persons are an officer or 10% or greater equity holder.

Under the policy, where a transaction has been identified as a related party transaction, management must present information regarding the proposed related party transaction to the Chairman of the Audit Committee, the full Audit Committee or the Board for consideration and approval or ratification, depending upon the size of the transaction involved. In considering related party transactions, the Committee takes into account the fairness of the proposed transaction to the Company and whether the terms of such transaction are at least as favorable to the Company as it

would receive or be likely to receive from an unrelated third party in a comparable or substantially comparable transaction.

As discussed above, we have adopted a Code of Ethics and Business Conduct, which we refer to as the Code of Ethics, that applies to all directors and employees. We distribute the Code of Ethics to every employee, officer and director and convey our expectation that every employee, officer and director read and understand the Code of Ethics and its application to the performance of each such person's business responsibilities. To assist in identifying such proposed transactions as they may arise, our Code of Ethics utilizes a principles-based guideline to alert employees and directors to potential conflicts of interest. Under the Code of Ethics, a conflict of interest occurs when an individual's personal, social, financial or political interests conflict with his or her loyalty to the Company. Our policy under the Code of Ethics provides that even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. If any person believes a conflict of interest is present in a personal activity, financial transaction or business dealing involving anyone employed by the Company, then that person is instructed under the Code of Ethics to report such belief to a supervisor, the legal department, a member of the Compliance & Ethics Committee or the General Counsel.

To ensure that our existing procedures are successful in identifying related party transactions, the Company distributed questionnaires to its directors and executive officers shortly following the end of the fiscal year which included, among other things, inquiries about any transactions they have entered into with us. In addition, all employees who are Vice President level or higher must certify their compliance with the Code of Ethics on an annual basis.

Certain Related-Person Transactions

Blaise T. Carrig, Co-President, Mountain Division

In connection with Mr. Carrig's previous employment agreement, Heavenly Valley Limited Partnership (Heavenly LP) entered into an Addendum with Mr. Carrig, dated September 1, 2002, in which Heavenly LP agreed to invest up to \$600,000, but not to exceed 50% of the purchase price, for the purchase of a residence for Mr. Carrig and his family in the greater Lake Tahoe area of California. Heavenly LP contributed \$449,500 toward the purchase price of the residence and thereby obtained an approximate 50% undivided ownership interest in such residence. This Addendum is incorporated into the October 2008 employment agreement with Mr. Carrig, discussed in more detail below in the "Executive Compensation—Employment Agreements" section of this proxy statement. In October 2009, Mr. Carrig purchased Heavenly LP's interest in his home for \$449,500, a price supported by an independent, third party appraisal and approved by the Audit Committee of the Board in accordance with the Company's Related Party Transactions Policy.

Thomas D. Hyde, Director

During fiscal 2010, Mr. Hyde purchased an Arrabelle Club membership from the Company, at a cost of \$150,000 (comprised of a one-time payment). Mr. Hyde purchased the membership upon the same price, terms and conditions as those offered to unrelated members of the public.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Philosophy and Objectives of Our Executive Compensation Program

Our executive compensation philosophy is designed to support our primary objective of creating value for our stockholders in both the short and long-term through growth in our earnings and incentivizing and rewarding our executive officers, including Messrs. Katz, Jones, Garnsey and Carrig and Ms. Arnold, who are our Chief Executive Officer, Chief Financial Officer and each of our three other highest paid executive officers, respectively, who currently are our named executive officers and who we refer to in this CD&A as our named executive officers. To achieve these objectives, we maintain compensation plans that tie a substantial portion of our executives' overall compensation to key short-term and long-term strategic, operational and financial goals, such as achievement of Reported EBITDA (as defined under the heading "Elements of Compensation—Annual Cash Bonus" below) targets and non-financial goals that the Compensation Committee and Board deems important. We implement this philosophy by focusing on the following three key objectives:

1. Attract, retain and motivate talented executives;
2. Emphasize pay for performance by tying annual and long-term compensation incentives to achievement of specified performance objectives or overall stock performance; and
3. Encouraging management stock ownership to create long-term stockholder value by aligning the interests of our executives with our stockholders.

To achieve these objectives, the Compensation Committee periodically analyzes market data and evaluates individual executive performance with a goal of setting compensation at levels they believe, based on their general business and industry knowledge and experience, are comparable with executives in other companies of similar size operating in the leisure, travel, gaming and hospitality industries, which we refer to in this proxy statement as the peer group. The Compensation Committee also takes into account individual performance, our retention needs, our relative performance, our own strategic goals and publicly-available industry survey results in light of the Company's strategic goals compared to other publicly owned, growth-oriented companies, including certain companies in the peer group. The Company faces a somewhat unique challenge in establishing a peer group, as few publicly traded companies participate in more than one of the Company's operating segments. Thus, we include in our peer group a variety of leisure, travel, gaming and hospitality companies with whom the Company competes for the discretionary travel dollars of our guests.

In any year when performing a compensation review, we may utilize an outside compensation consultant and review information collected and provided to us by the consultant, including SEC filings made by each of the peer group companies during the previous year as well as wage survey data. Based on the June 2007 report of an outside compensation consultant, used to evaluate and set compensation for the 2008 fiscal year, the competitive peer group used as part of the Compensation Committee's annual review of compensation at the beginning of fiscal 2008 was composed of 21 companies: Marriott International, Inc., Carnival Corporation & PLC, MGM Mirage, Starwood Hotels & Resorts Worldwide, Inc., Hilton Hotels Corporation, Wyndham Worldwide Corporation, Intrawest Corporation, Interstate Hotels & Resorts, Inc., Gaylord Entertainment Company, Bluegreen Corporation, Choice Hotels International, Inc., Sunterra Corporation, Lodgian, Inc., The Marcus Corporation, Boyd Gaming Corporation, Las Vegas Sands Corp., Station Casinos, Inc., Trump Entertainment Resorts, Inc., Isle of Capri Casinos, Inc., Ameristar Casinos, Inc., and Wynn Resorts, Limited. Our fiscal 2009 and fiscal 2010 compensation evaluation cycles were focused on cost control during the economic recession, and as a result the Compensation Committee referenced the data it had previously collected for the peer group, but did not commission a new benchmark study for either fiscal 2009 or fiscal 2010. Our Compensation Committee has engaged an outside compensation consultant to perform a new study to

assist it in setting executive compensation for the Company's fiscal 2011. The Compensation Committee will continue to seek advice from outside compensation consultants as it deems necessary on a periodic basis, but not necessarily annually, in order to determine that the Company's compensation programs remain appropriate and consistent with industry practices. Although the Compensation Committee believes that it is important to periodically review the compensation policies of the peer group, the Compensation Committee also believes that the Company must adopt a compensation policy that incorporates the business objectives and culture of the Company. Therefore, while the Compensation Committee reviews the data, including the total and type of compensation paid to executive officers, pertaining to the peer group companies to ensure that the compensation paid to the executive officers remains competitive, the Compensation Committee may not annually adjust the compensation paid to the executive officers based on the compensation policies or activities of the companies in the peer group.

While the Compensation Committee uses the peer group information generally for competitive and retention purposes, it also occasionally "benchmarks," or targets, certain elements of compensation relative to the peer group, as described under the heading "Elements of Compensation" below. Overall, we seek to compensate our named executive officers at the market median (the 50th percentile) of our peer group for such executives' achievement of target levels of performance, as adjusted based upon Company performance, individual performance, and long-term value of the executive to the Company. However, using our performance-oriented compensation, we seek to compensate our strong performers at the 75th percentile level of pay. We believe that compensating our named executive officers with a larger proportion of at-risk compensation elements in relation to more static compensation elements such as base salary, benefits and perquisites more closely aligns the interests of our named executive officers with those of our stockholders. While the Compensation Committee utilized benchmarking to set fiscal 2008 compensation, the Compensation Committee did not utilize benchmarking to set fiscal 2009 or fiscal 2010 compensation. Rather, due to the difficult macro-economic circumstances in effect at the time, our fiscal 2009 and fiscal 2010 compensation evaluation cycles departed significantly from our standard targeted benchmarking practices and instead were focused on cost control. This resulted in freezing executive salaries at prior year levels during the regular compensation cycle in early fiscal 2009, followed by the salary reductions in late fiscal 2009, with an interim salary increase in late fiscal 2010, each as discussed below in the "Base Salary" section.

As a result of the economic recession and the salary freezes and proposed reductions that were to be implemented across the Company, Mr. Katz voluntarily decided to take no salary from April 2009 until April 2010. This decision to take no salary for that time period caused the component of base salary in Mr. Katz's compensation to be significantly reduced during fiscal 2010. The Compensation Committee was well aware that the decrease in Mr. Katz's base salary would result in a corresponding increase in the percentage that other elements such as equity incentives contributed to Mr. Katz's total compensation and in particular greater emphasis on long-term incentive compensation.

Similarly, the typical targeted weight for each element of our other named executive officers' compensation was suspended due to the 2009 wage freezes and reductions that were in place. The Compensation Committee intends to return to its past practice of setting targeted weights for each element of compensation in fiscal 2011. Traditionally within this group, as compared to the weight of each component of our Chief Executive Officer's compensation, base salary is a higher proportion of compensation and annual bonus is a slightly lower proportion, while the equity incentives component is similar to our Chief Executive Officer's in that this element makes up a significant portion of total compensation, with benefits and perquisites comprising a very small portion of total compensation. For all of these executives, incentive or at-risk compensation represents more than a majority of their total compensation.

Overall, for all executives as a group, the Company's total compensation when last benchmarked in fiscal 2008 fell at approximately the 50th percentile relative to our peer companies. As discussed below

in the “Base Salary” section, the 2009 wage reductions may have altered this position below the 50th percentile, and the subsequent partial salary reinstatement made by the Compensation Committee in fiscal 2010, may have since altered this positioning, in each case depending upon the adjustments our peer companies may have implemented since the 2008 benchmarking. Also, based on the peer group data last obtained by the Compensation Committee, the Company’s use of supplemental benefits and perquisites is significantly lower than the peer group, as the Company prefers to allocate compensation more heavily to performance-related elements of pay.

The Company has in the past, and we intend in the future, to conduct an annual review of the aggregate level of our executive compensation program as part of our annual budget review and annual performance review processes, which include determining the operating metrics and non-financial elements used to measure our performance and to compensate our executive officers. We view our executive compensation policy, based on individual and Company performance, as consistent with our objective of retaining and motivating our executive officers.

In addition, in appropriate circumstances, such as new market data that supports a market adjustment, the Compensation Committee, in its discretion, considers the recommendations of our Chief Executive Officer, Mr. Katz, in setting executive compensation, including the compensation of the other named executive officers. The Compensation Committee, however, makes all final recommendations to the Board or, in the case of Mr. Katz, the determination regarding these awards and none of our executive officers, including Mr. Katz, are involved in the determination of their own compensation.

The Compensation Committee, in conjunction with any data and recommendations provided by our outside compensation consultant in any given year, also annually analyzes tally sheets prepared for each of the named executive officers. Each of these tally sheets presents the dollar amount of each component of the named executive officers’ compensation, including current cash compensation (base salary and annual bonus), perquisites and the value of equity awards previously granted to the named executive officers, as well as the amounts that would have been payable to each named executive officer if the named executive officer’s employment had been terminated under a variety of scenarios as of July 31 of the most recently ended fiscal year. The Committee uses these tally sheets, which provide substantially the same information as is provided in the tables included in this proxy statement, together with other peer group data primarily for purposes of ensuring that our named executive officers’ total compensation remains reasonable and to analyze whether the compensation mix for our Chief Executive Officer or other named executive officers needs to be adjusted on a going-forward basis. In its most recent review of tally sheets, the Compensation Committee determined that annual compensation amounts for our Chief Executive Officer and the other named executive officers remained consistent with our executive compensation policy and objectives and the Compensation Committee’s expectations.

Elements of Compensation

Our executive compensation program consists of the following elements:

Base Salary. The Company’s philosophy is to pay base salaries sufficient to attract and retain executives with a broad proven track record of performance. The Compensation Committee establishes base salaries for our named executive officers based primarily on the scope of their responsibilities, taking into account individual performance and experience, competitive market compensation for similar positions, as well as seniority of the individual, our ability to replace the individual, the impact the individual’s loss would have to the Company, and other factors which may be deemed to be relevant by the Compensation Committee, in their discretion. In situations where executives are being recruited by the Company, the executive’s base salary and total compensation package with their then-current employer is a significant factor considered in determining base salary. Base salaries for

each of the named executive officers are reviewed annually by the Compensation Committee. Based on this review, salaries may be adjusted, but not below the amounts set forth in each named executive officer's employment agreement, if applicable, to realign salaries with market levels after taking into account individual responsibilities, the impact upon, and relative level of responsibility for, the Company's performance, long-term Company and individual performance and expertise. Under their respective employment agreements, the base salaries for Messrs. Katz, Jones, Garnsey and Carrig may not be reduced at any time below the then-current level without their consent. For higher levels of responsibility, the base salary component is intended to be a diminishing portion of each named executive officer's potential total compensation. As a result, annual bonuses and equity awards based on company performance are expected to be a substantial portion of the total compensation, relative to the base salary for each named executive officer.

2009 Executive Wage Reduction Plan. As part of a number of initiatives to control expenses, our named executive officers did not receive annual salary increases in the usual compensation cycle at the beginning of fiscal 2009 and the base salary for each of our named executive officers remained at the fiscal 2008 level. Subsequently, effective April 2, 2009, as part of a Company-wide wage reduction plan, the Compensation Committee approved a salary reduction of 10% for all executive officers of the Company, including the named executive officers (other than Mr. Katz). In view of the economic climate and its impact on the Company, Mr. Katz decided not to take any salary for a twelve month period and then receive his original salary reduced by 15% when his salary reinstated in April 2010. The named executive officers of the Company accepted these salary reductions and waived, in this instance, the restrictions in their employment agreements, if applicable, that their base salaries cannot be reduced at any time below the then-current levels. The wage reduction plan was adopted to preserve profitability by reducing labor costs, while protecting the guest experience by avoiding broad-based layoffs. More highly compensated employees had the largest percentage reductions.

Effective April 1, 2010, on a Company-wide basis the Company reinstated some of the 2009 wage reductions with a 2% interim wage increase for year round employees, including the named executive officers (other than Mr. Katz whose salary as mentioned above was reinstated at 85% of his pre-wage reduction salary immediately prior to receiving such 2% increase).

Annual Cash Bonus. Following the completion of fiscal 2010, all of our named executive officers were eligible for an annual bonus under our annual cash bonus plan, the Vail Resorts, Inc. Management Incentive Plan, which we refer to as the Management Incentive Plan, for their efforts during fiscal 2010. The Management Incentive Plan is intended to compensate executives primarily for achieving near-term financial, operational and strategic goals over the course of the prior fiscal year and for achieving individual annual performance objectives.

There are two performance elements to the Management Incentive Plan, (1) the amount of funds available under the Management Incentive Plan itself in any fiscal year, and (2) the specific allocation of awards to individuals under the Management Incentive Plan.

To determine the annual funding targets of the Management Incentive Plan, the Compensation Committee first establishes relevant performance measures. The Compensation Committee has determined that earnings before interest, taxes, depreciation and amortization, or Reported EBITDA, targets, as set by the Board annually when approving the Company's budget, is one appropriate measure. For this purpose, the Compensation Committee also excludes stock-based compensation expense from Reported EBITDA in setting the actual targets, and each time the term Reported EBITDA is used in the Executive Compensation section of this proxy statement, it means Reported EBITDA excluding stock-based compensation expense. The other measure is comprised of the performance goals for Vail Resort Development Company, or VRDC, which for fiscal 2010 included attaining a Reported EBITDA target of \$30,000 for the Company's real estate segment, as well as achieving targets for individual project performance including pre-sales and ultimate closings, budgeted

profitability, cash flow, schedule timing and construction-related approvals, which we refer to collectively as the VRDC Performance Goals. For all of our named executive officers, the annual funding targets are based upon Reported Resort EBITDA (which is a combination of our Reported Mountain segment EBITDA and Reported Lodging segment EBITDA), as well as the achievement of the VRDC Performance Goals. Reported EBITDA is calculated by the Company and consistently applied for purposes of the Management Incentive Plan as segment net revenue less segment operating expense plus or minus segment equity investment income or loss and for the real estate segment, plus gain on sale of real property. For fiscal 2010, the Reported Resort EBITDA target (excluding stock-based compensation expense) was \$190.1 million. Both the Reported Resort EBITDA and Reported Real Estate EBITDA targets were based on the Company's approved budget for fiscal 2010 and represented the mid-point of our original guidance ranges. The Compensation Committee established the performance measures in writing at the beginning of the fiscal year with the expectation that the target level of performance of these goals would require significant effort and substantial progress toward the goals of our strategic plan in light of the current business environment. As a result, our attainment of these targets in fiscal 2010 was moderately likely. For the VRDC Performance Goals, the Compensation Committee sets out several specific goals that each has a weighting within that portion of the funding calculation for corporate performance. Among these specific goals, we expect that some should be achievable, some will be challenging to achieve and others will be difficult to achieve. Over the past three fiscal years, VRDC completed the number of goals resulting in between approximately 62.5% and 79% funding of the VRDC Performance Goals portion of corporate performance, with an average funding over this time of 70.4%. In setting the performance measures for any given fiscal year, the Compensation Committee considers past Company performance, broader economic trends that may impact the Company in the upcoming year, and the Company's historical performance in relation to the bonus targets set in the respective prior periods.

Under the Management Incentive Plan, if the Company achieves the Reported Resort EBITDA target, the Management Incentive Plan is funded at 100% of the target funding level for that portion of the corporate performance funding, as is more fully detailed in the table set forth below entitled "Management Incentive Plan Funding." If Company performance exceeds the Reported Resort EBITDA target, the Management Incentive Plan is funded above the target funding level for that portion, but in all instances such funding is capped at 200% of the target funding level, based upon the Company's achievement of 120% or greater of the Reported Resort EBITDA target. If Company performance falls below the annual Reported Resort EBITDA target, the Management Incentive Plan is funded at a percentage of the target funding level for that portion. In order to achieve the minimum payable target funding level of 15% funding for that portion of the corporate performance funding, the Company must achieve at least 80% of its Reported Resort EBITDA target. The other portion of the funding calculation based on corporate performance is the attainment of the VRDC Performance Goals, which is weighted more heavily for VRDC executives, but affects every executive's bonus funding as discussed in more detail below. If the minimum percentage of the Reported Resort EBITDA target is not reached and the VRDC Performance Goals are not met, then the Management Incentive Plan is not funded for the named executive officers and no bonuses will be paid to them.

Management Incentive Plan Funding

Percentage of Target Achieved	Percentage of Annual Target Funding Level Available under the Management Incentive Plan
80%	15%
90%	25%
95%	50%
100%	100%
110%	175%
120%	200%

In the event the Company's Reported Resort EBITDA for any fiscal year meets the specific threshold or target level, and/or the Company achieves any of the VRDC Performance Goals, then the Management Incentive Plan is funded at the appropriate level and each named executive officer is eligible to receive a cash bonus under the Management Incentive Plan. The amount of the target annual bonus is also determined by each named executive officers' target annual bonus as a percentage of their base salary. Pursuant to their employment agreements, each of Messrs. Katz, Jones, Garnsey and Carrig are eligible for an annual incentive bonus based on a targeted minimum percentage of no less than 100%, 60%, 50% and 50%, respectively, of such executive's base salary. Ms. Arnold's target minimum percentage is currently set at 42.5% of her base salary, which may be changed at the discretion of the Compensation Committee on a yearly basis. The differences between each named executive officer's targeted minimum bonus as a percentage of their base salary was determined based upon the perceived ability each executive position has to influence the performance of the Company. The positions deemed to have the most potential impact upon Company performance have the greatest potential for annual cash bonus potential, putting a greater proportion of such named executive officer's total pay at risk relative to Company performance, in accordance with the Company's executive compensation philosophy.

For fiscal 2010, for each named executive officer, 20% of the funding of the Management Incentive Plan was based on the achievement of the VRDC Performance Goals, including Reported Real Estate EBITDA, with the remaining 80% based on Reported Resort EBITDA. Once funding is determined, 100% of the actual bonus paid to each of our executives (other than Mr. Katz, whose bonus is equal to, and based solely on, the funded amount of target bonus determined by Company performance) is determined by individual performance objectives. Prior to fiscal 2009, only a portion of each executive's annual bonus was determined by individual performance objectives, while the other portion was based only on Company performance, meaning that an executive received a portion of the funded amount of target bonus regardless of, and unaffected by, individual performance assessment. This change reflects our objective to put more emphasis on individual performance-oriented compensation, while ensuring that overall Company performance standards are met before bonus plan funding can occur. For example, an executive whose bonus funding is 80% based on Reported Resort EBITDA and 20% based on achievement of VRDC Performance Goals, earning \$300,000 annually with a target bonus of 50% of base salary, would have an available bonus funding of \$120,000 for 100% achievement of Reported Resort EBITDA (100% of 80% of executive's target of 50% of his \$300,000 salary), plus \$30,000 for 100% achievement of VRDC Performance Goals (100% of 20% of executive's target of 50% of his \$300,000 salary), for a total of \$150,000, or 100%, of target funding. However, because 100% of an executive's total bonus (other than for Mr. Katz) is determined by individual performance objectives, an individual's ultimate total bonus can be paid out in an amount equal to 0%, 70%, 100%, 115% or 130% of the target amount based on individual performance (subject to availability of funds under the Management Incentive Plan). These individual performance objectives are specified in writing at the beginning of each fiscal year, with the expectation in fiscal 2010 that the target level of performance of these objectives would require significant effort and substantial progress toward the goals of our strategic plan in light of the current business environment. As a result, each named executive officer's attainment of his performance objectives in fiscal 2010 was moderately likely.

In fiscal 2010, the Company met 102% of the Company Reported Resort EBITDA target, which under the Management Incentive Plan determined the funding level at 115% of the target funding level for each of the named executive officers for that portion of the corporate performance funding. In fiscal 2010, VRDC completed the number of goals resulting in a 62.5% funding of the VRDC Performance Goals portion of the funding calculation. Combined with the Reported EBITDA funding, this resulted in a funding of 104.5% of the overall target funding level for each of the named executive officers. Based upon these results and the Compensation Committee's assessment of the individual named executive officer's performance, we paid a cash bonus to each of the named executive officers, as reflected in the Summary Compensation Table included in this proxy statement.

Pursuant to Mr. Katz's employment agreement, Mr. Katz's bonus is paid 50% in cash and 50% in RSUs that vest annually over a three year period. This is consistent with our retention objectives and our goal of aligning the interests of our executives with those of our stockholders.

Executive Equity Incentives. We believe that long-term stockholder value is achieved, in part, by retaining our executive officers in a competitive business environment and aligning the interests of these officers with those of our stockholders by encouraging stock ownership by our executive officers. Under our Amended and Restated 2002 Long Term Incentive Share Award Plan, the Company may make grants of stock options, restricted stock, RSUs and SARs. Under our current executive compensation program, we utilize the grant of service-based vesting RSUs, and SARs rather than stock options, in part because RSUs and SARs provide both a high perceived value and strong retention value, and in part because executives do not incur out-of-pocket expenses to participate in these equity awards. As a result, we believe the use of RSUs and SARs provides additional linkage between the interests of our named executive officers and our stockholders. In addition, the award of RSUs enables us to account for our executive equity incentive program based on the price of our common stock underlying these shares, fixed at the date of grant of the awards, resulting in a known maximum cost under the program at the time of the grant. These awards typically vest annually over three years.

However, in certain instances, we have granted awards with cliff-based vesting as a retention tool where, for instance, the entire award does not vest until the end of a three-year period.

In determining the number of RSUs and SARs granted to each of our named executive officers, we awarded approximately 22% of such equity awards in RSUs and approximately 78% of such equity awards in SARs. However, the equity awards granted to our Chief Executive Officer represented approximately 15% RSUs and 85% SARs. The Compensation Committee determined that our Chief Executive Officer's awards should be even more heavily weighted toward performance and the alignment to our stockholders' interests of long-term stock value appreciation, with less emphasis on the current perceived value of service-based vesting RSUs. In addition, the Compensation Committee bases awards of long-term equity compensation on competitive market practices as determined by our peer group analysis and the most recent information obtained from any outside compensation consultants used, as well as the amount of current cash compensation that is paid to each named executive officer, each named executive officer's level of responsibility and any other factors the Compensation Committee deems relevant in making such awards. The Compensation Committee typically consults with our Chief Executive Officer in determining the size of the grants to each of the named executive officers, other than to him. Other than for specific events, such as new hires, the cliff-based vesting awards used for retention or the equity awards that were granted in connection with 2009 wage reduction plan, the number of RSUs and SARs granted on a yearly basis has remained relatively consistent the last few years.

All of our named executive officers received awards of RSUs and SARs in fiscal 2010 as an incentive for future performance. These equity awards are described under the heading "Grants of Plan-Based Awards" below.

Clawback Provision

In line with corporate governance best practices, in October 2010 the Compensation Committee adopted a "clawback" policy that allows the Company to seek repayment of incentive compensation that was erroneously paid. The policy provides that if the Board determines that there has been a material restatement of publicly issued financial results from those previously issued to the public, the Board will review all bonus payments made to executive officers during the three-year period prior to the restatement on the basis of having met or exceeded specific performance targets. If such payments would have been lower had they been calculated based on such restated results, the Board will (to the extent permitted by governing law) seek to recoup the payments in excess of the amount that would

have been paid based on the restated results. The clawback provision applies to bonus payments earned commencing fiscal 2011.

Equity Grant Practices

We generally seek to make equity compensation grants in the first quarter following the completion of a given fiscal year. Options, if granted, and SARs are granted with an exercise price equal to the market price of our common stock on the date of grant, which is the date the Board or the Compensation Committee, as applicable, approves the award. The Company does not have any specific program, plan or practice related to timing equity compensation awards to executives in coordination with the release of non-public information. Other than grants made in connection with hiring, promotions or to replace certain new hire grants, equity awards are granted to named executive officers at the same time that equity awards are granted to all other employees who are eligible for such awards.

Deferred Compensation Plan

We currently have two nonqualified deferred compensation plans in which our named executive officers, as well as other executive employees, may participate. Our 2000 non-qualified deferred compensation plan was “grandfathered” in 2004 due to the enactment of Section 409A of the Internal Revenue Code and related compliance issues associated with such enactment. Thus, after December 31, 2004, no new contributions were accepted into the grandfathered plan. Effective January 1, 2005, we adopted a new nonqualified deferred compensation plan, which is designed to comply with Section 409A. The Plans provide qualifying executives an opportunity to invest pre-tax dollars above the limits established by the Internal Revenue Service guidelines. For a more detailed discussion of these plans, see the Non-Qualified Deferred Compensation Table and accompanying narrative, below.

Executive Stock Ownership Guidelines

Based in part on the June 2007 recommendations of an outside compensation consultant, on September 21, 2007, the Company adopted executive stock ownership guidelines. Under the guidelines, our executive officers will be expected to hold shares of our common stock equal to multiples of their base salary in the following amounts: Chief Executive Officer: five times base salary; Chief Financial Officer and Divisional Presidents: three times base salary; Executive Vice Presidents: two times base salary; Senior Vice Presidents: one and a half times base salary; and Vice President executives: one times base salary. The guidelines are phased and each executive covered under the guidelines has up to five years to meet the guidelines, calculated either from September 21, 2007 or from the date such person becomes a covered executive under the guidelines, as applicable.

Perquisites

We offer each of the named executive officers benefits relating to the use of one or more of our private clubs, including skiing and parking privileges, as a part of their responsibilities and employment. In addition, under our Perquisite Program, certain of the Company’s executive officers are entitled to an annual allowance, based on pay grade, to be used at the Company’s resorts. The program incentivizes our named executive officers to use the Company’s services, which the Company believes helps them in their performance by allowing them to evaluate our resorts and services based upon firsthand knowledge. Executives may draw against the account to pay for services, at the market rate for the applicable resort or services. Amounts of the fund used by executives are taxed as ordinary income, like other compensation. Unused funds in each executive’s account at the end of each fiscal year are forfeited. Pursuant to his employment agreement, Mr. Katz participates in the Perquisite Program on the same terms as our other named executive officers with an annual allowance as provided in his employment agreement. All Company employees enjoy skiing privileges, not just our

executives. Compared to its peer group, the Company offers relatively few perquisites for benefits offered by third parties, reflecting the Company's compensation philosophy to focus rewards upon elements of pay that are tied closely to the performance of the Company.

In connection with certain past relocations, the Company invested in a portion of the primary residences of certain of our named executive officers. These arrangements were individually negotiated and are not part of the Company's regular relocation practices. As of fiscal 2010, Mr. Carrig was the only named executive officer in whose primary residence the Company held an ownership interest. During fiscal 2010, Mr. Carrig purchased the Company's share of his primary residence. Going forward the Company does not intend to enter into these types of transactions.

Post-Termination Compensation

Pursuant to their employment agreement, each of Messrs. Katz, Jones, Garnsey and Carrig are entitled to receive severance payments and continuation of certain benefits upon certain terminations of employment. Pursuant to the Company's executive severance policy, Ms. Arnold is entitled to receive severance payments upon certain terminations of employment. In addition, each of the named executive officers is entitled to receive payments upon a termination occurring within a certain period of time following a change in control (i.e., a "double trigger"). Mr. Katz may also terminate his employment for "good reason" (as defined in his employment agreement) and receive severance payments upon a change in control. We believe the change in control arrangements provide continuity of management in the event of an actual or threatened change in control of the Company. We also believe that our termination and severance provisions reflect both market practices and competitive factors. Our Board believed that these severance payments and benefit arrangements were necessary to attract and retain our named executive officers when these agreements were put into place.

Tax Deductibility of Executive Compensation

Deductibility Limit on Compensation in Excess of \$1 Million. Section 162(m) of the Internal Revenue Code generally provides that no federal income tax business expense deduction is allowed for annual compensation in excess of \$1 million paid by a publicly-traded corporation to certain of its officers. Under the Code, however, there is no limitation on the deductibility of "qualified performance-based compensation." In order to satisfy the requirement for qualified performance-based compensation under the Internal Revenue Code, the Compensation Committee is prohibited from increasing the amount of compensation payable if a performance goal is met, but may reduce or eliminate compensation even if such performance goal is attained. In addition, stockholders must approve the types of performance goals and the maximum amount that may be paid to covered executive officers or the formula used to calculate such amount. The Compensation Committee has taken action to ensure that, whenever possible, the requirements of Section 162(m) under the Internal Revenue Code are met and such compensation in excess of \$1 million, if any, is tax deductible to the Company.

SUMMARY COMPENSATION TABLE

The following table shows for fiscal 2010, fiscal 2009 and fiscal 2008, compensation awarded to or paid to, or earned by, the Company's Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers for fiscal 2010, which we refer to in this proxy statement as our named executive officers.

Summary Compensation Table for Fiscal 2010

Name and Principal Position (a)	Fiscal Year (b)	Salary (\$)(1) (c)	Bonus (\$) (d)	Stock Awards (\$)(2) (e)	Option/Stock Appreciation Right Awards (\$)(3) (f)	Non-Equity Incentive Plan Compensation (\$)(4) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (h)	All Other Compensation (\$)(5) (i)	Total (\$) (j)
Robert A. Katz Chief Executive Officer	2010	225,026	—	682,819(6)	1,691,249	374,631(6)	—	25,712	2,999,437
	2009	575,868	—	1,538,288(6)	5,434,049	—(6)	—	41,859	7,590,064
	2008	835,414	—	498,573(6)	1,578,930	210,881(6)	—	15,084	3,138,882
Jeffrey W. Jones Senior Executive Vice President and Chief Financial Officer	2010	412,265	—	121,103	417,093	256,909	—	6,691	1,214,061
	2009	437,323	—	1,266,967	1,587,115	79,652	—	6,789	3,377,846
	2008	447,933	—	123,163	379,233	136,581	—	13,021	1,099,931
Fiona E. Arnold(7) Senior Vice President, General Counsel and Secretary	2010	271,662	—	54,333	187,197	119,914	—	2,118	635,224
Blaise T. Carrig Co-President, Mountain Division	2010	344,749	—	81,500	280,741	181,046	—	13,658	901,694
	2009	350,611	—	78,737	300,114	64,162	—	15,778	809,402
	2008	343,064	—	361,531	221,226	91,250	—	19,554	1,036,625
John McD. Garnsey Co-President, Mountain Division	2010	344,749	—	81,500	280,741	181,046	—	11,166	899,202
	2009	347,452	—	78,737	300,114	55,793	—	11,183	793,279
	2008	336,171	—	361,531	221,226	89,425	—	13,908	1,022,261

- (1) Amounts shown reflect salary payments actually received during the fiscal year, which differ from base salaries in that year based in part on the timing of previous year annual adjustments, mid-year promotions and, for fiscal 2010, the wage reduction effective April 2, 2009, which was partially reinstated effective April 1, 2010. Base salaries for each of the named executive officers as of July 31, 2010 were as follows: Messrs. Katz: \$731,336; Jones: \$417,939; Carrig: \$353,430; and Garnsey: \$353,430; and Ms. Arnold: \$275,400. Each executive's base salary is subject to annual review and adjustment. Based on the Compensation Committee's annual review of the compensation paid to our named executive officers, the Compensation Committee kept fiscal 2010 base salaries of each of our named executive officers at reduced fiscal 2009 levels, except for a 2% interim salary increase that each named executive officer received effective April 1, 2010. Additionally, Mr. Katz's base salary was reinstated at 85% of his pre-wage reduction salary effective April 1, 2010 and immediately prior to receiving such 2% increase. Based on the Compensation Committee's annual review of the compensation paid to our named executive officers, the Compensation Committee increased fiscal 2011 base salaries of each of our named executive officers by 3% from fiscal 2010 levels.
- (2) Awards consist of RSUs. The amounts represent the aggregate grant date fair value of RSUs granted during the applicable fiscal year computed in accordance with FASB ASC Topic 718.
- (3) The amounts represent the aggregate grant date fair value of SARs granted during the applicable fiscal year computed in accordance with FASB ASC Topic 718, and do not represent cash payments made to individuals or amounts realized, or amounts that may be realized. Assumptions used in the calculation of these amounts are included in note 16 to our audited financial statements for fiscal 2010, which are included in our annual report on Form 10-K for fiscal 2010 filed with the SEC on September 23, 2010.
- (4) On September 21, 2010, pursuant to the Company's Management Incentive Plan, as more fully described under the heading "Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Bonus" above and based upon the attainment of performance targets previously established by the Compensation Committee under

the Management Incentive Plan, the Company approved 2010 cash bonus awards for its named executive officers. Such amounts are expected to be paid on or about October 21, 2010. For fiscal years 2008 and 2009, this amount reflects the bonus that was paid to each named executive officer in October 2008 and October 2009 in respect of fiscal 2008 and fiscal 2009 performance.

- (5) Consists primarily of Company contributions to executives' accounts in the Company's qualified 401(k) plan (until termination of the Company match program in fiscal 2009, which was partially reinstated effective April 1, 2010) and premiums paid on behalf of the executive for supplemental life and disability insurance. Our executive officers receive other benefits consisting of lodging, ski school privileges and discretionary spending on services at our properties for personal use. In accordance with SEC rules, the value of these benefits is measured on the basis of the estimated aggregate direct incremental cost to the Company for providing these benefits, and perquisites and personal benefits are not reported for any executive officer for whom such amounts were less than \$10,000 in the aggregate for the fiscal year. In each fiscal year, the Company provided to each of the named executive officers benefits relating to the use of one or more of our private clubs, for which the Company incurred no incremental costs. Executives are responsible for the payment of their individual, non-business related expenditures incurred at such clubs, although these expenses would qualify for reimbursement under the Perquisite Program if within the executive's allowance under that program. Pursuant to SEC rules, perquisites do not include benefits generally available on a non-discriminatory basis to all of our employees, such as skiing privileges and lodging discounts. All other compensation includes the following:

Name	Fiscal Year	Company Contributions Under 401(k) Savings Plan (\$)	Company-paid Life Insurance Premiums (\$)	Company-paid Supplemental Disability Insurance Premiums (\$)	Company paid relocation compensation, inclusive of tax gross-up payments related to such costs (\$)	Company paid lodging, ski school privileges and discretionary spending on goods and services** (\$)	Total (\$)
Robert A. Katz	2010	2,250	6,395	1,517	—	15,550	25,712
	2009	0	6,395	1,517	—	33,947	41,859
	2008	6,900	6,395	1,789	—	(a)	15,084
Jeffrey W. Jones	2010	1,286	612	4,793	—	(a)	6,691
	2009	1,384	612	4,793	—	(a)	6,789
	2008	7,254	702	5,065	—	(a)	13,021
Fiona E. Arnold	2010	0	612	1,506	—	(a)	2,118
Blaise T. Carrig	2010	1,054	612	11,992	—	(a)	13,658
	2009	3,174	612	11,992	—	(a)	15,778
	2008	6,619	671	12,264	—	(a)	19,554
John McD. Garnsey	2010	0	612	10,554	—	(a)	11,166
	2009	0	612	10,571	—	(a)	11,183
	2008	2,394	671	10,843	—	(a)	13,908

(a) Our named executive officers receive access to the same benefits under the terms of the Perquisite Program, but the value reported for these benefits is based on the estimated aggregate direct incremental cost to the Company for providing the benefits actually used by each executive. If the cost of the benefits actually used by an executive sum to less than \$10,000 for the fiscal year, then no amount is shown for that executive.

- (6) Mr. Katz's bonus is paid 50% in cash and 50% in RSUs that vest annually over a three year period. The amount shown for Stock Awards in column "(e)" includes \$210,873, \$120,243 and \$374,631, which represent the aggregate grant date fair value of RSUs, based on the 5,260, 3,355 and 10,070 RSUs granted on September 23, 2008, September 22, 2009 and September 21, 2010, respectively, for 50% payment of Mr. Katz's total bonus award. The amounts reported in column "(g)" for fiscal 2010 and fiscal 2008 reflect only the cash amount paid to Mr. Katz for 50% of Mr. Katz's total bonus award for such fiscal year. In lieu of paying cash for the 50% cash portion of Mr. Katz's bonus for fiscal 2009, the Compensation Committee approved, and Mr. Katz agreed to accept, the payment to Mr. Katz of an equal value of fully vested shares of our common stock. The amount shown for Stock Awards in column "(e)" for fiscal 2009 also includes \$120,243, which represents the aggregate grant date fair value of RSUs based on the 3,355 fully vested RSUs granted on September 22, 2009 for payment in lieu of the cash portion of Mr. Katz's total bonus award for fiscal 2009, from which 1,378 shares were withheld by the Company to satisfy tax withholding requirements.
- (7) Ms. Arnold was not a named executive officer in 2009 and 2008 under SEC rules. As a result, 2009 and 2008 compensation information is not included in accordance with such rules.

GRANTS OF PLAN-BASED AWARDS

The following table shows certain information regarding grants of plan-based awards to the named executive officers during fiscal 2010:

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units(5) (i)	All Other Option/SAR Awards: Number of Securities Underlying Options/SARs (#)(6) (j)	Exercise or Base Price of Option/ SAR Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards \$(7) (l)
		Threshold \$(2) (c)	Target \$(3) (d)	Maximum \$(4) (e)				
Robert A. Katz		86,040	716,996	1,362,293	—	—	—	
	09/22/09				8,599	n/a	308,188	
	09/22/09				3,355	n/a	120,243	
	09/22/09				3,355	n/a	120,243	
	09/22/09					123,539	\$35.84	
							1,691,249	
Jeffrey W. Jones		20,651	245,846	607,240	—	—	—	
	09/22/09				3,379	n/a	121,103	
	09/22/09					30,467	\$35.84	
							417,093	
Fiona E. Arnold		9,639	114,750	283,433	—	—	—	
	09/22/09				1,516	n/a	54,333	
	09/22/09					13,674	\$35.84	
							187,197	
Blaise T. Carrig		14,553	173,250	427,928	—	—	—	
	09/22/09				2,274	n/a	81,500	
	09/22/09					20,507	\$35.84	
							280,741	
John McD. Garnsey		14,553	173,250	427,928	—	—	—	
	09/22/09				2,274	n/a	81,500	
	09/22/09					20,507	\$35.84	
							280,741	

- (1) The estimated possible payouts are based on the parameters applicable to each named executive officer at the time the Compensation Committee established the relevant performance goals in writing at the beginning of fiscal 2010, as more fully described under the heading “Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Bonus” of this proxy statement. The actual earned and subsequently paid amounts are reported in the Summary Compensation Table under column “(g).”
- (2) The Threshold amount is based on the Management Incentive Plan’s minimum target funding level of 15% upon achievement of at least 80% of certain Reported Resort EBITDA targets for fiscal 2010 and no achievement of the VRDC Performance Goals, with the resulting funding applied to the executive’s target percentage of base salary and then paid out (other than for Mr. Katz, whose bonus is tied entirely to corporate performance) at the 70% threshold level for individual performance (which can be paid out in an amount equal to 0%, 70%, 100%, 115% or 130% of the funded amount).
- (3) The Target amount is based on the Management Incentive Plan’s target funding level of 100% upon achievement by the Company of 100% of certain Reported Resort EBITDA targets and VRDC Performance Goals for fiscal 2010, with the resulting funding applied to the executive’s target percentage of base salary and then paid out (other than for Mr. Katz, whose bonus is tied entirely to corporate performance) at the 100% target level for individual performance (which can be paid out in an amount equal to 0%, 70%, 100%, 115% or 130% of the funded amount).
- (4) The Maximum amount is based on the Management Incentive Plan’s maximum funding level of 200% upon achievement by the Company of at least 120% of certain Reported Resort EBITDA targets for fiscal 2010 and maximum achievement of the VRDC Performance Goals, with the resulting funding applied to the

executive's target percentage of base salary and then paid out (other than for Mr. Katz, whose bonus is tied entirely to corporate performance) at the 130% maximum level for individual performance (which can be paid out in an amount equal to 0%, 70%, 100%, 115% or 130% of the funded amount).

- (5) Represents RSUs that, unless otherwise specifically noted below, generally vest in three equal annual installments beginning on the first anniversary of the date of grant. The grants were made pursuant to the 2002 Plan.
- (6) Represents SARs that, unless otherwise specifically noted below, generally vest in three equal annual installments beginning on the first anniversary of the date of grant. The exercise price of each SAR is equal to the closing price of our common stock on the date of grant. Upon the exercise of a SAR, the actual number of shares the Company will issue to the participant is equal to the quotient of (i) the product of (x) the excess of the per share fair market value of our common stock on the date of exercise over the exercise price, multiplied by (y) the number of SARs exercised, divided by (ii) the per share fair market value of our common stock on the date of exercise, less any shares withheld to cover payment of applicable tax withholding obligations. The grants were made pursuant to the Company's 2002 Plan.
- (7) The amounts shown represent the aggregate fair value of the award calculated as of the grant date in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 16 to our audited financial statements for fiscal 2010, which are included in our annual report on Form 10-K for fiscal 2010 filed with the SEC on September 23, 2010.

Employment Agreements

In October 2008, our named executive officers, other than Ms. Arnold who does not have an employment agreement with the Company, entered into new executive employment agreements for the purpose of updating all agreements to comply with Section 409A of the Internal Revenue Code and to reflect certain best practices in the agreements as recommended by a compensation consultant. These agreements were approved by the Compensation Committee to supersede and replace such officers' pre-existing agreements. The agreements entered into with our named executive officers are described below.

Robert A. Katz, Chief Executive Officer

The Company entered into an employment agreement with Robert A. Katz effective October 15, 2008 to supersede and replace his prior agreement dated February 28, 2006. The agreement has an initial term through October 15, 2011, unless earlier terminated, and provides for automatic renewal for successive one year periods if neither party provides written notice of non-renewal to the other not less than 60 days prior to the then-current scheduled expiration date. Under the employment agreement, the initial base salary was set at \$843,500, subject to annual adjustments by the Compensation Committee, though in no case may the base salary be reduced at any time below the then-current level. As part of the Company-wide wage reduction plan effective April 2, 2009, Mr. Katz waived this requirement and did not to take any salary for a twelve month period. Effective April 1, 2010, Mr. Katz's salary was reinstated at 85% of his prior pre-wage reduction salary, which was subsequently increased effective April 1, 2010 pursuant to the Company-wide 2% interim wage increase for year round employees. Pursuant to the employment agreement, Mr. Katz also participates in the Company's annual bonus incentive plan which currently is the Company's Management Incentive Plan, as more fully described under the heading "Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Bonus" of this proxy statement, under which any awards are at the discretion of the Compensation Committee. Under the employment agreement, if the Company achieves specified performance targets for the year under the Management Incentive Plan, Mr. Katz's "target opportunity" will be 100% of his base salary. The agreement provides that Mr. Katz's bonus is to be paid 50% in cash and 50% in RSUs that vest annually over a three year period. Mr. Katz also receives other benefits and perquisites on the same terms as afforded to senior executives generally,

including customary health, disability and insurance benefits, certain club membership benefits and participation in the Company's Perquisite Program with an allowance of \$70,000 annually.

The employment agreement also provides for certain payments in connection with the termination (including constructive termination) of Mr. Katz under certain circumstances, as more fully described under the heading "Potential Payments Upon Termination or Change in Control" below.

Mr. Katz's employment agreement contains standard provisions for non-competition and non-solicitation of the Company's managerial employees that become effective as of the date of Mr. Katz's termination of employment and that continue for two years thereafter. Mr. Katz is also subject to a permanent covenant to maintain confidentiality of the Company's confidential information.

Jeffrey W. Jones, Senior Executive Vice President and Chief Financial Officer

The Company entered into an employment agreement with Jeffrey W. Jones effective October 15, 2008 to supersede and replace his prior agreement dated September 29, 2004. The agreement has an initial term through October 15, 2011, unless earlier terminated, and provides for automatic renewal for successive one year periods if neither party provides written notice of non-renewal to the other not less than 60 days prior to the then-current scheduled expiration date. Under the employment agreement, the initial base salary was set at \$455,271, subject to annual adjustments by the Compensation Committee, though in no case may the base salary be reduced at any time below the then-current level. As part of the Company-wide wage reduction plan effective April 2, 2009, Mr. Jones waived this requirement and accepted a salary reduction of 10%. Effective April 1, 2010, Mr. Jones received a 2% interim wage increase pursuant to the Company-wide 2% interim wage increase for year round employees. Pursuant to the employment agreement, Mr. Jones also participates in the Company's annual bonus incentive plan which currently is the Company's Management Incentive Plan, as more fully described in "Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Bonus" of this proxy statement, under which any awards are at the discretion of the Compensation Committee. Under the employment agreement, if the Company achieves specified performance targets for the year under the Management Incentive Plan, Mr. Jones' "target opportunity" will be 60% of his base salary. Mr. Jones also receives other benefits and perquisites on the same terms as afforded to senior executives generally, including customary health, disability and insurance benefits, certain club membership benefits and participation in the Company's Perquisite Program.

The employment agreement also provides for certain payments in connection with the termination (including constructive termination) of Mr. Jones under certain circumstances, as more fully described under the heading "Potential Payments Upon Termination or Change in Control" below.

Mr. Jones' employment agreement contains standard provisions for non-competition and non-solicitation of the Company's managerial employees that become effective as of the date of Mr. Jones' termination of employment and that continue for one year thereafter. Mr. Jones is also subject to a permanent covenant to maintain confidentiality of the Company's confidential information.

John McD. Garnsey, Co-President, Mountain Division

Vail Holdings, Inc. (VHI), a wholly-owned subsidiary of the Company, entered into an employment agreement with John McD. Garnsey effective October 15, 2008 to supersede and replace his prior agreement dated as of May 17, 1999. The agreement has an initial term through October 15, 2011, unless earlier terminated, and provides for automatic renewal for successive one year periods if neither party provides written notice of non-renewal to the other not less than 60 days prior to the then-current scheduled expiration date. Under the employment agreement, the initial base salary was set at \$365,000, subject to annual adjustments by the Compensation Committee, though in no case may the base salary be reduced at any time below the then-current level. As part of the Company-wide wage

reduction plan effective April 2, 2009, Mr. Garnsey waived this requirement and accepted a salary reduction of 10%. Additionally, the agreement provides that Mr. Garnsey's base salary would increase to \$385,000 effective August 1, 2009; however, consistent with the waiver noted above, this new salary took effect on such date at a 10% reduced level. Effective April 1, 2010, Mr. Garnsey received a 2% interim wage increase pursuant to the Company-wide 2% interim wage increase for year round employees. Pursuant to the employment agreement, Mr. Garnsey also participates in the Company's annual bonus incentive plan which currently is the Company's Management Incentive Plan, as more fully described in "Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Bonus" of this proxy statement, under which any awards are at the discretion of the Compensation Committee. Under the employment agreement, if the Company achieves specified performance targets for the year under the Management Incentive Plan, Mr. Garnsey's "target opportunity" will be 50% of his base salary. Mr. Garnsey also receives other benefits and perquisites on the same terms as afforded to senior executives generally, including customary health, disability and insurance benefits, certain club membership benefits and participation in the Company's Perquisite Program.

The employment agreement also provides for certain payments in connection with the termination (including constructive termination) of Mr. Garnsey under certain circumstances, as more fully described under the heading "Potential Payments Upon Termination or Change in Control" below.

Mr. Garnsey's employment agreement contains standard provisions for non-competition and non-solicitation of the Company's managerial employees that become effective as of the date of Mr. Garnsey's termination of employment and that continue for one year thereafter. Mr. Garnsey is also subject to a permanent covenant to maintain confidentiality of the Company's confidential information.

Blaise T. Carrig, Co-President, Mountain Division

VHI entered into an employment agreement with Blaise T. Carrig effective October 15, 2008 to supersede and replace his prior agreement dated as of July 23, 2002. The agreement has an initial term through October 15, 2011, unless earlier terminated, and provides for automatic renewal for successive one year periods if neither party provides written notice of non-renewal to the other not less than 60 days prior to the then-current scheduled expiration date. Under the employment agreement, the initial base salary was set at \$365,000, subject to annual adjustments by the Compensation Committee, though in no case may the base salary be reduced at any time below the then-current level. As part of the Company-wide wage reduction plan effective April 2, 2009, Mr. Carrig waived this requirement and accepted a salary reduction of 10%. Additionally, the agreement provides that Mr. Carrig's base salary would increase to \$385,000 effective August 1, 2009; however, consistent with the waiver noted above, this new salary took effect on such date at a 10% reduced level. Effective April 1, 2010, Mr. Carrig received a 2% interim wage increase pursuant to the Company-wide 2% interim wage increase for year round employees. Pursuant to the employment agreement, Mr. Carrig also participates in the Company's annual bonus incentive plan which currently is the Company's Management Incentive Plan, as more fully described in "Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Bonus" of this proxy statement, under which any awards are at the discretion of the Compensation Committee. Under the employment agreement, if the Company achieves specified performance targets for the year under the Management Incentive Plan, Mr. Carrig's "target opportunity" will be 50% of his base salary. Mr. Carrig also receives other benefits and perquisites on the same terms as afforded to senior executives generally, including customary health, disability and insurance benefits, certain club membership benefits and participation in the Company's Perquisite Program.

The employment agreement also provides for certain payments in connection with the termination (including constructive termination) of Mr. Carrig under certain circumstances, as more fully described under the heading “Potential Payments Upon Termination or Change in Control” below.

Mr. Carrig’s employment agreement contains standard provisions for non-competition and non-solicitation of the Company’s managerial employees that become effective as of the date of Mr. Carrig’s termination of employment and that continue for one year thereafter. Mr. Carrig is also subject to a permanent covenant to maintain confidentiality of the Company’s confidential information.

In connection with Mr. Carrig’s previous employment agreement, Heavenly Valley Limited Partnership (Heavenly LP) entered into an Addendum with Mr. Carrig, dated September 1, 2002, in which Heavenly LP agreed to invest up to \$600,000, but not to exceed 50% of the purchase price, for the purchase of a residence for Mr. Carrig and his family in the greater Lake Tahoe area of California. Heavenly LP contributed \$449,500 toward the purchase price of the residence and thereby obtained an approximate 50% undivided ownership interest in such residence. Upon the resale of the residence, or within approximately eighteen (18) months of the termination of Mr. Carrig’s employment with Heavenly LP, whichever is earlier, Heavenly LP is entitled to receive its proportionate share of the resale price of the residence, less certain deductions. This Addendum is incorporated into the October 2008 employment agreement with Mr. Carrig. In October 2009, Mr. Carrig purchased Heavenly LP’s interest in his home for \$449,500, a price supported by an independent, third party appraisal and approved by the Audit Committee of the Board in accordance with the Company’s Related Party Transactions Policy.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table shows certain information regarding outstanding equity awards held by the named executive officers as of July 31, 2010.

Outstanding Equity Awards at July 31, 2010

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options/SARs Exercisable (#)(1)	Number of Securities Underlying Unexercised Options/SARs Unexercisable (#)(1)(2)	Option/SAR Exercise Price (\$)(3)	Option/SAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(4)(5)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(6)
Robert A. Katz	5,000 (options)		16.75	12/10/12		
	5,000 (options)		14.73	11/20/13		
	15,000 (options)		18.73	9/28/14		
	300,000 (SARs)		31.69	2/28/16		
	48,285 (SARs)	24,143 (SARs)	60.05	9/25/17		
	37,957 (SARs)	75,914 (SARs)	40.09	9/23/18		
		521,262 (SARs)	18.88	3/01/19		
	123,539 (SARs)	35.84	9/22/19			
				1,597	60,494	
				4,951	187,544	
				3,506	132,807	
				52,966	2,006,352	
				8,599	325,730	
				3,355	127,087	
Jeffrey W. Jones	50,000 (options)		18.73	9/28/14		
	30,000 (options)		28.08	9/30/15		
	100,000 (options)		28.08	9/30/15		
	24,021 (SARs)		39.72	10/4/16		
	11,597 (SARs)	5,799 (SARs)	60.05	9/25/17		
	9,361 (SARs)	18,722 (SARs)	40.09	9/23/18		
		73,717 (SARs)	40.09	9/23/18		
	1,926 (SARs)	3,851 (SARs)	16.51	3/10/19		
		30,467 (SARs)	35.84	9/22/19		
				684	25,910	
				1,945	73,677	
				28,685	1,086,588	
				3,379	127,997	
Fiona E. Arnold	5,405 (SARs)	2,703 (SARs)	60.05	9/25/17		
	4,202 (SARs)	8,402 (SARs)	40.09	9/23/18		
	1,269 (SARs)	2,538 (SARs)	16.51	3/10/19		
		13,674 (SARs)	35.84	9/22/19		
				270	10,228	
				872	33,031	
				1,516	57,426	
Blaise T. Carrig	333 (options)		14.73	11/20/13		
	7,333 (options)		18.73	9/28/14		
	17,500 (options)		28.08	9/30/15		
	14,012 (SARs)		39.72	10/04/16		
	6,765 (SARs)	3,383 (SARs)	60.05	9/25/17		
	6,301 (SARs)	12,601 (SARs)	40.09	9/23/18		
	1,629 (SARs)	3,256 (SARs)	16.51	3/10/19		
	20,507 (SARs)	35.84	9/22/19			
				342	12,955	
				5,867	222,242	
				1,309	49,585	
				2,274	86,139	
John McD. Garnsey	18,000 (options)		18.73	9/28/14		
	17,500 (options)		28.08	9/30/15		
	14,012 (SARs)		39.72	10/04/16		
	6,765 (SARs)	3,383 (SARs)	60.05	9/25/17		
	6,301 (SARs)	12,601 (SARs)	40.09	9/23/18		
	1,629 (SARs)	3,256 (SARs)	16.51	3/10/19		
		20,507 (SARs)	35.84	9/22/19		
				342	12,955	
				5,867	222,242	
				1,309	49,585	
				2,274	86,139	

(1) Represents exercisable or unexercisable stock options and SARs that unless otherwise specifically noted, generally vest in three equal annual installments beginning on the first anniversary of the date of grant. Upon the exercise of a SAR, the

actual number of shares the Company will issue to the participant is equal the quotient of (i) the product of (x) the excess of the per share fair market value of our common stock on the date of exercise over the exercise price, multiplied by (y) the number of SARs exercised, divided by (ii) the per share fair market value of our common stock on the date of exercise, less any shares withheld to cover payment of applicable tax withholding obligations.

- (2) The grant dates and vesting dates of each unexercisable SAR award are as follows:

	Number of Unexercisable SARs	Grant Date	Vesting Schedule of Original Total Grant	Vesting Date (date award is vested in full)
Robert A. Katz	24,143	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	75,914	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	521,262	March 1, 2009	Cliff vest in full two years and seven months from the date of grant.	September 30, 2011
	123,539	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
Jeffrey W. Jones	5,799	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	18,722	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	73,717	September 23, 2008	Cliff vest in full on the third anniversary of the date of grant.	September 23, 2011
	3,851	March 10, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	March 10, 2012
	30,467	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
Fiona E. Arnold	2,703	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	8,402	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	2,538	March 10, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	March 10, 2012
	13,674	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
Blaise T. Carrig	3,383	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	12,601	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	3,256	March 10, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	March 10, 2012
	20,507	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
John McD. Garnsey	3,383	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	12,601	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	3,256	March 10, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	March 10, 2012
	20,507	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012

- (3) The exercise price of each stock option and SAR is equal to the closing price of our common stock on the date of grant.
- (4) Represents unvested RSUs that, unless otherwise specifically noted, generally vest in three equal annual installments beginning on the first anniversary of the date of grant.

(5) The grant dates and vesting dates of RSUs that have not vested are as follows:

	Number of Unvested RSUs	Grant Date	Vesting Schedule of Original Total Grant	Vesting Date (date award is vested in full)
Robert A. Katz	1,597	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	4,951	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	3,506	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	52,966	March 1, 2009	Cliff vest in full two years and seven months from the date of grant.	September 30, 2011
	8,599	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
	3,355	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
	Jeffrey W. Jones	684	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.
1,945		September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
28,685		September 23, 2008	Cliff vest in full on the third anniversary of the date of grant.	September 23, 2011
3,379		September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
Fiona E. Arnold	270	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	872	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	1,516	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
Blaise T. Carrig	342	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	5,867	January 8, 2008	Cliff vest on third anniversary of the date of the grant.	January 8, 2011
	1,309	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	2,274	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012
John McD. Garnsey	342	September 25, 2007	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 25, 2010
	5,867	January 8, 2008	Cliff vest on third anniversary of the date of the grant.	January 8, 2011
	1,309	September 23, 2008	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 23, 2011
	2,274	September 22, 2009	Equal annual installments over a three-year period beginning on anniversary of the date of grant.	September 22, 2012

(6) The July 31, 2010 fair market value of these unvested RSU awards was valued at the closing price of the Company's common stock on July 31, 2010 of \$37.88 per share, multiplied by the number of units.

OPTION EXERCISES AND STOCK VESTED

The following table shows for fiscal 2010 certain information regarding option exercises and stock vested during the last fiscal year with respect to the named executive officers:

Option Exercises and Stock Vested in Fiscal 2010

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting \$(1) (e)
Robert A. Katz	—	—	9,182(2)	328,766
Jeffrey W. Jones	—	—	2,655(3)	90,679
Fiona E. Arnold	—	—	1,019(4)	35,113
Blaise T. Carrig	—	—	1,495(5)	51,330
John McD. Garnsey	—	—	1,495(6)	51,330

- (1) For purposes of this table, the aggregate dollar value realized on the vesting of restricted shares was computed by multiplying the closing price of the Company's common stock on the vesting date, by the number of shares vested.
- (2) Represents the aggregate number of shares acquired on vesting. Of this amount, 3,189 shares were withheld by the Company from those vested to satisfy tax withholding requirements. The corresponding value realized on vesting in column "(e)" reflects the value of the aggregate number of shares acquired, irrespective of shares withheld to satisfy tax withholding requirements.
- (3) Represents the aggregate number of shares acquired on vesting. Of this amount, 824 shares were withheld by the Company from those vested to satisfy tax withholding requirements. The corresponding value realized on vesting in column "(e)" reflects the value of the aggregate number of shares acquired, irrespective of shares withheld to satisfy tax withholding requirements.
- (4) Represents the aggregate number of shares acquired on vesting. Of this amount, 317 shares were withheld by the Company from those vested to satisfy tax withholding requirements. The corresponding value realized on vesting in column "(e)" reflects the value of the aggregate number of shares acquired, irrespective of shares withheld to satisfy tax withholding requirements.
- (5) Represents the aggregate number of shares acquired on vesting. Of this amount, 395 shares were withheld by the Company from those vested to satisfy tax withholding requirements. The corresponding value realized on vesting in column "(e)" reflects the value of the aggregate number of shares acquired, irrespective of shares withheld to satisfy tax withholding requirements.
- (6) Represents the aggregate number of shares acquired on vesting. Of this amount, 465 shares were withheld by the Company from those vested to satisfy tax withholding requirements. The corresponding value realized on vesting in column "(e)" reflects the value of the aggregate number of shares acquired, irrespective of shares withheld to satisfy tax withholding requirements.

PENSION BENEFITS

The Company does not provide pension benefits or a defined contribution plan to the named executive officers other than the Company's tax-qualified 401(k) plan.

NONQUALIFIED DEFERRED COMPENSATION

The following table shows for fiscal 2010 certain information regarding non-qualified deferred compensation benefits for the named executive officers.

Nonqualified Deferred Compensation for Fiscal 2010

Name (a)	Executive Contributions in Last FY(\$) (b)	Registrant Contributions in Last FY(\$) (c)	Aggregate Earnings in Last FY(\$) (d)	Aggregate Withdrawals/ Distributions(\$) (e)	Aggregate Balance at Last FYE(\$) (f)
Robert A. Katz	—	—	—	—	—
Jeffrey W. Jones	—	—	240	—	3,044
Fiona E. Arnold	—	—	—	—	—
Blaise T. Carrig	—	—	393	—	168,225
John McD. Garnsey	—	—	6,848	—	77,297

On September 15, 2000, Vail Associates, Inc., an indirect wholly owned subsidiary of the Company, which we refer to in this section of the proxy statement as the Employer, adopted a Deferred Compensation Plan, which we refer to as the Grandfathered Plan, for the benefit of a select group of management or highly compensated employees, or participants. The Grandfathered Plan is not tax qualified. Section 409A of the Internal Revenue Code, enacted as part of the American Jobs Creation Act of 2004, sets forth specific tax requirements related to nonqualified deferred compensation plans, including the Grandfathered Plan. Rules under Section 409A are effective for nonqualified deferrals of compensation after December 31, 2004. As a result, after December 31, 2004, no new contributions were accepted into the Grandfathered Plan.

Effective January 1, 2005, the Employer began operating a new nonqualified deferred compensation plan designed to comply with Section 409A, which we refer to as the Plan. The Plan provides for two classes of participants. Class 1 participants may contribute to the Plan up to 95% of their base pay and up to 95% of any Employer-paid bonus. Class 2 participants may defer only an amount of base pay equal to any 401(k) compliance test refund. Effective January 1, 2007, all participants became eligible to defer up to 80% of their base salary (including an amount of base pay equal to any 401(k) compliance test refund) and 100% of any Employer-paid bonus. Members of the Board may contribute up to 100% of their director fees. All contributions made by participants are 100% vested. The Employer may, on an annual basis, elect to make matching and/or discretionary employer contributions, although to date, the Employer has not made any such contributions. Matching and discretionary contributions vest as determined by the Employer or the Plan's administrative committee, which we refer to in this section of the proxy statement as the Plan Committee. The Employer or the Plan Committee may accelerate the vesting on matching and/or discretionary Employer contributions at any time, and accelerated vesting will generally occur automatically upon a change in control as defined in Section 409A.

Under the Plan, all contributions for a Plan year are allocated among the following two types of accounts at the election of the Participant: Separation from Service accounts and Scheduled Distribution accounts. Separation from Service accounts are generally payable in a lump sum or installments six months following the termination of a Participant's employment. Scheduled Distribution accounts are generally payable as a lump sum at a designated date at least three years from the year of deferral. Participants have limited rights to delay distributions from either type of account, provided that the election to delay a distribution (i) is made at least twelve months prior to the date the distribution would otherwise have been made, and (ii) delays the distribution for at least five years. All accounts are payable immediately upon the Participant's disability or death. Participants generally have the right to receive an early distribution from their accounts only upon an unforeseeable emergency.

Participants have the right to designate hypothetical investments for their accounts, and their accounts are credited with gains or losses in accordance with the Participants' selections.

All contributions are placed in a rabbi trust which restricts the Employer's use of and access to the contributions. However, all money in the rabbi trust remains subject to the Employer's general creditors in the event of bankruptcy. The trustee, Wells Fargo Bank, N.A., is entitled to invest the trust fund in accordance with guidelines established by the Employer. Currently, all assets are invested in a Trust-Owned Life Insurance policy. To the extent that the funds in the trust are insufficient to pay Plan benefits, the Employer is required to fund the difference.

The Plan Committee, which does not include any of our named executive officers, is charged with responsibility to select certain mutual funds, insurance company separate accounts, indexed rates or other methods (the "Measurement Funds") for purposes of crediting or debiting additional amounts to Participants' account balances. Participants may elect one or more of these Measurement Funds for purposes of crediting or debiting additional amounts to his or her account balance. As necessary, the Plan Committee may discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least thirty (30) days after the day on which the Plan Committee gives Participants advance written notice of such change. Participants can change their Measurement Fund allocation as often as daily. The Measurement Funds are valued daily at their net asset values.

Using the weighted average return methodology, the rate of return for the Plan, as a weighted portfolio, for the prior twelve-month period ended July 31, 2010 was 11.92%. The rate of return of the S&P 500 for that same period was 13.84%. For this purpose, the weighted portfolio is a weighted average percentage allocation based on the Plan sponsor's liability holdings for a given point in time, and the weighted average returns are calculated based on the weights assigned using the returns of the underlying funds. Actual account cash balances were not used in calculating this performance. Additionally, account deposits, withdrawals, transfers, loans and death benefits, as well as the timing of any flows were not considered in this performance calculation. The Plan does not provide for the payment of interest based on above-market rates.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The Company has entered into employment agreements with each of our named executive officers, other than Ms. Arnold who does not have an employment agreement with the Company, as described above. Ms. Arnold receives benefits through the Company's executive severance policy. These agreements and the executive severance policy require us to provide compensation to these executives in the event of a termination of employment or a change in control of the Company. Each of the employment agreements and the executive severance policy provide that the Company may terminate the executive at any time with or without cause. However, if the executive's employment is terminated without cause or terminated by the executive for good reason, then the executive shall be entitled to receive compensation in the amounts and under the circumstances described below. In addition, the forms of award agreements used with all of our employees provide for the full acceleration of vesting of outstanding stock options, SARs, restricted stock, and RSUs upon a change in control of the Company.

In accordance with each employment agreement with the named executive officers, if applicable, if the executive breaches the post-employment non-competition or non-solicitation covenants to which he is subject under his employment agreement, then the executive must promptly reimburse the Company for any severance payments received from, or payable by, the Company.

Robert A. Katz, Chief Executive Officer

Mr. Katz's employment agreement provides that upon (i) the giving of notice of non-renewal by the Company or termination by the Company without cause or (ii) termination by Mr. Katz for good reason, Mr. Katz is entitled to receive certain benefits so long as he has executed a release in connection with his termination, including: (a) two years of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company's fiscal year through the effective date of the termination or non-renewal, (c) one year's COBRA premiums for continuation of health and dental coverage, payable in a lump sum, and (d) full vesting of any RSUs, SARs or other equity awards held by Mr. Katz. If, within twelve months of the consummation of a change in control, (i) the Company terminates Mr. Katz without cause or gives notice of non-renewal of his agreement or (ii) Mr. Katz terminates for good reason, Mr. Katz is entitled to receive, so long as he has executed a release in connection with his termination: (a) two years of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company's fiscal year through the effective date of the termination or non-renewal, (c) an amount equal to the cash bonus paid to Mr. Katz in the prior year, and (d) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards held by Mr. Katz.

The following table describes the estimated potential compensation to Mr. Katz upon termination or a change in control of the Company:

<u>Executive Benefits and Payments(1)</u>	<u>Termination without Cause or Resignation for Good Reason</u>	<u>Change in Control</u>	<u>Termination following Change in Control(2)</u>
Base Salary	\$ 1,462,672	—	\$1,462,672
Option/SAR/RSU/Restricted Stock Acceleration	\$12,996,013	\$12,996,013	—
Bonus	\$ 716,996	—	\$ 837,267
Health Insurance	\$ 18,575	—	—
Total	\$15,194,256	\$12,996,013	\$2,299,939

(1) Assumes the following: (a) reduced base salary equal to \$731,336 is in effect as of the assumed termination or change in control date of July 31, 2010; (b) executive's unvested RSUs and SARs at July 31, 2010 would be subject to accelerated vesting on that date (when the last reported closing price per share of our common stock was \$37.88); and (c) all Company targets under the Management Incentive Plan are met and executive's pro rata bonus payable as of the termination date is the Target amount indicated under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards table above.

(2) Benefits triggered upon termination without cause or resignation for good reason would apply in the same manner following a change in control when the new owners are bound by the terms of the employment agreement, except that equity awards would have already accelerated in full upon the change in control event. As described above in "Compensation Discussion and Analysis—Post-Termination Compensation," Mr. Katz may terminate his employment for "good reason" (as defined in his employment agreement) and receive severance benefits upon a change in control.

Jeffrey W. Jones, Senior Executive Vice President and Chief Financial Officer

Mr. Jones' employment agreement provides that upon (i) the giving of notice of non-renewal by the Company or termination by the Company without cause or (ii) termination by Mr. Jones for good reason, Mr. Jones is entitled to receive certain benefits so long as he has executed a release in connection with his termination, including: (a) one year of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the

Company's fiscal year through the effective date of the termination or non-renewal, and (c) one year's COBRA premiums for continuation of health and dental coverage, payable in a lump sum. If, within twelve months of the consummation of a change in control, (i) the Company terminates Mr. Jones without cause or gives notice of non-renewal of his agreement or (ii) Mr. Jones terminates for good reason, Mr. Jones is entitled to receive, so long as he has executed a release in connection with his termination: (a) one year of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company's fiscal year through the effective date of the termination or non-renewal, (c) an amount equal to the cash bonus paid to Mr. Jones in the prior year, and (d) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards held by Mr. Jones.

The following table describes the estimated potential compensation to Mr. Jones upon termination or a change in control of the Company:

<u>Executive Benefits and Payments(1)</u>	<u>Termination without Cause or Resignation for Good Reason</u>	<u>Change in Control</u>	<u>Termination following Change in Control(2)</u>
Base Salary	\$417,939	—	\$417,939
Option/SAR/RSU Acceleration	—	\$1,458,619	—
Bonus	\$245,846	—	\$325,498
Health Insurance	\$ 18,575	—	—
Total	\$682,360	\$1,458,619	\$743,437

- (1) Assumes the following: (a) base salary equal to \$417,939 is in effect as of the assumed termination or change in control date of July 31, 2010; (b) all of executive's unvested SARs and RSUs at July 31, 2010 would be subject to accelerated vesting on that date (when the last reported closing price per share of our common stock was \$37.88) in the case of a change in control; and (c) all Company and individual performance targets under the Management Incentive Plan are met and executive's pro rata bonus payable as of the termination date is the Target amount indicated under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards table above.
- (2) Benefits triggered upon termination without cause or resignation for good reason would apply in the same manner following a change in control when the new owners are bound by the terms of the employment agreement, except that equity awards would have already accelerated in full upon the change in control event.

Fiona E. Arnold, Senior Vice President, General Counsel and Secretary

Pursuant to the Company's executive severance policy, Ms. Arnold is entitled to receive severance payments upon certain terminations of employment. In addition, Ms. Arnold is entitled to receive payments upon a termination occurring within a certain period of time following a change in control (i.e., a "double trigger"). The following table describes the estimated potential compensation to Ms. Arnold upon termination or a change in control of the Company:

<u>Executive Benefits and Payments(1)</u>	<u>Termination without Cause or Resignation for Good Reason</u>	<u>Change in Control</u>	<u>Termination following Change in Control(2)</u>
Base Salary	\$275,400	—	\$275,400
Option/SAR/RSU Acceleration	—	\$182,817	—
Bonus	—	—	—
Health Insurance	—	—	—
Total	\$275,400	\$182,817	\$275,400

- (1) Assumes the following: (a) base salary equal to \$275,400 is in effect as of the assumed termination or change in control date of July 31, 2010; (b) executive's unvested SARs and RSUs at July 31,

2010 would be subject to accelerated vesting on that date (when the last reported closing price per share of our common stock was \$37.88); and (c) all Company performance and individual targets under the Management Incentive Plan are met and executive's pro rata bonus payable as of the termination date is the Target amount indicated under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards table above

- (2) Benefits triggered upon termination without cause or resignation for good reason would apply in the same manner following a change in control pursuant to the Company's executive severance policy when the new owners are bound by the terms of the executive severance policy, except that equity awards would have already accelerated in full upon the change in control event.

Blaise T. Carrig, Co-President, Mountain Division

Mr. Carrig's employment agreement provides that upon (i) the giving of notice of non-renewal by VHI or termination by VHI without cause or (ii) termination by Mr. Carrig for good reason, Mr. Carrig is entitled to receive certain benefits so long as he has executed a release in connection with his termination, including: (a) one year of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company's fiscal year through the effective date of the termination or non-renewal, and (c) one year's COBRA premiums for continuation of health and dental coverage, payable in a lump sum. If, within twelve months of the consummation of a change in control, (i) VHI terminates Mr. Carrig without cause or gives notice of non-renewal of his agreement or (ii) Mr. Carrig terminates for good reason, Mr. Carrig is entitled to receive, so long as he has executed a release in connection with his termination: (a) one year of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company's fiscal year through the effective date of the termination or non-renewal, (c) an amount equal to the cash bonus paid to Mr. Carrig in the prior year, and (d) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards held by Mr. Carrig.

The following table describes the estimated potential compensation to Mr. Carrig upon termination or a change in control of the Company:

Executive Benefits and Payments(1)	Termination without Cause or Resignation for Good Reason	Change in Control	Termination following Change in Control(2)
Base Salary	\$353,430	—	\$353,430
Option/SAR/RSU Acceleration	—	\$482,336	—
Bonus	\$173,250	—	\$237,412
Health Insurance	\$ 18,575	—	—
Total	\$545,255	\$482,336	\$590,842

- (1) Assumes the following: (a) base salary equal to \$353,430 is in effect as of the assumed termination or change in control date of July 31, 2010; (b) executive's unvested SARs and RSUs at July 31, 2010 would be subject to accelerated vesting on that date (when the last reported closing price per share of our common stock was \$37.88); and (c) all Company performance and individual targets under the Management Incentive Plan are met and executive's pro rata bonus payable as of the termination date is the Target amount indicated under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards table above.

- (2) Benefits triggered upon termination without cause or resignation for good reason would apply in the same manner following a change in control when the new owners are bound by the terms of the employment agreement, except that equity awards would have already accelerated in full upon the change in control event.

John McD. Garnsey, Co-President, Mountain Division

Mr. Garnsey’s employment agreement provides that upon (i) the giving of notice of non-renewal by VHI or termination by VHI without cause or (ii) termination by Mr. Garnsey for good reason, Mr. Garnsey is entitled to receive certain benefits so long as he has executed a release in connection with his termination, including: (a) one year of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company’s fiscal year through the effective date of the termination or non-renewal, and (c) one year’s COBRA premiums for continuation of health and dental coverage, payable in a lump sum. If, within twelve months of the consummation of a change in control, (i) VHI terminates Mr. Garnsey without cause or gives notice of non-renewal of his agreement or (ii) Mr. Garnsey terminates for good reason, Mr. Garnsey is entitled to receive, so long as he has executed a release in connection with his termination: (a) one year of then-current base salary payable in a lump sum, (b) a prorated bonus (provided that performance targets are met) for the portion of the Company’s fiscal year through the effective date of the termination or non-renewal, (c) an amount equal to the cash bonus paid to Mr. Garnsey in the prior year, and (d) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards held by Mr. Garnsey.

The following table describes the estimated potential compensation to Mr. Garnsey upon termination or a change in control of the Company:

<u>Executive Benefits and Payments(1)</u>	<u>Termination without Cause or Resignation for Good Reason</u>	<u>Change in Control</u>	<u>Termination following Change in Control(2)</u>
Base Salary	\$353,430	—	\$353,430
Option/SAR/RSU Acceleration	—	\$482,336	—
Bonus	\$173,250	—	\$229,043
Health Insurance	\$ 12,038	—	—
Total	\$538,718	\$482,336	\$582,473

- (1) Assumes the following: (a) base salary equal to \$353,430 is in effect as of the assumed termination or change in control date of July 31, 2010; (b) executive’s unvested SARs and RSUs at July 31, 2010 would be subject to accelerated vesting on that date (when the last reported closing price per share of our common stock was \$37.88); and (c) all Company performance and individual targets under the Management Incentive Plan are met and executive’s pro rata bonus payable as of the termination date is the Target amount indicated under Non-Equity Incentive Plan Awards in the Grants of Plan-Based Awards table above.
- (2) Benefits triggered upon termination without cause or resignation for good reason would apply in the same manner following a change in control when the new owners are bound by the terms of the employment agreement, except that equity awards would have already accelerated in full upon the change in control event.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes the Company's equity compensation plans as of July 31, 2010:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(2) (in thousands)	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (in thousands)
Equity compensation plans approved by security holders(1)	2,748	\$30.80	1,043
Equity compensation plans not approved by security holders	—	—	—
Total	<u>2,748</u>	<u>\$30.80</u>	<u>1,043</u>

- (1) Column (a) includes 371,000 RSUs that are not included in the calculation of the Weighted-Average Exercise Price in column (b).
- (2) Includes the gross number of shares underlying outstanding SARs. Upon the exercise of a SAR, the actual number of shares we will issue to the participant is equal the quotient of (i) the product of (x) the excess of the per share fair market value of our common stock on the date of exercise over the exercise price, multiplied by (y) the number of SARs exercised, divided by (ii) the per share fair market value of our common stock on the date of exercise, less any shares withheld to cover payment of applicable tax withholding obligations.

PROPOSAL 2. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed PricewaterhouseCoopers LLP to serve as the independent registered public accounting firm for the year ending July 31, 2011, and has further directed that management submit the selection of independent auditors for ratification by the stockholders at the annual meeting. PricewaterhouseCoopers LLP has been the Company's independent registered public accounting firm since 2002. PricewaterhouseCoopers LLP expects to have a representative at the 2010 annual meeting who will have the opportunity to make a statement and who will be available to answer appropriate questions.

Neither the Company's bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. However, the Audit Committee is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. It is understood that even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a new independent accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interests of the Company and its stockholders.

Fees Billed to Vail Resorts by PricewaterhouseCoopers LLP during Fiscal 2010 and Fiscal 2009

Audit Fees. Audit fees (including expenses) billed (or billable) to the Company by PricewaterhouseCoopers LLP for the audit of our annual financial statements included in our Form 10-K and the review of the financial statements included in our Forms 10-Q with respect to fiscal 2010 and fiscal 2009 financial statements were \$1,678,978 and \$1,895,504, respectively. For both fiscal years, such fees included fees for PricewaterhouseCoopers LLP's examination of the effectiveness of the Company's internal control over financial reporting.

Audit-Related Fees. There were no audit-related fees for fiscal 2010 or fiscal 2009.

Tax Fees. There were no tax fees billed or billable to the Company by PricewaterhouseCoopers LLP with respect to fiscal 2010 and fiscal 2009.

All Other Fees. All other fees (including expenses) billed by PricewaterhouseCoopers LLP with respect to fiscal 2010 and fiscal 2009 were \$3,000 and \$3,123, respectively. For fiscal 2010 and fiscal 2009, such fees were for access to a research database.

The Audit Committee determined that the provision of services other than audit services by PricewaterhouseCoopers LLP was compatible with maintaining PricewaterhouseCoopers LLP's independence.

The Audit Committee has the sole authority to approve all audit engagement fees and terms and pre-approve all audit and permissible non-audit services provided by the Company's independent registered public accounting firm. The Audit Committee has delegated authority to the Chairman of the Audit Committee to pre-approve services in between Audit Committee meetings which must be reported to the full Audit Committee at its next meeting. Fees for permissible non-audit services that are not pre-approved must be less than 5% of total fees paid. For fiscal 2010 and fiscal 2009, all of the fees included under the headings "Audit-Related Fees" and "All Other Fees" above were pre-approved by the Audit Committee.

Vote Required For Approval

The affirmative vote of the holders of a majority of the shares represented in person or by proxy which are entitled to vote and which have actually been voted on this matter is required for this proposal to be adopted.

THE BOARD RECOMMENDS THAT YOU VOTE “FOR” THE APPROVAL OF THE RATIFICATION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

FUTURE STOCKHOLDER PROPOSALS FOR 2011 ANNUAL MEETING

The deadline for stockholders to submit proposals pursuant to Rule 14a-8 of the Exchange Act for inclusion in the Company's proxy statement and proxy for the 2011 annual meeting of stockholders is June 22, 2011.

If you wish to nominate a director or submit a proposal for consideration at the Company's 2010 annual meeting of stockholders that is not to be included in next year's proxy materials, your proposal or nomination must be submitted in writing to the Secretary of the Company not later than September 4, 2011 nor earlier than August 5, 2011. You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. Such notices must be in accordance with the procedures described in our bylaws. You can obtain a copy of our bylaws by writing the Secretary at the address shown on the cover of this proxy statement.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Company stockholders may be "householding" our proxy materials, to the extent such stockholders have given their prior express or implied consent in accordance with SEC rules. A single Notice of Internet Availability of Proxy Materials, proxy statement and annual report (if you requested one) will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, proxy statement and annual report, please notify your broker to discontinue householding and direct your written request to receive a separate Notice of Internet Availability of Proxy Materials, proxy statement and annual report to the Company at: Vail Resorts, Inc., Attention: Investor Relations, 390 Interlocken Crescent, Broomfield, Colorado, 80021, or by calling (303) 404-1827. Stockholders who currently receive multiple copies of the Notice of Internet Availability of Proxy Materials, proxy statement and annual report at their address and would like to request householding of their communications should contact their broker.

OTHER MATTERS

At the date of this proxy statement, the Board has no knowledge of any business other than that described herein which will be presented for consideration at the meeting. In the event any other business is presented at the meeting, the persons named in the enclosed proxy will vote such proxy thereon in accordance with their judgment in the best interests of the Company.



Fiona E. Arnold
*Senior Vice President,
General Counsel and Secretary*

October 20, 2010

A copy of the Company's annual report to the SEC on Form 10-K for the fiscal year ended July 31, 2010 is available without charge upon written request to: Secretary, Vail Resorts, Inc., 390 Interlocken Crescent, Broomfield, CO 80021.

Standards of Director Independence

A director shall be considered independent if the Board makes an affirmative determination after a review of all relevant information that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

In addition to the foregoing, a director shall not fail to meet any of the independence tests set forth in section 303A.02(b) of the NYSE Listed Company Manual or any successor provisions thereto, which tests include:

- The director is, or has been within the last three years an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company.
- The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- (A) The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the Company's audit; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The Board will deem a director to be independent if no relationship or transaction exists that would disqualify a director under the NYSE tests set forth above and no other relationships or transactions exist of a type not specifically mentioned that, in the Board's opinion, taking into account all facts and circumstances, would impair a director's ability to exercise his or her independent judgment.

To assist it in evaluating the broad array of potential relationships between a director and the Company, the Board has categorically determined that none of the following relationships or transactions constitutes a "material relationship" between a director and the Company:

- The director, an entity with which a director is affiliated (as an officer or 10% or greater equity holder, but not solely as a director), or one or more members of the director's immediate family, purchased property or services from the Company (i) in an aggregate amount for all transactions in a fiscal year of less than \$120,000 or (ii) on terms generally available to other employees of the Company during the Company's last fiscal year;
- The Company (i) paid to, employed (in a non-executive officer capacity), or retained one or more members of the director's immediate family or (ii) provided personal benefits to the

director or one or more members of such director's immediate family, in an aggregate amount of less than \$120,000 per fiscal year for such payments, compensation or personal benefits; or

- The Company made contributions to any tax exempt organization in which a director serves as an executive officer if, in each of the last three fiscal years, such contributions in any single year was less than the greater of \$1 million or 2% of the organization's annual charitable receipts.

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended July 31, 2010

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

Commission File Number: 001-09614

Vail Resorts, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

51-0291762

(I.R.S. Employer Identification No.)

390 Interlocken Crescent
Broomfield, Colorado

(Address of Principal Executive Offices)

80021

(Zip Code)

(303) 404-1800

(Registrant's Telephone Number, Including Area Code)

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

Title of each class:

Common Stock, \$0.01 par value

Name of each exchange on which registered:

New York Stock Exchange

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

None.

(Title of Class)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of \$33.70 per share as reported on the New York Stock Exchange Composite Tape on January 29, 2010 (the last business day of the Registrant's most recently completed second quarter) was \$1,213,927,381.

As of September 15, 2010, 35,911,506 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

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

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FORWARD-LOOKING STATEMENTS

Except for any historical information contained herein, the matters discussed in this Annual Report on Form 10-K (this “Form 10-K”) contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases, including references to assumptions. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from our forward-looking statements include, but are not limited to:

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

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

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

PART I

ITEM 1. BUSINESS.

General

Vail Resorts, Inc., together with its subsidiaries, is referred to throughout this document as “we,” “us,” “our” or the “Company.”

Vail Resorts, Inc. was organized as a public holding company in 1997 and operates through various subsidiaries. Our operations are grouped into three business segments: Mountain, Lodging and Real Estate, which represented approximately 74%, 19% and 7%, respectively, of our net revenue for the year ended July 31, 2010 (“Fiscal 2010”). Our Mountain segment owns and operates five world-class ski resort properties as well as ancillary services, primarily including ski school, dining and retail/rental operations, which provide a comprehensive resort experience to a diverse clientele with an attractive demographic profile. Our Lodging segment owns and/or manages a collection of luxury hotels under our RockResorts brand, as well as other strategic lodging properties and a large number of condominiums located in proximity to our ski resorts, the Grand Teton Lodge Company (“GTLC”), which operates three destination resorts at Grand Teton National Park, Colorado Mountain Express (“CME”), a resort ground transportation company, and golf courses. Collectively, the Mountain and Lodging segments are considered the Resort segment. Our Real Estate segment owns and develops real estate in and around our resort communities. Financial information by segment is presented in Note 13, Segment Information, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

Mountain Segment

Our portfolio of world-class ski resorts currently includes:

- Breckenridge Ski Resort (“Breckenridge”) – the single most visited ski resort in the United States for the 2009/2010 ski season and host of the highest chairlift in North America, the Imperial Express SuperChair, reaching 12,840 feet and offering above tree line expert terrain. Breckenridge is well known for its historic town, vibrant nightlife and progressive and award-winning pipes and parks.
- Vail Mountain (“Vail Mountain”) – the second most visited ski resort in the United States for the 2009/2010 ski season and the single largest ski mountain in the United States. Vail Mountain offers some of the most expansive and varied terrain with approximately 5,300 skiable acres including seven world renowned back bowls and the resort’s rustic Blue Sky Basin.
- Keystone Resort (“Keystone”) – the fourth most visited ski resort in the United States for the 2009/2010 ski season and home to the highly renowned A51 Terrain Park as well as the largest area of night skiing in Colorado. Keystone also offers guests a unique skiing opportunity through guided snow cat ski tours accessing five bowls.
- Beaver Creek Resort (“Beaver Creek”) – the sixth most visited ski resort in the United States for the 2009/2010 ski season. Beaver Creek is a European –style resort with multiple villages and also includes a world renowned children’s ski school program focused on providing a first-class experience with unique amenities such as a dedicated children’s gondola. Beaver Creek also annually hosts the only North American men’s World Cup downhill races.
- Heavenly Mountain Resort (“Heavenly”) – the eighth most visited ski resort in the United States for the 2009/2010 ski season and the second largest ski resort in the United States with over 4,800 skiable acres. Heavenly straddles the border of California and Nevada and offers unique and spectacular views of Lake Tahoe. Heavenly boasts the largest snowmaking capacity in the Lake Tahoe region and offers great nightlife including its proximity to several casinos.

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

Our Mountain segment derives revenue through the sale of lift tickets and season passes as well as a comprehensive offering of amenities available to guests, including ski and snowboard lessons, equipment rentals and retail merchandise sales, a variety of dining venues, private club operations and other recreational activities. In addition to providing extensive guest amenities, we also lease some of our owned commercial space to third party operators to add unique restaurants and retail stores to the mix of amenities at the base of our resorts.

Ski Industry/Market

There are approximately 760 ski areas in North America and approximately 470 in the United States, ranging from small ski area operations that service day skiers to large resorts that attract both day skiers and destination resort guests looking for a comprehensive vacation experience. One of the primary ski industry statistics for measuring performance is “skier visit,” which represents a person utilizing a ticket or pass to access a mountain resort for any part of one day, and includes both paid and complimentary access. During the 2009/2010 ski season, combined skier visits for all the United States ski areas were approximately 59.8 million and all North American skier visits were approximately 78.1 million. Our ski resorts had 6.0 million skier visits during the 2009/2010 ski season, or approximately 10.1% of United States skier visits, and an approximate 7.7% share of the North American market's skier visits.

Our Colorado ski resorts appeal to both day skiers and destination guests due to the resorts' proximity to Colorado's Front Range (Denver/Colorado Springs/Boulder metropolitan areas), accessibility from several airports, including Denver International Airport and Eagle County Airport, and the wide range of amenities available at each resort. Colorado has 29 ski areas, six of which are considered “Front Range Destination Resorts,” including all of our Colorado resorts, catering to both the Colorado Front Range and destination-skier markets. All Colorado ski resorts combined recorded approximately 11.9 million skier visits for the 2009/2010 ski season with skier visits at our Colorado ski resorts totaling 5.1 million, or approximately 43.0% of all Colorado skier visits for the 2009/2010 ski season.

Lake Tahoe, which straddles the border of California and Nevada, is a major skiing destination less than 100 miles from Sacramento and Reno and approximately 200 miles from San Francisco, drawing skiers from the entire California market and making it a convenient destination for both day skiers and destination guests. South Lake Tahoe, where Heavenly is located, is also a popular year-round vacation destination, featuring extensive summer attractions and casinos in addition to its winter sports offerings. Heavenly is proximate to both the Reno/Tahoe International Airport and the Sacramento International Airport. California and Nevada have 32 ski areas. Heavenly had 888,000 skier visits for the 2009/2010 ski season, capturing approximately 11.1% of California's and Nevada's approximately 8.0 million total skier visits for the 2009/2010 ski season.

Competition

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

While the ski industry has performed well in recent years in terms of number of skier visits, with the nine best seasons occurring in the past 10 years for United States visitation, a particular ski area's growth is also largely dependent on either attracting skiers away from other resorts, generating more revenue per skier visit and/or generating more visits from each skier. Better capitalized ski resorts, including all five of our mountain resorts, are expanding their offerings as well as enhancing the quality and experience by adding new high speed chairlifts, gondolas, terrain parks, state of the art grooming machines, expanded terrain as well as amenities at the base areas of the resorts, all of which are aimed at increasing guest visitation and revenue per skier visit. We believe that we invest more in capital improvements than the vast majority of our competitors and that we can also create synergies by operating multiple resorts, thus enhancing our profitability. Additionally, through our sales of season passes, we provide our guests with a strong value option, in return for guests committing to ski at our resorts prior to, or very early into the ski season, which we believe attracts more guests to our resorts. All five of our resorts typically rank in the ten most visited ski resorts in the United States. Additionally, all of our resorts consistently rank in the top 25 ranked ski resorts in North America according to industry surveys, which we attribute to our resorts' ability to provide a high-quality experience.

The ski industry statistics stated in this section have been derived from data published by Colorado Ski Country USA, Canadian Ski Council, Kottke National End of Season Survey 2009/2010 (the “Kottke Survey”) and other industry publications.

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

Exceptional mountain experience --

- World-Class Mountain Resorts and Integrated Base Resort Areas

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

- Snow Conditions

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

- Lift Service

We systematically upgrade our lifts to streamline skier traffic and maximize guest experience. In the past three fiscal years, we have installed several high-speed chairlifts and gondolas across our resorts, including an eight-passenger gondola at Keystone with a mid-station feature, an eight-passenger gondola at Breckenridge with two mid-station features; an eight-passenger gondola at Beaver Creek; two four-passenger high-speed chairlifts at Vail Mountain; and a four-passenger high-speed chairlift at Heavenly. Additionally, for the 2010/2011 ski season we expect to have installed a new high-speed chairlift servicing Vail Mountain's back bowls.

- Terrain Parks

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

Extraordinary service and amenities --

- Commitment to Guest Service

Our mission is to provide quality service at every level of the guest experience. Prior to arrival, guests can receive personal assistance through our full-service, in-house travel center (or for certain items through our newly updated comprehensive websites) to book desired lodging accommodations, lift tickets, ski school lessons, equipment rentals and air and ground travel. On-mountain ambassadors engage guests and answer questions and all personnel, from lift operators to ski patrol, convey a guest-oriented culture. We also solicit guest feedback through a variety of surveys and results which are utilized to ensure high levels of customer satisfaction to understand trends and develop future resort programs and amenities.

- Season Pass Products

We offer a variety of season pass products for all of our ski resorts, marketed towards both out-of-state and international guests ("Destination") and in-state and local guests ("In-State"). Our season pass products are available for purchase predominately during the period prior to the start of the ski season. Our season pass products provide a value option to our guests, which in turn assists us in developing a loyal customer base that commit to ski at our resorts, ski multiple days each season at our resorts and return to purchase season pass products year after year. In addition, our season pass products attract new guests to our resorts. Growth in sales of season pass products is a key strategic factor for us and also creates strong synergies among our resorts. Our season pass product offerings range from providing unlimited access to an individual resort to our Epic Season Pass that is primarily marketed to our Destination guests (and also available to In-State guests) and allows pass holders unlimited and unrestricted access to all five ski resorts. Season pass products provided approximately 35% of our total lift ticket revenue for the 2009/2010 ski season.

- Premier Ski Schools

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

- On-Mountain Activities

We are a ski industry leader in providing comprehensive destination vacation experiences, including on-mountain activities designed to appeal to a broad range of interests. In addition to our exceptional ski experiences, guests can choose from a variety of non-ski related activities including snowtubing, snowshoeing, guided snowmobile and scenic cat tours, horse-drawn sleigh rides and high altitude dining. During the summer, on-mountain recreational activities provide guests with a wide array of options including scenic chairlift and gondola rides, mountain biking, horseback riding, hiking, an alpine slide and a new alpine coaster for fiscal year 2011.

- Dining

Our resorts provide a variety of quality on-mountain and base village dining venues, ranging from top-rated fine dining restaurants to trailside express food service outlets. We operate over 90 of such dining options at our five mountain resorts. Furthermore, we are committed to serving healthy food options to our guests at these dining venues through our “Appetite for Life” program.

- Retail/rental

We have over 130 retail/rental locations specializing in sporting goods including ski, snowboard, golf and cycling equipment. In addition to providing a major retail/rental presence at each of our ski resorts, we also have retail/rental locations throughout the Colorado Front Range and at other Colorado, California and Utah ski resorts, as well as the San Francisco Bay Area and Salt Lake City. Many of the locations in the Colorado Front Range and in the San Francisco Bay Area also offer a prime venue for selling our season pass products.

- Lodging and Real Estate Development

Quality lodging options are an integral part of providing a complete resort experience. Our fifteen owned and managed hotels and resorts proximate to our mountain resorts, including five RockResorts branded hotels, and a significant inventory of managed condominium rooms provide numerous accommodation options for our mountain resort guests. Our real estate development efforts provide us with the ability to add profitability while expanding our destination bed base and upgrading our resorts through the development of amenities such as luxury hotels, private clubs, spas, parking and commercial space for restaurants and retail shops. Our Lodging and Real Estate segments have and continue to invest in resort related assets as part of their initiatives which enhance the overall resort experience. Examples include: One Ski Hill Place at Breckenridge, a RockResort property which opened in June 2010; upgraded amenities at the Keystone Lodge for the 2010/2011 ski season; renovated guest rooms and renovated ballroom and meeting spaces at The Lodge at Vail for the 2008/2009 ski season; the Crystal Peak Lodge in Breckenridge which opened for the 2008/2009 ski season; and the Vail Mountain and Arrabelle Clubs, private mountain clubs which opened for the 2008/2009 ski season.

- Environmental Stewardship and Social Responsibility

As part of our long-standing commitment to responsible stewardship of our natural mountain settings, we have several initiatives in environmental sustainability which transcend throughout all of our operations. We have demonstrated our leadership role in environmental stewardship by focusing on healthy forests and clean water through our partnership with the USDA Forest Service (the “Forest Service”) and the National Forest Foundation on the Hayman Restoration Partnership, Colorado’s largest forest restoration project and one of the largest public-private partnerships of its kind in the country. We are also reducing our energy consumption through our “energy layoff” initiative which has a stated goal of a 10% reduction by the end of calendar year 2010. In addition, we introduced a “paperless” initiative with plans to virtually eliminate all internally used paper by the end of calendar year 2011. Furthermore, as part of a comprehensive environmental program we are also continuing a substantial recycling program, one of the largest, if not the largest, on-mountain program in the world; committing to green building development; maintaining and growing a comprehensive composting program at selected resorts; and promoting/offering “green guest rooms”, green weddings, events, and meetings to our guests among other programs.

Accessibility from major metropolitan areas--

Our ski resorts are well located and easily accessible by both Destination and In-State guests.

- Colorado resorts

The Colorado Front Range market, with a population of approximately 4.3 million, and growing faster than the national average over the past 10 years, is within approximately 100 miles from each of our Colorado resorts, with access via a major interstate highway. Additionally, our Colorado resorts are proximate to both Denver International Airport and Eagle County Airport.

- Heavenly

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

Marketing and Sales

We promote our resorts through targeted marketing and sales programs, which include customer relationship marketing (CRM) to targeted audiences, promotional programs, digital marketing (including social, search and display), loyalty programs that reward frequent guests and traditional media advertising where appropriate (e.g. targeted print, TV, radio). Additionally, we have marketing programs directed at attracting groups, corporate meetings and convention business. Most marketing efforts drive traffic to our websites, where we provide our guests with information regarding each of our resorts, including services and amenities, reservations information, virtual tours and the opportunity to book/purchase multiple products for their vacations or other visits. We also enter into strategic alliances with companies to enhance the guest in-resort experience and to create opportunities for cross-marketing.

Seasonality

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

Lodging Segment

Our Lodging segment includes the following operations:

- RockResorts -- a luxury hotel management company with a current portfolio of eleven properties, including four Company-owned and seven managed third-party owned resort hotels with locations in Colorado, Wyoming, New Mexico, Florida, Dominican Republic and St. Lucia, West Indies as well as three properties currently under development that we will manage;
- Six additional independently flagged Company-owned hotels, management of the Vail Marriott Mountain Resort & Spa ("Vail Marriott"), Mountain Thunder Lodge, Crystal Peak Lodge and Austria Haus Hotel and condominium management operations, all of which are in and around our Colorado ski resorts;
- GTLC -- a summer destination resort with three resort properties in the Grand Teton National Park and the Jackson Hole Golf & Tennis Club ("JHG&TC") near Jackson, Wyoming;
- CME -- a resort ground transportation company; and
- Five Company-owned resort golf courses in Colorado and one in Wyoming.

The Lodging segment currently includes approximately 4,000 owned and managed hotel and condominium rooms. Our resort hotels collectively offer a wide range of services to guests.

Our portfolio of owned or managed luxury resort hotels and other hotels and resorts currently includes:

Name	Location	Own/Manage	Rooms
<i>RockResorts:</i>			
The Lodge at Vail	Vail, CO	Own	164*
The Arrabelle at Vail Square	Vail, CO	Own	87*
The Pines Lodge	Beaver Creek, CO	Own	68*
The Osprey at Beaver Creek	Beaver Creek, CO	Own	46*
La Posada de Santa Fe	Santa Fe, NM	Manage	157
Snake River Lodge & Spa	Teton Village, WY	Manage	153
Hotel Jerome	Aspen, CO	Manage	94
The Landings St. Lucia	St. Lucia, West Indies	Manage	64
Tempo	Miami, FL	Manage	56
One Ski Hill Place	Breckenridge, CO	Manage	21
Balcones del Atlantico	Santo Domingo, Dominican Republic	Manage	16
<i>Other Hotels and Resorts:</i>			
The Great Divide Lodge	Breckenridge, CO	Own	208
The Keystone Lodge	Keystone, CO	Own	152
Inn at Keystone	Keystone, CO	Own	103
Breckenridge Mountain Lodge	Breckenridge, CO	Own	71
Village Hotel	Breckenridge, CO	Own	60
Ski Tip Lodge	Keystone, CO	Own	10
Jackson Lake Lodge	Grand Teton Nat'l Pk., WY	Concessionaire Contract	385
Colter Bay Village	Grand Teton Nat'l Pk., WY	Concessionaire Contract	166
Jenny Lake Lodge	Grand Teton Nat'l Pk., WY	Concessionaire Contract	37
Vail Marriott Mountain Resort & Spa	Vail, CO	Manage	342
Mountain Thunder Lodge	Breckenridge, CO	Manage	99
Crystal Peak Lodge	Breckenridge, CO	Manage	30
Austria Haus Hotel	Vail, CO	Manage	25

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

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

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

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

During Fiscal 2010, RockResorts welcomed the addition of three luxury properties to its managed portfolio: One Ski Hill Place at Breckenridge, a resort that features 88 ski-in/ski-out residences, slopeside skiers' plaza, skier restaurant, and après-ski bar; Balcones Del Atlantico, a beachfront resort in the village of Las Terrenas on the Samana Peninsula of the Dominican Republic; and Tempo

Miami, Florida, a 67-story luxury residential development and hotel located in the heart of Miami's cultural district. Additionally, current properties under development as RockResorts managed resorts include: Mansfield Inn at Stowe, Stowe, Vermont; Rum Cay Resort Marina, Bahamas and the Third Turtle Club & Spa, Turks and Caicos.

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

Lodging Industry/Market

Hotels are categorized by Smith Travel Research, a leading lodging industry research firm, as luxury, upper upscale, upscale, mid-price and economy. The service quality and level of accommodations of our RockResorts' hotels place them in the luxury category, which represents hotels achieving the highest average daily rates ("ADR") in the industry, and includes such brands as the Four Seasons, Ritz-Carlton and Starwood's Luxury Collection hotels. Our other hotels are categorized in the upper upscale and upscale segments of the hotel market. The luxury and upper upscale segments consist of approximately 704,000 rooms at approximately 2,000 properties in the United States as of July 2010. For Fiscal 2010, our owned hotels, which includes a combination of certain RockResorts, as well as other hotels in proximity to our ski resorts, had an overall ADR of \$190.93, a paid occupancy rate of 54.9% and revenue per available room ("RevPAR") of \$104.90, as compared to the upper upscale segment's ADR of \$140.21, a paid occupancy rate of 66.4% and RevPAR of \$93.04. We believe that this comparison to the upper upscale category is appropriate as our mix of owned hotels include those in the luxury and upper upscale categories, as well as certain of its hotels that fall in the upscale category. The highly seasonal nature of our lodging properties generally results in lower average occupancy as compared to the upper upscale segment of the lodging industry.

Competition

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

- All of our hotels are located in unique highly desirable resort destinations.
- Our hotel portfolio has achieved some of the most prestigious hotel designations in the world, including 7 properties and 5 hotel restaurants in our portfolio that are currently rated as AAA 4-Diamond.
- Our RockResorts brand is a historic brand name with a rich tradition associated with high quality luxury resort hotels.
- Many of our hotels (both owned and managed) are designed to provide a look that feels indigenous to their surroundings, enhancing the guest's vacation experience.
- Each of our RockResorts hotels provides the same high level of quality and services, while still providing unique characteristics which distinguish the resorts from one another. This appeals to travelers looking for consistency in quality and service offerings together with an experience more unique than typically offered by larger luxury hotel chains.
- Many of the hotels in our portfolio provide a wide array of amenities available to the guest such as access to world-class ski and golf resorts, spa and fitness facilities, water sports and a number of other outdoor activities as well as highly acclaimed dining options.
- Conference space with the latest technology is available at most of our hotels. In addition, guests at Keystone can use our company-owned Keystone Conference Center, the largest conference facility in the Colorado Rocky Mountain region with more than 100,000 square feet of meeting, exhibit and function space.
- We have a central reservations system that leverages off of our ski resort reservations system and has an online planning and booking platform, offering our guests a seamless and useful way to make reservations at our resorts.

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

National Park Concession

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

There are 391 areas within the National Park System covering approximately 85 million acres across the United States and its territories. Of the 391 areas, 58 are classified as National Parks. While there are more than 500 NPS concessionaires, ranging from small, privately-held businesses to large corporate conglomerates, we primarily compete with such companies as Aramark Parks & Resorts, Delaware North Companies Parks & Resorts, Forever Resorts and Xanterra Parks & Resorts in retaining and obtaining National Park Concessionaire agreements. The NPS uses "recreation visits" to measure visitation within the National Park System. In calendar 2009, areas designated as National Parks received approximately 63.0 million recreation visits. The Grand Teton National Park, which spans approximately 310,000 acres, had approximately 2.6 million recreation visits during calendar 2009, or approximately 4.1% of total National Park recreation visits. Four concessionaires provide accommodations within the Grand Teton National Park, including GTLC. GTLC offers three lodging options within the Grand Teton National Park: Jackson Lake Lodge, a full-service, 385-room resort with 17,000 square feet of conference facilities which can accommodate up to 600 people; the Jenny Lake Lodge, a small, rustically elegant retreat with 37 cabins; and Colter Bay Village, a facility with 166 log cabins, 66 tent cabins, 361 campsites and a 112-space RV park. GTLC offers dining options as extensive as its lodging options, with cafeterias, casual eateries and fine dining establishments. GTLC's resorts provide a wide range of activities for guests to enjoy, including cruises on Jackson Lake, boat rentals, horseback riding, guided fishing, float trips, golf and guided Grand Teton National Park tours. As a result of the extensive amenities offered as well as the tremendous popularity of the National Park System, GTLC's accommodations within the Grand Teton National Park operate near full capacity during their operating season.

Marketing and Sales

We promote our luxury hotels and lodging properties through marketing and sales programs, which include marketing directly to many of our guests through our digital channels (search, social, and display), promotional programs and print media advertising. We also promote comprehensive vacation experiences through various package offerings and promotions (combining lodging, lift tickets, transportation and dining), all of which are designed to drive traffic to our websites and central reservations call center. Where appropriate, we market our resort properties in conjunction with our mountain resort marketing efforts. Additionally, our individual hotels have active sales forces to generate conference and group business.

Seasonality

Our lodging business is highly seasonal in nature, with peak seasons primarily in the winter months (with the exception of GTLC, certain managed properties and golf operations). In recent years, we have enhanced our business by promoting our extensive conference facilities and offering more off-season activities to help offset the seasonality of our lodging business. We own and operate six golf courses: The Beaver Creek Golf Club, The Keystone Ranch Golf Course, The River Course at Keystone, JHG&TC and the Tom Fazio and Greg Norman courses at Red Sky Ranch near the Beaver Creek Resort. JHG&TC was ranked the fourth best course in Wyoming for 2010 by *Golf Digest*, the Tom Fazio course at Red Sky Ranch was ranked the second best resort course in Colorado by *Golf Week*, the Greg Norman course at Red Sky Ranch was ranked the fourth best resort course in Colorado by *Golf Week* and Red Sky Ranch was ranked one of America's Top 100 Golf Communities in 2010 by *Travel & Leisure Golf*.

Real Estate Segment

We have extensive holdings of real property at our resorts throughout Summit and Eagle Counties in Colorado. Our real estate operations, through Vail Resorts Development Company ("VRDC"), a wholly owned subsidiary, include the planning, oversight, infrastructure improvement, development, marketing and sale of our real property holdings. In addition to the cash flow generated from real estate development sales, these development activities benefit our Mountain and Lodging segments through (i) the creation

of additional resort lodging and other resort related facilities and venues (primarily restaurants, spas, commercial space, private mountain clubs, skier services facilities and parking structures) that provide us with the opportunity to create new sources of recurring revenue, enhance the guest experience at our resorts and expand our destination bed base; (ii) the ability to control the architectural themes of our resorts; and (iii) the expansion of our property management and commercial leasing operations.

In recent years we have primarily focused on projects in our Real Estate segment that involve significant vertical development. Recently completed projects include One Ski Hill Place in Breckenridge, the Arrabelle at Vail Square, Vail's Front Door and Crystal Peak Lodge at Breckenridge, Gore Creek Place in Vail's Lionshead Village and Mountain Thunder in Breckenridge. We attempt to mitigate the risk of vertical development by often utilizing guaranteed maximum price construction contracts (although certain construction costs may not be covered by contractual limitations), pre-selling a portion of the project, requiring significant non-refundable deposits from buyers, and potentially obtaining non-recourse financing for certain projects (although our last two major vertical development projects have not incurred any direct third party financing). In some instances as warranted by our business model, VRDC occasionally attempts to minimize our exposure to development risks and maximize the long-term value of our real property holdings by selling improved and entitled land to third-party developers while often retaining the right to approve the development plans, as well as an interest in the developer's profit.

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

In addition to our recently completed projects discussed above, we have substantially completed the Ritz-Carlton Residences, Vail with expected completion in the fall of 2010. This development is located in the western part of Vail and consists of 71 whole ownership luxury residences and 45 Ritz-Carlton Club fractional ownership units. This development will offer exclusive amenities, including a large pool area and pool deck, great room with bar, fitness facility and a heated parking garage with valet service.

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

Employees

Through certain operating subsidiaries, we currently employ approximately 3,600 year-round employees and during the height of our operating season we employ approximately 12,400 seasonal employees. In addition, we manage approximately 1,100 year-round employees and 400 seasonal employees on behalf of the owners of our managed hotel properties. None of our employees are unionized. We consider employee relations to be good.

Regulation and Legislation

Federal Regulation

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

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

Under the 1986 Act, the Forest Service has the right to review and approve the location, design and construction of improvements in the permit area and many operational matters. Virtually all of the skiable terrain on Vail Mountain, Breckenridge, Heavenly and Keystone is located on Forest Service land. While Beaver Creek also operates on Forest Service land, a significant portion of the skiable terrain, primarily in the lower main mountain, Western Hillside, Bachelor Gulch and Arrowhead Mountain areas, is located on land that we own.

Special Use Permits

Vail Mountain operates under an SUP for the use of 12,226 acres that expires October 31, 2031. Breckenridge operates under an SUP for the use of 5,702 acres that expires December 31, 2029. Keystone operates under an SUP for the use of 8,376 acres that expires December 31, 2032. Beaver Creek operates under an SUP for the use of 3,849 acres that expires December 31, 2038. Heavenly operates under an SUP for the use of 7,050 acres that expires May 1, 2042. We anticipate requesting a new SUP for each resort prior to the expiration date identified above as provided by the Forest Service regulations and the terms of each existing SUP. We are not aware of the Forest Service refusing to issue a new SUP to replace an expiring SUP for a ski resort in operation at the time of expiration.

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

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

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

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

Master Development Plans

All improvements that we propose to make on National Forest lands under any of our SUPs must be included in a Master Development Plan. Master Development Plans describe the existing and proposed facilities, developments and area of activity within the permit area. We prepare Master Development Plans, which set forth a conceptual overview of all potential projects at each resort. The Master Development Plans are reviewed by the Forest Service for compliance with the Forest Plan and other applicable law and, if found to be compliant, are accepted by the Forest Service. Notwithstanding acceptance by the Forest Service of the conceptual Master Development Plans, individual projects still require separate applications to be submitted evidencing compliance with NEPA and other applicable laws before the Forest Service will approve such projects. We update or amend our Master Development Plans for Vail Mountain, Beaver Creek, Keystone, Breckenridge and Heavenly from time to time.

White River National Forest Plan

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

When approving our application for development, area expansion and other activities on National Forest lands in Colorado, the Forest Service must adhere to the White River Forest Plan and the 2002 ROD. Any such decision may be subject to judicial review in Federal court if a party, with standing, challenges a Forest Service decision that applies the 2002 ROD at one of our four Colorado ski resorts.

National Environmental Policy Act; California Environmental Quality Act

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

Forest Service usually takes more time to compile, review and issue an EIS. Consequently, projects that require an EIS typically take longer to approve.

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

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

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

Breckenridge Regulatory Matters

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

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

Keystone Regulatory Matters

In September 2009, the Forest Service accepted the updated Keystone Master Development Plan which contemplates, among other things, ski area expansion, construction of new lifts, trails and snowmaking systems, and construction or redevelopment of skier buildings and other facilities.

We submitted to the Forest Service our first Project Proposal under the updated Keystone Master Development Plan in April 2010. The Project Proposal focuses primarily on the “front side” of the mountain and includes trail widening, new trails, lift and snowmaking improvements and replacement or upgrade of on-mountain dining and skier service facilities. We are currently waiting for Forest Service acceptance of the Project Proposal so that we can begin the NEPA review process.

Vail Mountain Regulatory Matters

In September 2007, the updated Vail Master Development Plan was accepted by the Forest Service. The Vail Mountain Master Development Plan includes, among other things, additional snowmaking on Vail Mountain, additional lifts, and a race facility expansion at Vail's Golden Peak. In December 2009, the Forest Service issued a Record of Decision (the “2009 ROD”) approving our first proposal under the updated Master Development Plan. The 2009 ROD approved the installation of a new chairlift in Vail's Sundown Bowl, the upgrade of the existing Chair 5 to a high-speed, detachable quad chair lift, and construction of a new dining facility at Mid-Vail. We are installing the upgraded Chair 5 during the summer and fall of 2010 and expect the upgraded chairlift to be in service for the 2010/2011 ski season. We have also begun construction of the Mid-Vail fine dining facility but do not expect it to be completed and in operation before the 2011/2012 ski season.

In March 2006, the Forest Service approved a proposal to construct a chairlift to service existing and potential future residential and commercial development in the proposed Ever Vail area. However, since receiving approval, we have modified the plans for the chairlift and have requested approval from the Forest Service of the modified plans. We do not know when we will receive such approval.

Beaver Creek Regulatory Matters

We submitted the Beaver Creek Master Development Plan to the Forest Service in mid September 2010 and we expect the Forest Service's response in the fall of 2010. Included in the submitted Beaver Creek Master Development Plan, among other things, was certain chairlift and snowmaking upgrades and adjustments to visitor capacity parameters in light of prior lift and trail upgrades contemplated in the Master Development Plan.

Heavenly Regulatory Matters

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

On August 26, 2009, we submitted a Project Proposal for the construction of a new day lodge and dining facility at the top of the gondola, snowmaking and lift upgrades and trail widening and other improvements. The Forest Service completed an EA on the proposal and issued a Decision Notice and Finding of No Significant Impact on May 10, 2010. During the summer of 2010, we began construction of the day lodge and dining facility at the top of the gondola and expect the facility to be completed during the 2010/2011 ski season. We expect to begin implementing other approved projects during the summer of 2011.

We have been conducting ongoing monitoring of groundwater contamination levels using three existing monitoring wells and a seasonal, downstream seep as required by the State of California Regional Water Quality Control Board, Lahontan Region ("Lahontan"), and the El Dorado County Department of Environmental Management. This requirement was imposed in response to an accidental release of waste oil at a vehicle maintenance shop in 1998 by the prior owner/operator of Heavenly. All cleanup work has been completed in accordance with the approved work plan. On September 17, 2009, we received a closure letter in writing from Lahontan stating that no further action is required.

GTLC Concession Contract

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

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

We pay a fee to the NPS of 8.01% on the majority of sales occurring in the Grand Teton National Park.

Water

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

Snowmaking

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

In Colorado, we own or have ownership interests in water rights in reservoir companies, reservoirs, groundwater wells, and other sources. The primary source of water for Keystone and Breckenridge is the Clinton Reservoir, in which we own a non-controlling interest. For Vail Mountain and Beaver Creek, the primary water source is Eagle Park Reservoir, in which we own a controlling

interest. We believe we have rights to sufficient quantities of water for the operation of our four Colorado resorts for the foreseeable future.

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

Unlike our other Colorado resorts, Keystone does not have on-site storage for snowmaking water and may be more vulnerable to interruptions in delivery of constant physical supply of water during high demand snowmaking periods, however we have not experienced significant issues to date.

Heavenly's primary sources of water are the South Tahoe Public Utility District ("STPUD") and Kingsbury General Improvement District ("KGID"), which are California and Nevada public utilities, respectively. We have negotiated a long term contract with STPUD at favorable rates. Despite the added security provided by this agreement, the delivery of water by STPUD is interruptible. If STPUD exercises its rights to interrupt Heavenly's water service, Heavenly's ability to make snow may be impaired. We have begun negotiations with KGID to reach a similar agreement but cannot determine whether our negotiations will result in an agreement or when an agreement may be reached. While we believe that KGID water will be available long term, we have no contractual guaranty of service, delivery or future pricing for that water. Further, the delivery systems of each utility are limited and may not be able to provide the immediate physical supply of water needed for optimal snowmaking.

Available Information

We report to the Securities and Exchange Commission ("SEC") information, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Act") that are available free of charge on our corporate website (www.vailresorts.com) as soon as reasonably practicable after the information is electronically filed with or furnished to the SEC. In addition, our Code of Ethics and Business Conduct is available on our website. None of the content of our corporate website is incorporated by reference herein. Copies of any materials we file with the SEC can be obtained at www.sec.gov or at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the public reference room is available by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS.

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

Risks Related to Our Business

We are subject to the risk of prolonged weakness in general economic conditions including continued adverse affects on the overall travel and leisure related industries. Conditions currently present or recently present in the economic environment including high unemployment, erosion of consumer confidence and financial instability in the global markets may potentially have negative effects on the travel and leisure industry and on our results of operations. As a result of these and other economic uncertainties, we have experienced and may continue to experience, among other items a change in booking trends such that guest reservations are made much closer to the actual date of stay and a decrease in group bookings. We cannot predict at what level these trends will continue, worsen or improve and the ultimate impact it will have on our future results of operations. The actual or perceived fear of weakness in the economy could also lead to decreased spending by our guests. Skiing, travel and tourism are discretionary recreational activities that can entail a relatively high cost of participation and are adversely affected by economic slowdown or recession. This could further be exacerbated by the fact that we charge some of the highest prices for our lift tickets and ancillary services in the ski industry. In the event of a decrease in visitation and overall guest spending we may be required to offer a higher amount of discounts and incentives than we have historically.

Leisure and business travel are particularly susceptible to various factors outside of our control, including terrorism, the uncertainty of military conflicts, outbreaks of contagious diseases and the cost and availability of travel options. Our business is sensitive to the willingness of our guests to travel. Acts of terrorism, the spread of contagious diseases, regional political events and developments in military conflicts in areas of the world from which we draw our guests could depress the public's propensity to travel and cause severe disruptions in both domestic and international air travel and consumer discretionary spending, which could reduce the number of visitors to our resorts and have an adverse affect on our results of operations. Many of our guests travel by air and the

impact of higher prices for commercial airline services and availability of air services could cause a decrease in visitation by Destination guests to our resorts. Also, many of our guests travel by vehicle and higher gasoline prices could adversely impact our guests' willingness to travel to our resorts. Higher cost of travel may also affect the amount that guests are willing to spend at our resorts and could negatively impact our revenue particularly for lodging, ski school, dining and retail/rental.

Our business is highly seasonal. Our mountain and lodging operations are highly seasonal in nature. In particular, revenue and profits from our mountain and most of our lodging operations are substantially lower and historically result in losses from late spring to late fall. Conversely, peak operating seasons for GTLC, certain managed hotel properties and our golf courses occur during the summer months while the winter season generally results in operating losses. Revenue and profits generated by GTLC's summer operations, management fees from certain managed properties, certain other lodging properties and golf operations are not nearly sufficient to fully offset our off-season losses from our mountain and other lodging operations. For Fiscal 2010, 80% of total combined Mountain and Lodging segment net revenue was earned during our fiscal second and third quarters. In addition, the timing of major holidays can impact vacation patterns and therefore visitation at our ski resorts. If we were to experience an adverse event or realize a significant deterioration in our operating results during our peak periods (our fiscal second and third quarters) we would be unable to fully recover any significant declines due to the seasonality of our business. Operating results for any three-month period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full fiscal year (see Note 14, Selected Quarterly Financial Data, of the Notes to Consolidated Financial Statements).

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

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

We face significant competition. The ski resort and lodging industries are highly competitive. The number of people who ski in the United States (as measured in skier visits) has generally ranged between 54 million and 61 million annually over the last decade, with approximately 59.8 million visits for the 2009/2010 ski season. The factors that we believe are important to customers include:

- proximity to population centers;
- availability and cost of transportation to ski areas;
- ease of travel to ski areas (including direct flights by major airlines);
- pricing of lift tickets and/or season passes and the number, quality and price of related ancillary services (ski school, dining and retail/rental), amenities and lodging;
- snowmaking facilities;

- type and quality of skiing and snowboarding offered;
- duration of the ski season;
- weather conditions; and
- reputation.

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

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

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

Our current or future real estate development projects might not be successful. We have completed or substantially completed significant real estate development projects and have plans for significant future development projects. We could experience significant difficulties in realizing the anticipated financial benefits or in initiating or completing these projects, due to among other things:

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

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

There are significant risks associated with our current real estate project under development, which could adversely affect our financial condition, results of operations or anticipated cash flows from these projects. For example, in the event that the carrying value of our real estate held for sale and investment exceeds anticipated future proceeds from the sale of our real estate development, we would be required to record a write-down of our real estate held for sale and investment. We currently have one real estate project substantially completed, The Ritz-Carlton Residences, Vail and during the three months ended July 31, 2010 we completed One Ski Hill Place at the base of our Breckenridge ski resort. We have increased risk associated with selling and closing units in these projects as a result of the instability in the capital and credit markets and a slowdown in the overall real estate market and, as a result we may not be able to sell units in such properties for a profit or at the prices or selling pace we anticipate. Furthermore, given the current economic climate, certain buyers have been or may be unable to close on their units due to a reduction in funds available to buyers and/or decreases in mortgage availability, or certain buyers who have entered into purchase and sales contracts with us have attempted and others may attempt to challenge the legality of the contracts in an effort to invalidate their purchase commitment and obtain a refund of their deposit. Additionally, we have self funded the development of One Ski Hill Place and the Ritz-Carlton Residences, Vail, having spent an aggregate of approximately \$350 million in capital expenditures as of July 31, 2010 on these projects and we estimate to incur between \$20 million and \$30 million in cash expenditures subsequent to July 31, 2010 to complete the Ritz-Carlton Residences, Vail project which has caused and will cause a decline in cash being generated from operating activities, requiring us to borrow under the revolver component of our senior credit facility (the "Credit Facility") from time to time, which has or may cause an increase in our leverage until we close and receive proceeds from the sale of the significant majority of units from these projects. As such, due to the overall macro-economic environment, the resulting deterioration in real estate markets and the tightening of credit markets, among other factors, there is no assurance that units will be sold and/or closed upon completion of these projects.

We may not be able to fund resort capital expenditures and investment in real estate. In addition to the self funding of real estate under development, we currently anticipate that resort capital expenditures (primarily related to the Mountain and Lodging segments) will be approximately \$75 million to \$85 million for calendar year 2010. Our ability to fund these investments in real estate and resort capital expenditures will depend on our ability to generate sufficient cash flow from operations, obtain pre-sale deposits and/or to borrow from third parties. We cannot provide assurances that our operations will be able to generate sufficient cash flow to fund such development costs, or that we will be able to obtain sufficient financing on adequate terms, or at all. Our ability to generate cash flow and to obtain third-party financing will depend upon many factors, including:

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

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

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

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

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

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

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

We rely on information technology to operate our businesses and maintain our competitiveness, and any failure to adapt to technological developments or industry trends could harm our business. We depend on the use of sophisticated information technology and systems, including technology and systems used for central reservations, point of sale, procurement and administration. We must continuously improve and upgrade our systems and infrastructure to offer enhanced products, services, features and functionality, while maintaining the reliability and integrity of our systems and infrastructure. Our future success also depends on our ability to adapt our infrastructure to meet rapidly evolving consumer trends and demands and to respond to competitive service and product offerings.

In addition, we may not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner. Delays or difficulties in implementing new or enhanced systems may keep us from achieving the desired results in a timely manner, to the extent anticipated, or at all. Any interruptions, outages or delays in our systems, or deterioration in their performance, could impair our ability to process transactions and could decrease our quality of service that we offer to our guests. Also, we may be unable to devote financial resources to new technologies and systems in the future. If any of these events occur, our business and financial performance could suffer.

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

We are subject to litigation in the ordinary course of business. We are, from time to time, subject to various asserted or unasserted legal proceedings and claims. Any such claims, regardless of merit, could be time-consuming and expensive to defend and could

divert management's attention and resources. While we believe we have adequate insurance coverage and/or accrue for loss contingencies for all known matters that are probable and can be reasonably estimated, we cannot assure that the outcome of all current or future litigation will not have a material adverse effect on us and our results of operations. For a more detailed discussion of our legal proceedings see Legal Proceedings under Item 3 and Note 12, Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

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

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

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

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

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

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

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

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

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

Risks Relating to Our Capital Structure

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

- quarterly variations in our operating results;
- operating results that vary from the expectations of securities analysts and investors;
- change in valuations, including our future real estate developments;
- changes in the overall travel, gaming, hospitality and leisure industries;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors or such guidance provided by us;
- announcements by us or companies in the travel, gaming, hospitality and leisure industries of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments, plans, prospects, service offerings or operating results;
- additions or departures of key personnel;
- future sales of our securities;
- trading and volume fluctuations;
- other risk factors as discussed above; and
- other unforeseen events.

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

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

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

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

Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations. Our level of indebtedness could have important consequences. For example, it could:

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

We may be able to incur substantial additional indebtedness in the future. The terms of our Indenture (as defined below) do not fully prohibit us from doing so. Our Credit Facility permits additional borrowings of up to \$283.9 million as of July 31, 2010. If new debt is added to our current debt levels, the related risks that we face could intensify.

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

- incur additional debt;
- pay dividends, repurchase our stock and make other restricted payments;
- create liens;
- make investments;
- engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;
- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

In addition, there can be no assurance that we will meet the financial covenants contained in our Credit Facility. If we breach any of these restrictions or covenants, or suffer a material adverse change which restricts our borrowing ability under our Credit Facility, we

would not be able to borrow funds thereunder without a waiver, which inability to borrow could have an adverse effect on our business, financial condition and results of operations. In addition, a breach, if uncured, could cause a default under the Indenture and our other debt. Our indebtedness may then become immediately due and payable. We may not have or be able to obtain sufficient funds to make these accelerated payments, including payments on the 6.75% Notes.

Our Credit Facility is scheduled to mature in 2012 and our 6.75% Notes are due in 2014. We currently have outstanding \$35 million under our Credit Facility, which is scheduled to mature in 2012; however, a sustained economic downturn and its potential impact on our cash flows from operating activities, combined with the self funding of any real estate under development or other strategic initiatives could require us to borrow significant funds under the revolver component of our Credit Facility. In addition to our Credit Facility, we have outstanding \$390 million of 6.75% Notes due in 2014. The credit markets are volatile and may pose challenges and have an adverse effect on our ability to re-finance or obtain new financing on terms that are acceptable to us. There is no assurance that we will be able to obtain new financing or financing on acceptable terms.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following table sets forth the principal properties that we own or lease for use in our operations:

<u>Location</u>	<u>Ownership</u>	<u>Use</u>
Arrowhead Mountain, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements and commercial space
BC Housing Riveredge, CO	26% Owned	Employee housing facilities
Bachelor Gulch Village, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements and commercial space
Beaver Creek Resort, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
Beaver Creek Mountain, CO (3,849 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Beaver Creek Mountain Resort, CO	Owned	Golf course, clubhouse, commercial space and residential units
Breckenridge Ski Resort, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
Breckenridge Mountain, CO (5,702 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Breckenridge Mountain Lodge	Owned	Lodging
Breckenridge Terrace, CO	50% Owned	Employee housing facilities
Broomfield, CO	Leased	Corporate offices
Colter Bay Village, WY	Concessionaire contract	Lodging and dining facilities
Eagle-Vail, CO	Owned	Warehouse facility
Edwards, CO	Leased	Administrative offices
Great Divide Lodge, CO	Owned	Lodging, dining and conference facilities
Heavenly Mountain Resort, CA & NV	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements and commercial space
Heavenly Mountain Resort, CA & NV (7,050 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Inn at Keystone, CO	Owned	Lodging, dining and conference facilities

Jackson Hole Golf & Tennis Club, WY	Owned	Golf course, clubhouse, tennis facilities, dining and real estate held for sale or development
Jackson Lake Lodge, WY	Concessionaire contract	Lodging, dining and conference facilities
Jenny Lake Lodge, WY	Concessionaire contract	Lodging and dining facilities
Keystone Conference Center, CO	Owned	Conference facility
Keystone Lodge, CO	Owned	Lodging, spa, dining and conference facilities
Keystone Resort, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space, dining and real estate held for sale or development
Keystone Mountain, CO (8,376 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Keystone Ranch, CO	Owned	Golf course, clubhouse and dining facilities
Red Sky Ranch, CO	Owned	Golf courses, clubhouses, dining facilities and real estate held for sale or development
River Course at Keystone, CO	Owned	Golf course and clubhouse
Seasons at Avon, CO	Leased/50% Owned	Administrative offices
Ski Tip Lodge, CO	Owned	Lodging and dining facilities
The Arrabelle at Vail Square, CO	Owned	Lodging, spa, dining and conference facilities
The Lodge at Vail, CO	Owned	Lodging, spa, dining and conference facilities
The Osprey at Beaver Creek, CO	Owned	Lodging, dining and conference facilities
The Tames at Beaver Creek, CO	31% Owned	Employee housing facilities
Tenderfoot Housing, CO	50% Owned	Employee housing facilities
The Pines Lodge at Beaver Creek, CO	Owned	Lodging, dining and conference facilities
Vail Mountain, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
Vail Mountain, CO (12,226 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Village at Breckenridge, CO	Owned	Lodging, dining, conference facilities and commercial space
SSI Venture, LLC (“SSV”) Properties	Owned	Over 130 retail stores (of which 87 stores are currently held under lease) for recreational products including rental

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

ITEM 3. LEGAL PROCEEDINGS.

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

The Canyons Ski Resort Litigation

During the fourth quarter of the year ended July 31, 2007, we entered into an agreement with Peninsula Advisors, LLC (“Peninsula”) for the negotiation and mutual acquisition of The Canyons and the land underlying The Canyons. On July 15, 2007, American Skiing Company (“ASC”) entered into an agreement to sell The Canyons to Talisker Corporation and Talisker Canyons Finance Company, LLC (together “Talisker”). On July 27, 2007, we filed a complaint in the District Court in Colorado against Peninsula and Talisker claiming, among other things, breach of contract by Peninsula and intentional interference with contractual relations and prospective business relations. Our request for a preliminary injunction to prevent the closing of the acquisition by Talisker of The Canyons from ASC was denied. Talisker filed an answer to our complaint along with three counterclaims. Peninsula filed a motion to dismiss,

which was denied. On October 21, 2009, we filed a Stipulated Motion to Dismiss ASC and agreed that we would not seek any relief that would have the effect of invalidating the sale by ASC to Talisker Canyons Finance Co, LLC. On January 12, 2010, Peninsula filed an answer to our complaint and brought cross claims against Talisker and a third party complaint against Mark Robbins (Peninsula's former managing member), Jacob Bistricher (Talisker Corporation's CEO), and Talisker Canyons Acquisition Co. LLC. Talisker moved to strike Peninsula's answer, cross claims and third party complaint. After the District Court denied Talisker's motion to strike Peninsula's answer, cross claims and third party complaint, Talisker and Talisker Canyons Acquisition Co. LLC filed a motion to dismiss Peninsula's cross claims and third party complaint on April 6, 2010. Jacob Bistricher subsequently filed a motion to dismiss Peninsula's claims against him for a lack of jurisdiction. Peninsula has since responded to these motions to dismiss. Additionally, on May 13, 2010, Peninsula informed the District Court that Peninsula had effected personal service over Mark Robbins. On June 1, 2010, Talisker moved to stay the action, and Robbins moved for an extension of time to file an answer, pending resolution of a Delaware State Court action concerning internal control issues regarding Peninsula. The District Court has yet to take action regarding the pending motions. We continue to pursue this action, but are unable to predict the ultimate outcome of the above described actions.

Internal Revenue Service Litigation

On August 24, 2009, we filed a complaint in the United States District Court for the District of Colorado against the United States of America seeking a refund of approximately \$6.2 million in federal income taxes paid for the tax years ended December 31, 2000 and December 31, 2001. Our amended tax returns for those years included calculations of net operating losses ("NOL") carried forward from prior years to reduce our tax years 2000 and 2001 tax liabilities. The Internal Revenue Service ("IRS") has disallowed refunds associated with those NOL carry forwards and we disagree with the IRS action disallowing the utilization of the NOLs. The IRS filed its answer on November 6, 2009 denying liability for our claimed refunds. We are unable to predict the ultimate outcome of this matter.

Ritz-Carlton Residences, Vail Litigation

The holders of contracts to purchase 11 Ritz-Carlton Residences, Vail units have commenced actions seeking rescission of their contracts based on a disputed delivery date included in their respective purchase and sale agreements.

We are a defendant in the following cases filed in District Court in Eagle County, Colorado by holders of contracts to purchase ten Ritz-Carlton Residences, Vail units: *AR Homes, LP and Castletop Capital Properties, LP v. RCR Vail, LLC, et al.*, 09cv527, filed on August 18, 2009; *Masri and Assis v. RCR Vail, LLC* 09cv543 filed on August 26, 2009; *Vail Ritz-Carlton, LLC v. RCR Vail, LLC* 10cv122, filed on February 18, 2010; *Ritz Terrace, LLC v. RCR Vail, LLC*, 10cv155, filed on March 3, 2010; *Five Star Vail Property v. RCR, Vail, LLC*, 10cv156, filed on March 3, 2010; *Vail Ritz 200, LLC and Vail Ritz 207, LLC v. RCR Vail, LLC*, 10cv259, filed on April 12, 2010; and *Stadium Limited v. RCR Vail, LLC*, 10cv618, filed on August 1, 2010, and served August 10, 2010. We are also a defendant in a case filed in United States District Court, District of Colorado, by a holder of a contract to purchase one Ritz-Carlton Residences, Vail unit: *Aldarondo v. RCR Vail, LLC*, 10cv767, filed on April 9, 2010. The plaintiffs' complaints allege similar causes of action, primarily breach of contract, based on the failure of us to deliver the units under the purchase and sale agreements by a certain specific disputed date. Three plaintiffs also allege violations of the Federal Interstate Land Sales Full Disclosure Act (ILSFDA), which we have moved to dismiss for failure to state a claim. Similar ILSFDA claims by two additional plaintiffs have already been dismissed. All plaintiffs seek rescission of their contracts and return of their deposits under the purchase and sale agreements. We dispute that we have breached our obligations under the purchase and sale agreements and deny that the contract holders are entitled to the relief that they are seeking.

We do not anticipate further breach of contract allegations based on the disputed delivery date as all other Ritz-Carlton Residences, Vail contract holders have signed contracts or amendments to contracts specifically acknowledging the delivery date.

ITEM 4. REMOVED AND RESERVED.

PART II

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

Our common stock is traded on the New York Stock Exchange under the symbol "MTN." As of September 15, 2010, 35,911,506 shares of common stock were outstanding, held by approximately 375 holders of record.

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

The following table sets forth, for Fiscal 2010 and the year ended July 31, 2009 ("Fiscal 2009"), and quarters indicating the range of high and low per share sales prices of our common stock as reported on the New York Stock Exchange Composite Tape.

Quarter Ended	October 31	January 31	April 30	July 31	Fiscal Year
Fiscal Year 2010					
High	\$ 38.96	\$ 42.43	\$ 48.40	\$ 49.00	\$ 49.00
Low	\$ 28.48	\$ 32.85	\$ 32.89	\$ 33.50	\$ 28.48
Fiscal Year 2009					
High	\$ 52.00	\$ 33.43	\$ 30.42	\$ 31.10	\$ 52.00
Low	\$ 21.67	\$ 14.79	\$ 14.76	\$ 23.71	\$ 14.76

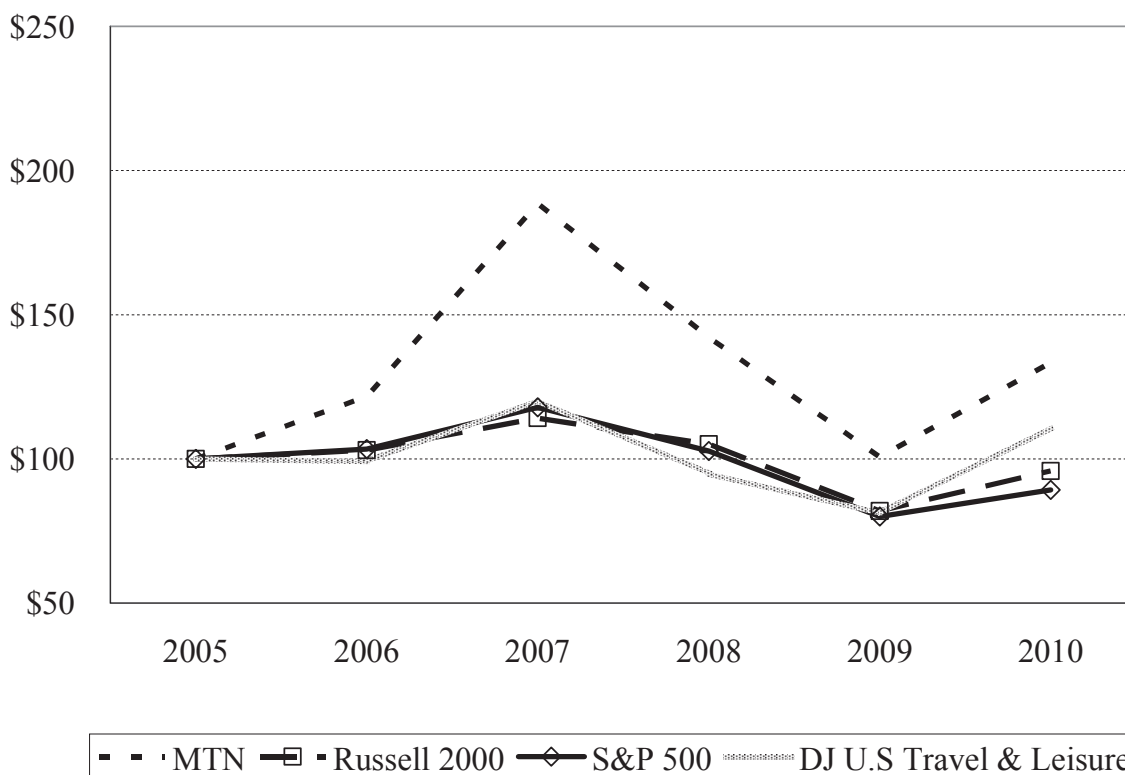
Repurchase of Equity Securities

The following table summarizes the purchase of our equity securities during the fourth quarter of Fiscal 2010:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
May 1, 2010 – May 31, 2010	--	\$ --	--	2,121,465
June 1, 2010 – June 30, 2010	386,269	38.83	386,269	1,735,196
July 1, 2010 – July 31, 2010	--	--	--	1,735,196
Total	386,269	\$ 38.83	386,269	

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

Performance Graph



The total return graph is presented for the period from the end of our 2005 fiscal year through the end of Fiscal 2010. The comparison assumes that \$100 was invested at the beginning of the period in our common stock (“MTN”), The Russell 2000, The Standard & Poor’s 500 Stock Index and the Dow Jones U.S. Travel and Leisure Stock Index. We included the Dow Jones U.S. Travel and Leisure Index as we believe we compete in the travel and leisure industry.

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

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected historical consolidated financial data derived from our Consolidated Financial Statements for the periods indicated. The financial data for Fiscal 2010, Fiscal 2009 and the year ended July 31, 2008 (“Fiscal 2008”) and as of July 31, 2010 and 2009 should be read in conjunction with the Consolidated Financial Statements, related notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this Form 10-K. The table presented below is unaudited. The data presented below are in thousands, except for diluted net income per share attributable to Vail Resorts, Inc., effective ticket price (“ETP”), ADR and RevPAR amounts.

	Year Ended July 31,				
	2010 ⁽¹⁾	2009 ⁽¹⁾	2008 ⁽¹⁾	2007 ⁽¹⁾	2006 ⁽¹⁾
Statement of Operations Data:					
Net revenue:					
Mountain	\$ 638,495	\$ 614,597	\$ 685,533	\$ 665,377	\$ 620,441
Lodging	169,130	176,241	170,057	162,451	155,807
Real estate	61,007	186,150	296,566	112,708	62,604
Total net revenue	868,632	976,988	1,152,156	940,536	838,852
Segment operating expense:					
Mountain	456,017	451,025	470,362	462,708	443,116

Lodging	166,738	169,482	159,832	144,252	142,693
Real estate	71,402	142,070	251,338	115,190	56,676
Total segment operating expense	694,157	762,577	881,532	722,150	642,485
Depreciation and amortization	(110,638)	(107,213)	(93,794)	(87,664)	(86,098)
Gain on sale of real property	6,087	--	709	--	--
Mountain equity investment income, net	1,558	817	5,390	5,059	3,876
Real estate equity investment income, net	--	--	--	--	791
Investment income, net	445	1,793	8,285	12,403	7,995
Interest expense, net	(17,515)	(27,548)	(30,667)	(32,625)	(36,478)
Contract dispute credit (charges), net	--	--	11,920	(4,642)	(3,282)
Income before provision for income taxes	53,797	81,196	170,933	108,452	81,704
Net income	35,775	50,552	107,847	69,198	52,450
Net (income) attributable to noncontrolling interests	(5,390)	(1,602)	(4,920)	(7,801)	(6,694)
Net income attributable to Vail Resorts, Inc.	\$ 30,385	\$ 48,950	\$ 102,927	\$ 61,397	\$ 45,756
Diluted net income per share attributable to Vail Resorts, Inc.	\$ 0.83	\$ 1.33	\$ 2.64	\$ 1.56	\$ 1.19
Other Data:					
Mountain					
Skier visits ⁽²⁾	6,010	5,864	6,195	6,219	6,288
ETP ⁽³⁾	\$ 48.13	\$ 47.16	\$ 48.74	\$ 46.15	\$ 41.83
Lodging					
ADR ⁽⁴⁾	\$ 235.02	\$ 225.12	\$ 230.17	\$ 216.83	\$ 202.27
RevPAR ⁽⁵⁾	\$ 88.14	\$ 93.10	\$ 106.43	\$ 99.58	\$ 92.41
Real Estate					
Real estate held for sale and investment ⁽⁶⁾	\$ 422,164	\$ 311,485	\$ 249,305	\$ 357,586	\$ 259,384
Other Balance Sheet Data					
Cash and cash equivalents ⁽⁷⁾	\$ 14,745	\$ 69,298	\$ 162,345	\$ 230,819	\$ 191,794
Total assets	\$ 1,922,809	\$ 1,884,480	\$ 1,925,954	\$ 1,909,123	\$ 1,687,643
Long-term debt (including long-term debt due within one year)	\$ 526,711	\$ 491,960	\$ 556,705	\$ 594,110	\$ 531,228
Net debt ⁽⁸⁾	\$ 511,966	\$ 422,662	\$ 394,360	\$ 363,291	\$ 339,434
Total Stockholders' equity	\$ 802,387	\$ 780,706	\$ 725,484	\$ 704,801	\$ 633,405

(footnotes to selected financial data appear on following page)

Footnotes to Selected Financial Data:

- (1) *We have made several acquisitions and dispositions which impact comparability between years during the past five years. The more significant of those include the acquisitions of: The remaining noncontrolling interest in SSI Venture LLC known as SSV (acquired in April 2010), Mountain News Corporation ("Mountain News") (acquired May 2010), CME (acquired in November 2008), 18 retail/rental locations (acquired by SSV in June 2007), two licensed Starbucks stores (acquired in June 2007) and six retail locations (acquired by SSV in August 2006). Additionally, we sold our majority interest in RTP, LLC ("RTP") (sold in April 2007) and Snake River Lodge & Spa (sold in January 2006). See Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements, in Item 8 of this Form 10-K for the impact to the Consolidated Statements of Operations and Consolidated Balance Sheets as a result of the adoption of ASC Topic 810, "Consolidation" (SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51").*
- (2) *A skier visit represents a person utilizing a ticket or pass to access a mountain resort for any part of one day, and includes both paid and complimentary access.*
- (3) *ETP is calculated by dividing lift ticket revenue by total skier visits during the respective periods.*
- (4) *ADR is calculated by dividing total room revenue (includes both owned and managed condominium room revenue) by the number of occupied rooms during the respective periods.*
- (5) *RevPAR is calculated by dividing total room revenue (includes both owned and managed condominium room revenue) by the number of rooms that are available to guests during the respective periods.*
- (6) *Real estate held for sale and investment includes all land, development costs and other improvements associated with real estate held for sale and investment, as well as investments in real estate joint ventures.*
- (7) *Cash and cash equivalents excludes restricted cash.*
- (8) *Net debt is defined as long-term debt plus long-term debt due within one year less cash and cash equivalents.*

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

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

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

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

Overview

Our operations are grouped into three integrated and interdependent segments: Mountain, Lodging and Real Estate. Resort is the combination of the Mountain and Lodging segments. Revenue from the Mountain, Lodging and Real Estate segments represented 74%, 19% and 7%, respectively, of our net revenue for Fiscal 2010.

Mountain Segment

The Mountain segment is comprised of the operations of five ski resort properties as well as ancillary services, primarily including ski school, dining and retail/rental operations. Our five ski resorts were open for business for the 2009/2010 ski season from mid-November through mid-April, which is the peak operating season for the Mountain segment. Our single largest source of Mountain segment revenue is the sale of lift tickets (including season passes), which represented approximately 45%, 45% and 44% of Mountain segment net revenue for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

Lift ticket revenue is driven by volume and pricing. Pricing is impacted by both absolute pricing as well as the demographic mix of guests, which impacts the price points at which various products are purchased. The demographic mix of guests is divided into two primary categories: (i) Destination guests and (ii) In-State guests. For the 2009/2010 ski season, Destination guests comprised approximately 58% of our skier visits, while In-State guests comprised approximately 42% of our skier visits, which compares to approximately 57% and 43%, respectively, for the 2008/2009 ski season and 63% and 37%, respectively, for the 2007/2008 ski season.

Destination guests generally purchase our higher-priced lift ticket products and utilize more ancillary services such as ski school, dining and retail/rental, as well as lodging at or around our resorts. Destination guest visitation is less likely to be impacted by changes in the weather due to the advance planning generally required for vacation trips, but can be more impacted by adverse economic conditions or the global geopolitical climate. In-State guests tend to be more value-oriented and weather sensitive. Prior to the 2008/2009 ski season, we primarily marketed season passes to In-State guests in an effort to offer a value option in turn for a commitment predominately prior to the beginning of the ski season from In-State guests to ski at our resorts. This in turn has developed a loyal customer base that generally skis multiple days each season at our resorts and provides a more stabilized stream of lift revenue. Given the success of In-State pass products, we introduced a new season pass product (the "Epic Season Pass") for the 2008/2009 ski season, marketed to Destination guests (and also marketed to In-State guests) allowing pass holders unlimited and

unrestricted access to all five of our ski resorts during the entire ski season. All of our season pass products, including the Epic Season Pass, are sold predominately prior to the start of the ski season. Season pass revenue, although primarily collected prior to the ski season, is recognized in the Consolidated Statement of Operations ratably over the ski season. For the 2009/2010, 2008/2009 and 2007/2008 ski season approximately 35%, 34% and 26%, respectively, of total lift revenue recognized was comprised of season pass revenue.

The cost structure of our ski resort operations has a significant fixed component with variable expenses including, but not limited to, Forest Service fees, credit card fees, retail/rental cost of sales and labor, ski school labor and dining operations; as such, profit margins can fluctuate based on the level of revenues.

Lodging Segment

Operations within the Lodging segment include (i) ownership/management of a group of luxury hotels through the RockResorts brand, including several proximate to our ski resorts; (ii) ownership/management of non-RockResorts branded hotels and condominiums proximate to our ski resorts; (iii) GTLC; (iv) CME, a resort ground transportation company; and (v) golf courses.

Lodging properties (including managed condominium rooms) at or around our ski resorts, and CME, are closely aligned with the performance of the Mountain segment and generally experience similar seasonal trends, particularly with respect to visitation by Destination guests, and represented approximately 67%, 68% and 63% of Lodging segment revenue for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively. Revenue of the Lodging segment during our first and fourth fiscal quarters is generated primarily by the operations of GTLC (as GTLC's operating season generally occurs from mid-May to mid-October), golf operations and seasonally low operations from our other owned and managed properties and businesses.

Real Estate Segment

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

Recent Trends, Risks and Uncertainties

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

- Although we experienced improved operating results for Fiscal 2010 compared to Fiscal 2009 in our Mountain segment in part due to a strong spring break and Easter holiday period during which visitation to our mountain resorts improved, as well as an increase in overall guest spend on ancillary services to levels that approached the spring break and Easter holiday periods of 2007 and 2008, uncertainties still exist surrounding the strength and duration of the general economic environment. Conditions currently present or recently present in the economic environment including high unemployment, erosion of consumer confidence, financial instability in the global markets and weakness in the real estate market may potentially continue to have negative effects on the travel and leisure industry and our results of operations. Because of these uncertainties we cannot predict whether recent favorable trends in visitation and guest spend will continue and what impact the economic environment may have on our future results of operations, in particular for the 2010/2011 ski season.
- The timing and amount of snowfall can have an impact on Mountain and Lodging revenue particularly in regards to skier visits and the duration and frequency of guest visitation. To help mitigate this impact, we sell a variety of season pass products prior to the beginning of the season to In-State guests and Destination guests. Additionally, we have invested in snowmaking upgrades in an effort to address the inconsistency of early season snowfall where possible. During the past

three ski seasons, early season snowfall has been significantly lower than the historical average, which we believe had a negative impact on early season visitation.

- Our season pass products provide a value option to our guests, which in turn provides a guest commitment predominately prior to the start of the ski season, resulting in a more stabilized stream of lift revenue for us. In the spring of 2008, we introduced the Epic Season Pass, which contributed to season pass revenue as a percent of total lift revenue increasing from 26% for the 2007/2008 ski season to 34% and 35% for the 2008/2009 and 2009/2010 ski seasons, respectively. In March 2010, we began our pre-season pass sales program for the 2010/2011 ski season, including the Epic Season Pass. During our spring season pass sales program we experienced a decline in advance sales of season pass products for the 2010/2011 ski season primarily due to a decline in Epic Season Pass sales compared to sales during the spring season pass period for the 2009/2010 ski season. However, early fall sales of season passes have been favorable compared to the same period in the prior year which has resulted in only a slight overall decline to date in total season pass sales for the 2010/2011 ski season compared to total season pass sales through the same early fall sales period for the 2009/2010 ski season. There can be no assurance that the season pass sales will be similar to historical trends or the overall impact that season pass sales will have on lift revenue for the 2010/2011 ski season.
- In response to the economic downturn in 2008 and 2009, we implemented cost reduction initiatives in Fiscal 2009 including a company-wide wage reduction and suspension of our 401(k) plan matching contributions. We reinstated some of the prior year's wage and benefit reductions with a 2% interim wage increase for year round employees effective April 1, 2010 and seasonal employees for the 2010/2011 ski season along with partial reinstatement of our matching component of the 401(k) plan. We currently plan to fully reinstate the previous level of 401(k) matching ratably over a three year period. We also expect to return in fiscal year ending July 31, 2011 ("Fiscal 2011") to a more normal level of annual wage increases; however we cannot predict whether any increases in labor costs and other employee benefit costs coupled with other increases in operating costs will be offset by increased revenues.
- We held prices flat for most multi-day lift ticket and certain other products and services for the last two ski seasons even though we have historically implemented annual price increases. Prices for the 2010/2011 ski season have not yet been finalized; and as such, there can be no assurances as to the level of price increases, if any, which will occur and the impact that pricing may have on visitation or revenue.
- We operate our ski areas under various Forest Service permits, and many of our operations require permits and approval from governmental authorities; therefore many of our on-mountain capital improvements must go through an approval process. Changes or impacts to the applicable regulatory environment may have detrimental effects on us.
- Real Estate Reported EBITDA is highly dependent on, among other things, the timing of closings on real estate under contract, which determines when revenue and associated cost of sales is recognized. Changes to the anticipated timing or mix of closing on one or more real estate projects, or unit closings within a real estate project, could materially impact Real Estate Reported EBITDA for a particular quarter or fiscal year. During the fourth quarter of Fiscal 2010, we closed on 36 units, or 61% of the 59 units that were under contract at One Ski Hill Place in Breckenridge, while 23 units that were under contract defaulted. Additionally, we have another real estate project substantially completed (the Ritz-Carlton Residences, Vail) which units under contract will begin closing during the first quarter of Fiscal 2011. We have increased risk associated with selling and closing units in these projects as a result of the continued instability in the credit markets and a slowdown in the overall real estate market. Certain buyers have been or may be unable to close on their units due to a reduction in funds available to buyers and/or decreases in mortgage availability and certain buyers may successfully seek rescission of their contracts (see Part I Item 3. Legal Proceedings). We cannot predict the ultimate number of units that we will sell, the ultimate price we will receive, or when the units will sell. Additionally, if a prolonged weakness in the real estate market or general economic conditions were to occur we may have to adjust our selling prices in an effort to sell and close on units available for sale, although we currently have no plans to do so.
- Over the past several years our Real Estate segment results have reflected the successful completion of several real estate projects including, One Ski Hill Place in Breckenridge, the Arrabelle at Vail Square, Vail's Front Door, Crystal Peak Lodge at Breckenridge, Gore Creek Place in Vail's Lionshead Village and Mountain Thunder in Breckenridge. Additionally, as mentioned above, we have substantially completed the Ritz-Carlton Residences, Vail and units under contract will begin closing in the first quarter of Fiscal 2011. Although we continue to undertake planning and design work on future projects, we currently do not plan to undertake significant development activities on new projects until the current economic environment for real estate improves. We believe that, due to our low carrying cost of real estate land investments combined with the absence of third party debt associated with our real estate investments, we are well situated to time the launch of future projects with a more favorable economic environment.
- We had \$14.7 million in cash and cash equivalents as of July 31, 2010 as well as \$283.9 million available under the revolver component of our Credit Facility. We have and plan to continue to self-fund the completion of the Ritz-Carlton Residences, Vail (we estimate to incur between \$20 million and \$30 million in cash expenditures subsequent to July 31, 2010) while we have from time to time been required to borrow under the revolver component of our Credit Facility; especially during our seasonal low points outside of the ski season; however, we believe we have reached an inflection point, where as future proceeds from anticipated real estate closings on One Ski Hill Place and the Ritz-Carlton Residences, Vail (for example, we

received approximately \$100 million in net proceeds from the sale of Ritz-Carlton Residences, Vail fractional units in September 2010) should now significantly exceed anticipated future construction costs on these projects.

- Under GAAP, we are required to test goodwill for impairment annually, which we do during the fourth quarter of each fiscal year. We evaluate the recoverability of our goodwill by estimating the future discounted cash flows of our reporting units and terminal values of the businesses using projected future levels of income as well as business trends, prospects and market and economic conditions. We evaluate the recoverability of indefinite-lived intangible assets using the income approach based upon estimated future revenue streams. Our Fiscal 2010 annual impairment test did not result in a goodwill or indefinite-lived intangible asset impairment (see Critical Accounting Policies in this section of this Form 10-K). However, if a more severe prolonged weakness in general economic conditions were to occur it could cause less than expected growth and/or reduction in terminal values of our reporting units which may result in a goodwill and/or indefinite-lived intangible asset impairment charge attributable to certain goodwill and/or indefinite lived-intangible assets, particularly related to our lodging operations.

Results of Operations

Summary

Shown below is a summary of operating results for Fiscal 2010, Fiscal 2009 and Fiscal 2008 (in thousands):

	Year Ended July 31,		
	2010	2009	2008
Mountain Reported EBITDA	\$ 184,036	\$ 164,389	\$ 220,561
Lodging Reported EBITDA	2,392	6,759	10,225
Resort Reported EBITDA	186,428	171,148	230,786
Real Estate Reported EBITDA	(4,308)	44,080	45,937
Income before provision for income taxes	53,797	81,196	170,933
Net income attributable to Vail Resorts, Inc.	\$ 30,385	\$ 48,950	\$ 102,927

Mountain Segment

Mountain segment operating results for Fiscal 2010, Fiscal 2009 and Fiscal 2008 are presented by category as follows (in thousands, except ETP):

	Year Ended July 31,			Percentage Increase/(Decrease)	
	2010	2009	2008	2010/2009	2009/2008
Net Mountain revenue:					
Lift tickets	\$ 289,289	\$ 276,542	\$ 301,914	4.6 %	(8.4) %
Ski school	70,694	65,336	81,384	8.2 %	(19.7) %
Dining	53,322	52,259	62,506	2.0 %	(16.4) %
Retail/rental	154,846	147,415	168,765	5.0 %	(12.7) %
Other	70,344	73,045	70,964	(3.7)%	2.9%
Total Mountain net revenue	\$ 638,495	\$ 614,597	\$ 685,533	3.9 %	(10.3) %
Mountain operating expense:					
Labor and labor-related benefits	\$ 166,378	\$ 165,550	\$ 175,674	0.5 %	(5.8) %
Retail cost of sales	65,545	66,022	72,559	(0.7)%	(9.0) %
Resort related fees	35,431	33,102	36,335	7.0 %	(8.9) %
General and administrative	88,705	83,117	81,220	6.7 %	2.3%
Other	99,958	103,234	104,574	(3.2)%	(1.3)%
Total Mountain operating expense	\$ 456,017	\$ 451,025	\$ 470,362	1.1 %	(4.1) %
Mountain equity investment income, net	1,558	817	5,390	90.7 %	(84.8) %
Total Mountain Reported EBITDA	\$ 184,036	\$ 164,389	\$ 220,561	12.0 %	(25.5) %
Total skier visits	6,010	5,864	6,195	2.5 %	(5.3)%
ETP	\$ 48.13	\$ 47.16	\$ 48.74	2.1 %	(3.2) %

Total Mountain Reported EBITDA includes \$5.3 million, \$4.8 million and \$3.8 million of stock-based compensation expense for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

Fiscal 2010 compared to Fiscal 2009

Lift revenue increased \$12.7 million, or 4.6%, for Fiscal 2010 compared to Fiscal 2009, due to a \$6.6 million, or 3.6%, increase in lift revenue excluding season passes and a \$6.1 million, or 6.5%, increase in season pass revenue. The increase in lift revenue excluding season passes was driven by a 3.3% increase in visitation excluding season pass holders coupled with a 0.4% increase in ETP excluding pass products. The increase in season pass revenue was due to an increase in season pass units sold, as well as year-over-year price increases in season pass products including the Epic Season Pass. Total skier visitation increased 2.5% led by our Heavenly resort which experienced a 10.7% increase in visitation while overall visitation for our four Colorado resorts (excluding Heavenly) increased 1.2%. Our four Colorado resorts were negatively impacted by significantly below average snowfall, particularly in the early season up to mid-January 2010, but experienced increased visitation during the second half of the ski season particularly during the spring break and Easter holiday periods which primarily contributed to the overall increase in skier visits in Colorado for the 2009/2010 ski season compared to the 2008/2009 ski season. Visitation by season pass holders increased by approximately 1.7% with average visits per season pass holders declining approximately 4.8%, or approximately one half a day less skied per season pass holder, over the 2008/2009 ski season resulting in an increase in ETP.

Ski school revenue increased \$5.4 million, or 8.2%, in Fiscal 2010 compared to Fiscal 2009, primarily due to a 5.6% increase in yield per skier visit as both group and private lessons benefited from higher guest spend and were also favorably impacted by new programs offered in ski school during the 2009/2010 ski season. Dining revenue increased \$1.1 million, or 2.0%, in Fiscal 2010 compared to Fiscal 2009, primarily due to improved dining revenue for the 2009/2010 ski season compared to the 2008/2009 ski season as on-mountain dining realized an increase in the average revenue per transaction of approximately 3.6%, although dining operations were negatively impacted in the first half of the 2009/2010 ski season by the significantly lower than average early season snowfall in Colorado which resulted in delays in the opening of certain on-mountain dining venues.

Revenue from retail/rental operations increased \$7.4 million, or 5.0%, primarily due to higher retail sales and rental volumes at our Vail, Beaver Creek and Breckenridge mountain resort stores and San Francisco Bay area stores as retail/rental revenue increased 8.1% for the 2009/2010 ski season compared to the 2008/2009 ski season. This increase was partially offset by declines in retail sales for both the first and fourth quarters of Fiscal 2010 of 4.0% and 2.1%, respectively, compared to the same periods in the prior year due primarily to a decline in sales volumes at mountain resort stores not proximate to our ski resorts. Retail/rental revenue was particularly strong in the second half of the ski season which was bolstered by increased visitation to our resorts and higher guest spend.

Other revenue mainly consists of private club revenue (which includes both club dues and amortization of initiation fees), summer visitation and other mountain activities revenue, strategic alliance and other marketing revenue, commercial leasing revenue, employee housing revenue, municipal services revenue and other recreation activity revenue. For Fiscal 2010 other revenues decreased \$2.7 million, or 3.7%, compared to Fiscal 2009, primarily due to a decrease in employee housing revenue, strategic alliance marketing revenue and municipal services revenue (primarily transportation services provided on behalf of certain municipalities), partially offset by an increase in private club revenues primarily resulting from the opening of the Vail Mountain Club in November 2008, increased commercial leasing revenue and higher on-mountain summer activities related revenue at our Colorado resorts, particularly at Breckenridge as the prior year's on-mountain summer activities were negatively impacted by construction activities.

Operating expense increased \$5.0 million, or 1.1%, for Fiscal 2010 compared to Fiscal 2009. This increase was primarily driven by an increase in labor and labor-related benefits expense of \$0.8 million, or 0.5%, due to increased employee incentive compensation expense mostly offset by a company-wide wage reduction plan implemented in April 2009 (which was partially reinstated in April 2010) and the suspension of the matching contribution to our 401(k) program in January 2009 (of which the 401(k) matching program was partially reinstated in April 2010); a \$2.3 million, or 7.0%, increase in resort related fees associated with higher Mountain net revenue, including Forest Service fees which are calculated on a graduated scale based on revenue levels achieved by resort, and a \$5.6 million, or 6.7%, increase in general and administrative expenses primarily due to higher allocated corporate costs including increased employee incentive compensation expense, employee medical costs and legal expenses when compared to Fiscal 2009. The above increases were offset by a \$0.5 million, or 0.7%, decrease in retail cost of sales due to improved inventory management and lower average inventory costs resulting in improved gross margins and a \$3.3 million, or 3.2%, decrease in other expenses due primarily to lower operating supply costs resulting from improved procurement practices in addition to lower fuel costs, repairs and maintenance and property tax expense.

Mountain equity investment income primarily includes our share of income from the operations of a real estate brokerage joint venture. The increase in equity investment income for Fiscal 2010 compared to Fiscal 2009 is primarily due to a decline in operating and legal costs, partially offset by decreased commissions earned by the brokerage due to a lower level of real estate closures primarily on multi-unit projects compared to Fiscal 2009.

Fiscal 2009 compared to Fiscal 2008

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

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

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

For Fiscal 2009 other revenues increased \$2.1 million, or 2.9%, compared to Fiscal 2008, primarily due to private club operations (which revenue increased \$4.1 million) resulting from the opening of the Vail Mountain Club in November 2008.

Operating expense decreased \$19.3 million, or 4.1%, during Fiscal 2009 compared to Fiscal 2008. This decrease primarily resulted from a decrease in labor and labor-related benefits expense of \$10.1 million, or 5.8%, due to decreased staffing levels driven by lower volume in ski school, dining and retail/rental operations as well as the impacts of cost reduction initiatives including the suspension of the matching contribution to our 401(k) program effective January 2009 and a company-wide wage reduction plan implemented in April 2009 and a \$6.5 million, or 9.0%, decrease in retail cost of sales (commensurate with the decrease in retail revenue). Additionally, resort related fees (including Forest Service fees, other resort-related fees, credit card fees and commissions) decreased \$3.2 million, or 8.9%, compared to Fiscal 2008 due to overall declines in revenue that those fees are calculated on and other expenses decreased \$1.3 million, or 1.3%, due primarily to lower food and beverage cost of sales, supplies and fuel expense, partially offset by higher property taxes, utilities and repairs and maintenance expense. All of the above decreases were slightly offset by a \$1.9 million, or 2.3%, increase in general and administrative expenses primarily due to higher allocated corporate expenses.

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

Lodging Segment

Lodging segment operating results for Fiscal 2010, Fiscal 2009 and Fiscal 2008 are presented by category as follows (in thousands, except ADR and RevPAR):

	Year Ended July 31,			Percentage	
	2010	2009	2008	2010/2009	2009/2008
Lodging net revenue:					
Owned hotel rooms	\$ 41,479	\$ 43,153	\$ 46,806	(3.9)%	(7.8)%
Managed condominium rooms	32,074	34,571	37,132	(7.2)%	(6.9)%

Dining	27,235	30,195	31,763	(9.8)%	(4.9)%
Transportation	19,026	17,975	--	5.8%	--%
Golf	13,769	15,000	16,224	(8.2)%	(7.5)%
Other	35,547	35,347	38,132	0.6%	(7.3)%
Total Lodging net revenue	\$ 169,130	\$ 176,241	\$ 170,057	(4.0)%	3.6%
Lodging operating expense:					
Labor and labor-related benefits	\$ 78,698	\$ 81,290	\$ 75,746	(3.2)%	7.3%
General and administrative	29,361	27,823	26,877	5.5%	3.5%
Other	58,679	60,369	57,209	(2.8)%	5.5%
Total Lodging operating expense	\$ 166,738	\$ 169,482	\$ 159,832	(1.6)%	6.0%
Total Lodging Reported EBITDA	\$ 2,392	\$ 6,759	\$ 10,225	(64.6)%	(33.9)%

Owned hotel statistics:

ADR	\$ 190.93	\$ 183.59	\$ 184.42	4.0%	(0.5)%
RevPar	\$ 104.90	\$ 107.06	\$ 118.97	(2.0)%	(10.0)%

Managed condominium statistics:

ADR	\$ 291.18	\$ 273.38	\$ 280.37	6.5%	(2.5)%
RevPar	\$ 77.76	\$ 84.50	\$ 98.68	(8.0)%	(14.4)%

Owned hotel and managed condominium statistics (combined):

ADR	\$ 235.02	\$ 225.12	\$ 230.17	4.4%	(2.2)%
RevPar	\$ 88.14	\$ 93.10	\$ 106.43	(5.3)%	(12.5)%

Total Lodging Reported EBITDA includes \$2.0 million, \$1.8 million and \$1.3 million of stock-based compensation expense for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

Fiscal 2010 compared to Fiscal 2009

Total Lodging net revenue for Fiscal 2010 decreased \$7.1 million, or 4.0%, compared to Fiscal 2009. We acquired CME on November 1, 2008, and as a result Lodging net revenue for Fiscal 2009 includes only nine months of operations for CME. Excluding the impact of CME revenue for the first quarter of Fiscal 2010, total Lodging net revenue decreased \$8.9 million, or 5.0% for Fiscal 2010 compared to Fiscal 2009.

Revenue from owned hotel rooms decreased \$1.7 million, or 3.9%, for Fiscal 2010 compared to Fiscal 2009, driven by a decrease in occupancy of 3.4 percentage points partially offset by an increase in ADR of 4.0%. The decrease in occupancy was primarily due to declines in occupancy at our Keystone lodging properties of 11.5 percentage points. This decrease was partially offset by a 3.9 percentage point increase in occupancy at our other lodging properties proximate to our ski resorts (excluding Keystone lodging properties) during the second half of the ski season due to increased visitation particularly during the spring break and Easter holiday periods as discussed in the Mountain segment and an increase in occupancy at GTLC of 10.8 percentage points in the fourth quarter of Fiscal 2010 compared to the fourth quarter of Fiscal 2009 driven by an increase in both transient and group room nights (GTLC's room revenue increased \$1.2 million in the fourth quarter of Fiscal 2010 compared to the fourth quarter of Fiscal 2009). Revenue from managed condominium rooms decreased \$2.5 million, or 7.2%, for Fiscal 2010 compared to Fiscal 2009, driven by a decrease in occupancy of 4.2 percentage points partially offset by an increase in ADR of 6.5%. The decrease in occupancy is largely attributed to declines in group and transient room nights primarily at our Keystone lodging properties.

Dining revenue for Fiscal 2010 decreased \$3.0 million, or 9.8%, compared to Fiscal 2009, primarily due to a decline in group visitation primarily at our Keystone lodging properties. This decline was partially offset by an increase in dining revenue of \$0.7 million at GTLC in the fourth quarter of Fiscal 2010 compared to the fourth quarter of Fiscal 2009 due to an increase in occupancy as discussed above. Transportation revenues were up \$1.1 million, or 5.8%, primarily due to a full twelve months of operations for CME included in Fiscal 2010 compared to only nine months of operations for CME in Fiscal 2009. Golf revenues decreased \$1.2 million, or 8.2%, for Fiscal 2010 compared to Fiscal 2009, primarily resulting from a 12.6% decrease in the number of golf rounds played.

Operating expense decreased \$2.7 million, or 1.6%, for Fiscal 2010 compared to Fiscal 2009. Due to the acquisition of CME on November 1, 2008, operating expenses for Fiscal 2010 included twelve months of CME operating expenses compared to only nine

months of CME operating expenses for Fiscal 2009. Excluding the impact of CME operating expenses for the first quarter of Fiscal 2010 of \$2.7 million, operating expenses decreased \$5.5 million, or 3.2%, primarily due to (i) a decrease in labor and labor-related benefits of \$4.3 million, or 5.3%, primarily due to lower staffing levels associated with decreased occupancy and the impacts of cost reduction initiatives including a company-wide wage reduction plan implemented in April 2009 (which was partially reinstated in April 2010) and the suspension of the matching contribution to our 401(k) program in January 2009 (of which the 401(k) matching program was partially reinstated in April 2010) and (ii) a decrease in other expense of \$2.7 million, or 4.5 %, primarily due to decreased variable operating costs associated with lower revenue including lower food and beverage cost of sales and a decrease in operating supplies and repairs and maintenance. The above decreases were partially offset by an increase in general and administrative expense of \$1.5 million, or 5.5%, primarily due to higher allocated corporate expenses including increased employee incentive compensation expense, employee medical costs and legal expenses.

Fiscal 2009 compared to Fiscal 2008

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

Revenue from owned hotel rooms, including the Arrabelle, decreased \$3.7 million, or 7.8%, for Fiscal 2009 compared to Fiscal 2008, which was driven by a decrease in occupancy of 6.2 percentage points which primarily occurred at the lodging properties proximate to our ski resorts. This was due to a decline in Destination visitation for the 2008/2009 ski season as compared to the 2007/2008 ski season as discussed in our Mountain segment and declines in group business (including a decrease in GTLC’s room revenue of \$0.8 million in the fourth quarter of Fiscal 2009 compared to the fourth quarter of Fiscal 2008 primarily due to a decline in group business) as well as decreases in ADR of 0.5%, partially offset by the full year of operations at the Arrabelle (the Arrabelle generated \$0.8 million of incremental owned hotel room revenue for Fiscal 2009 compared to Fiscal 2008). Revenue from managed condominium rooms decreased \$2.6 million, or 6.9%, for Fiscal 2009, due to decreases in visitation as noted above, declines in group business primarily at our Keystone lodging properties and decreases in ADR of 2.5%, partially offset by the full year of operations at the Arrabelle which includes condominium property management (the Arrabelle generated \$2.1 million of incremental revenue from managed properties for Fiscal 2009 compared to Fiscal 2008).

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

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

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

Real Estate Segment

Real Estate segment operating results for Fiscal 2010, Fiscal 2009 and Fiscal 2008 are presented by category as follows (in thousands):

	Year Ended July 31,			Percentage	
	2010	2009	2008	2010/2009	2009/2008
Total Real Estate net revenue	\$ 61,007	\$ 186,150	\$ 296,566	(67.2)%	(37.2)%
Real Estate operating expense:					
Cost of sales (including sales commissions)	46,397	111,669	225,891	(58.4)%	(50.6)%
Other	25,005	30,401	25,447	(17.7)%	19.5 %
Total Real Estate operating expense	71,402	142,070	251,338	(49.7)%	(43.5)%
Gain on sale of real property	6,087	--	709	-- %	(100.0)%
Total Real Estate Reported EBITDA	\$ (4,308)	\$ 44,080	\$ 45,937	(109.8)%	(4.0)%

Total Real Estate Reported EBITDA includes \$4.5 million, \$4.1 million and \$3.1 million of stock-based compensation expense for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

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

Fiscal 2010

Real Estate segment net revenue for Fiscal 2010 was driven primarily by the closing of 36 condominium units at One Ski Hill Place (\$50.7 million of revenue with an average selling price per unit of \$1.4 million and an average price per square foot of \$1,241) and 17 affordable housing units associated with the JHG&TC development (\$3.1 million of revenue with an average selling price per unit of \$0.2 million and an average price per square foot of \$188). The One Ski Hill Place average price per square foot is driven by its premier ski-in/ski-out location at the base of Peak 8 in Breckenridge, its close proximity to the BreckConnect gondola and other lifts and the comprehensive offering of amenities resulting from this project. Additionally, during Fiscal 2010 we recognized \$5.2 million of revenue related to deposits from buyers who defaulted on units under contract at One Ski Hill Place, and recorded a gain on sale of real property of \$6.1 million (net of \$2.4 million in related cost of sales) for a land parcel located at the Arrowhead base area of the Beaver Creek Resort which sold for \$8.5 million.

Operating expense for Fiscal 2010 included cost of sales of \$39.7 million resulting from the closing of 36 condominium units at One Ski Hill Place (average cost per square foot of \$971) and \$3.1 million resulting from the closing of 17 affordable housing units associated with the JHG&TC development (average cost per square foot of \$188, net of impairment charges taken in previous periods). The cost per square foot for One Ski Hill Place is reflective of the high-end features and amenities associated with this project compared to other Breckenridge properties and high construction costs associated with mountain resort development. Additionally, sales commissions of approximately \$3.6 million were incurred commensurate with revenue recognized. Other operating expense of \$25.0 million (including \$4.5 million of stock-based compensation expense) was primarily comprised of general and administrative costs which includes marketing expense for the real estate projects under development (including those that have not yet closed), overhead costs, such as labor and labor-related benefits and allocated corporate costs.

Fiscal 2009

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

Operating expense for Fiscal 2009 included cost of sales of \$101.1 million commensurate with revenue recognized, primarily driven by the closing on eight Chalet units (\$54.1 million in cost of sales with an average cost per square foot of \$1,387), 42 residences at Crystal Peak Lodge (\$34.2 million in cost of sales with an average cost per square foot of \$654) and two units at the Arrabelle (\$12.4 million in cost of sales with an average cost per square foot of \$1,204). The cost per square foot for the Arrabelle and Chalets are

reflective of the high-end features and amenities associated with these projects and the relatively high construction costs associated with mountain resort development. The cost per square foot for Crystal Peak Lodge is reflective of its less complicated design features and fewer amenities associated with this project relative to the Arrabelle and Chalets. Additionally, sales commissions of approximately \$10.6 million were incurred commensurate with revenue recognized. Other operating expense of \$30.4 million (including \$4.1 million of stock-based compensation expense) was primarily comprised of general and administrative costs which include marketing expenses for the major real estate projects under development (including those that have not yet closed), overhead costs such as labor and labor-related benefits and allocated corporate costs. In addition, included in other segment operating expense for Fiscal 2009, we recorded \$2.8 million of estimated costs in excess of anticipated sales proceeds for an affordable housing commitment resulting from the cancellation of a contract by a third party developer related to our JHG&TC development.

Fiscal 2008

Real Estate net revenue for Fiscal 2008 was driven primarily by the closings of 64 condominium units at the Arrabelle (\$213.6 million of revenue with an average selling price per unit of \$3.3 million and an average price per square foot of \$1,220), the closings of five Chalet units (\$58.8 million of revenue with an average selling price per unit of \$11.8 million and an average price per square foot of \$2,336), the closings of 11 remaining JHG&TC cabins (\$9.0 million of revenue with an average selling price per unit of \$0.8 million and an average price per square foot of \$360) and contingent gains of \$13.0 million on development parcel sales that closed in previous periods. The higher average price per square foot for the Chalet units was driven by the premier location at the base of Vail mountain in Vail Village and the fact that this development consisted of only 13 exclusive chalets. The Arrabelle average price per square foot is driven by its ski-in/ski-out location in Vail, and the comprehensive offering of amenities resulting from this project. The JHG&TC cabins yielded a lower price per square foot as its location is proximate to golf and tennis facilities which does not have as strong of a demand compared to real estate featuring ski-in/ski-out locations proximate to our ski resorts.

Operating expense for Fiscal 2008 included cost of sales of \$208.8 million commensurate with revenue recognized, primarily driven by the closing on 64 units at the Arrabelle (\$171.2 million in cost of sales with an average cost per square foot of \$978), the closing on five Chalet units (\$27.7 million in cost of sales with an average cost per square foot of \$1,100) and the closing of the 11 remaining JHG&TC cabins (\$8.9 million in cost of sales with an average cost per square foot of \$355). The cost per square foot for the Arrabelle and Chalets are reflective of the high-end features and amenities associated with these projects and the relatively high construction costs associated with mountain resort development. The average cost per square foot for the JHG&TC was significantly lower than for other projects closed during the period due to the fact that this project did not include the typical high-end features of our projects that are in close proximity to our mountain resorts; however, the cost of sales for the JHG&TC cabins were relatively high compared to the revenue earned due to unanticipated incremental design and construction related costs. Additionally, sales commissions of approximately \$17.1 million were incurred commensurate with revenue recognized. Other operating expense of \$25.4 million (including \$3.1 million of stock-based compensation expense) was primarily comprised of general and administrative costs which include marketing expenses for the major real estate projects under development (including those that have not yet closed), overhead costs such as labor and labor-related benefits and allocated corporate costs.

Other Items

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

Depreciation and amortization. Depreciation and amortization expense for Fiscal 2010 and Fiscal 2009 increased primarily due to the full year impact of an increase in the fixed asset base from the placing in service of significant resort assets over the last three years, which included, among other assets, the Arrabelle (including amenities such as a private club, spa, commercial leasing space, and other skier services facilities), a new skier services building in Vail Village, a private club (the Vail Mountain Club), multiple gondolas and lifts within the last three years and software platforms associated with our central reservation systems.

Investment income, net. The decrease in investment income for Fiscal 2010 compared to Fiscal 2009 is primarily due to a decrease in average invested cash during Fiscal 2010 compared to Fiscal 2009. The decrease in investment income for Fiscal 2009 compared to Fiscal 2008 is primarily due to a reduction in the average interest rate earned on investments (the average interest rate earned decreased by approximately 2.5 percentage points during the period), as well as a decrease in average invested cash during the period.

Interest expense, net. The reduction in interest expense for Fiscal 2010 compared to Fiscal 2009 is primarily due to an increase in capitalized interest on self-funded real estate projects. The reduction in interest expense for Fiscal 2009 compared to Fiscal 2008 is attributable to the payoff of a scheduled debt maturity in Fiscal 2009 and capitalized interest on self-funded real estate projects. Capitalized interest was \$16.3 million, \$7.6 million and \$13.4 million for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

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

Income taxes. Our tax provision and effective tax rate are driven primarily by the amount of pre-tax income, which is adjusted for items that are deductible/non-deductible for tax purposes only (i.e. permanent items), taxable income generated by state jurisdictions that varies from the consolidated pre-tax income and the amount of net income attributable to noncontrolling interests. The effective tax rate was 33.5%, 37.7% and 36.9% in Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively. Additionally, the income tax provision recorded for Fiscal 2010 reflects a \$0.3 million income tax benefit due to a reversal of an income tax contingency resulting from the expiration of the statute of limitations and the Fiscal 2008 income tax provision reflects the impact of a favorable tax settlement with state tax authorities of \$1.0 million.

Beginning August 1, 2009, we adopted a new accounting pronouncement regarding noncontrolling interest (see Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements), which requires that the net income or loss attributable to noncontrolling interest in a company’s consolidated subsidiaries no longer be included in the determination of pretax income or loss in the company’s effective tax rate calculation. Including noncontrolling interests in pre-tax income, our effective tax rate would have been 37.2%, 38.5% and 38.0% for Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

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

Reconciliation of Non-GAAP Measures

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

	Year Ended July 31,		
	2010	2009	2008
Mountain Reported EBITDA	\$ 184,036	\$ 164,389	\$ 220,561
Lodging Reported EBITDA	2,392	6,759	10,225
Resort Reported EBITDA	186,428	171,148	230,786
Real Estate Reported EBITDA	(4,308)	44,080	45,937
Total Reported EBITDA	182,120	215,228	276,723
Depreciation and amortization	(110,638)	(107,213)	(93,794)
Loss on disposal of fixed assets, net	(615)	(1,064)	(1,534)
Investment income, net	445	1,793	8,285
Interest expense, net	(17,515)	(27,548)	(30,667)
Contract dispute credit, net	--	--	11,920
Income before provision for income taxes	53,797	81,196	170,933
Provision for income taxes	(18,022)	(30,644)	(63,086)
Net income	35,775	50,552	107,847
Net income attributable to noncontrolling interests	(5,390)	(1,602)	(4,920)
Net income attributable to Vail Resorts, Inc.	\$ 30,385	\$ 48,950	\$ 102,927

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

	July 31,	
	2010	2009
Long-term debt	\$ 524,842	\$ 491,608
Long-term debt due within one year	1,869	352
Total debt	526,711	491,960
Less: cash and cash equivalents	14,745	69,298
Net Debt	\$ 511,966	\$ 422,662

Liquidity and Capital Resources

Significant Sources of Cash

Historically, we have lower cash available as of our fiscal year end (as well as at the end of our first fiscal quarter of each year) as compared to our second and third fiscal quarters end primarily due to the seasonality of our Mountain segment operations. Additionally, cash provided by operating activities can be significantly impacted by the timing or mix of closings on and investment in real estate development projects. We had \$14.7 million of cash and cash equivalents as of July 31, 2010, compared to \$69.3 million as of July 31, 2009. We generated \$35.9 million of cash from operating activities during Fiscal 2010 compared to \$134.3 million and \$217.0 million generated during Fiscal 2009 and Fiscal 2008, respectively. We currently anticipate that Resort Reported EBITDA will continue to provide a significant source of future operating cash flows. Additionally, we believe we have reached an inflection point, where as, anticipated future closings of One Ski Hill Place and Ritz-Carlton Residences, Vail units will provide a source of cash flows from operations in Fiscal 2011 (for example, we received approximately \$100 million in net proceeds from the sale of Ritz-Carlton Residences, Vail fractional units in September 2010) and beyond that we expect will now significantly exceed anticipated future construction costs on these projects (as further discussed below within Significant Uses of Cash). However, we cannot predict the ultimate amount of proceeds we will receive given the current state of the real estate market as well as the fact that certain buyers may be unable to close on their units due to a reduction in funds available to buyers and/or decreases in mortgage availability.

In addition to our \$14.7 million of cash and cash equivalents at July 31, 2010, we have available \$283.9 million under our Credit Facility (which represents the total commitment of \$400.0 million less the current outstanding balance of \$35.0 million and certain letters of credit outstanding of \$81.1 million). Our plan to self-fund the completion of Ritz-Carlton Residences, Vail (we estimate to incur between \$20 million to \$30 million in cash expenditures subsequent to July 31, 2010) combined with historically lower operating cash flows during our first fiscal quarter will require us to borrow under the revolver component of our Credit Facility from time to time. We expect that our liquidity needs in the near term will be met by continued utilization of operating cash flows (primarily those generated in our second and third fiscal year quarters), as well as borrowings under the Credit Facility, if needed, and proceeds from anticipated real estate closings. We believe the Credit Facility, which matures in 2012, provides adequate flexibility and is priced favorably with any new borrowings currently being priced at LIBOR plus 1.0%.

Fiscal 2010 compared to Fiscal 2009

We generated \$35.9 million of cash from operating activities in Fiscal 2010, a decrease of \$98.3 million when compared to the \$134.3 million of cash generated in Fiscal 2009. The decline in operating cash flows was primarily a result of increased real estate closings that occurred in Fiscal 2009, which generated \$126.9 million in proceeds (net of sales commissions) compared to real estate closings that occurred in Fiscal 2010, which generated \$43.7 million in proceeds (net of sales commissions). Additionally, investments in real estate increased \$4.8 million during Fiscal 2010 compared to Fiscal 2009. Further contributing to the decrease in cash provided by operating activities for Fiscal 2010 compared to Fiscal 2009 was the receipt of \$40.8 million of private club initiation fees for the Vail Mountain Club in Fiscal 2009 and a reduction in restricted cash of \$47.6 million in the Fiscal 2009 which became available for general purpose use due to the payoff of our non-recourse real estate financing. Partially offsetting the above items were improved operating cash flows from our resort operations of approximately \$15.3 million, a decrease in income tax payments of \$30.1 million and a decrease in the change in accounts receivable of \$13.5 and an increase in the change in accounts payable and accrued expenses of \$7.0 million.

Cash used in investing activities decreased by \$61.1 million in Fiscal 2010 compared to Fiscal 2009 due to a decrease in resort capital expenditures of \$37.5 million, the acquisition of CME for \$38.2 million in Fiscal 2009 and the cash receipt of \$8.9 million primarily related to a land parcel we sold during Fiscal 2010, partially offset by the acquisition of Mountain News for \$15.9 million in Fiscal 2010.

Cash used in financing activities decreased \$75.7 million in Fiscal 2010 compared to Fiscal 2009 resulting from an increase in net borrowings of \$35.0 million, the payoff of our non-recourse real estate financings and scheduled debt maturity of \$58.4 million and \$15.0 million, respectively in Fiscal 2009 and a decrease in repurchases of our common stock of \$7.4 million during Fiscal

2010. Partially offsetting the above items was the acquisition of the remaining noncontrolling interest in SSV for \$31.0 million on April 30, 2010.

Fiscal 2009 compared to Fiscal 2008

Net cash provided by operating activities decreased \$82.7 million for Fiscal 2009 compared to Fiscal 2008 and was primarily a result of increased real estate closings that occurred in Fiscal 2008, which generated \$226.1 million in proceeds (net of sales commissions) compared to real estate closings that occurred in Fiscal 2009, which generated \$126.9 million in proceeds (net of sales commissions) and deposits received on projects under development decreased \$43.7 million, partially offset by a reduction in investments in real estate of \$55.9 million. Further contributing to the decrease in cash provided by operating activities was a decrease in cash generated by resort operations including a decrease in Resort Reported EBITDA of \$59.6 million for Fiscal 2009 compared to Fiscal 2008 and a decline in accounts payable and other accrued liabilities of \$25.5 million primarily as a result of a decline in real estate investment activity and lower trade payables associated with lower operating volume, as well as the receipt of \$11.9 million in cash (net of legal costs) for the Cheeca settlement in Fiscal 2008. Offsetting the above items was the receipt of \$40.8 million in proceeds for the final installment related to private club initiation fees to the Vail Mountain Club that opened in November 2008 and a reduction in restricted cash of \$47.6 million which became available for general purpose use due to the payoff of our non-recourse real estate financings.

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

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

Significant Uses of Cash

Our cash uses currently include providing for operating expenditures, capital expenditures for assets to be used in operations and for real estate under development.

We expect to spend approximately \$105 million to \$115 million in calendar year 2010 on real estate investments, including the construction of associated resort-related depreciable assets, of which approximately \$80 million was spent as of July 31, 2010, leaving approximately \$25 million to \$35 million to spend in the remainder of the calendar year 2010 for the completion of Ritz-Carlton Residences, Vail and other projects. We have entered into contracts with third parties to provide services to us throughout the course of project development; commitments for future services to be performed under such current contracts total approximately \$16 million and are expected to be performed primarily over the remainder of the 2010 calendar year. We currently have no plans to commit to the development of significant new real estate projects.

We have historically invested significant cash in capital expenditures for our resort operations, and expect to continue to invest in the future; however, plans for such investment were reduced in calendar year 2009 given the significant level of capital expenditures made in the previous few years including individually significant projects that do not annually re-occur such as gondolas and major hotel renovations coupled with the economic environment. We have increased our level of expected resort discretionary investment for calendar year 2010 above the calendar year 2009 level, although such spending is still expected to remain below the 2007 and 2008 calendar year levels. Current capital expenditure levels will primarily include investments that allow us to maintain our high quality standards, as well as certain incremental discretionary improvements at our five ski resorts and throughout our owned hotels. We evaluate additional discretionary capital improvements based on an expected level of return on investment. We currently anticipate we will spend approximately \$75 million to \$85 million of resort capital expenditures for calendar year 2010, excluding resort depreciable assets arising from real estate activities noted above. Included in these capital expenditures are approximately \$37 million to \$42 million which are necessary to maintain appearance and level of service appropriate to our resort operations, including routine replacement of snow grooming equipment and rental fleet equipment. Discretionary expenditures for calendar 2010 include a new high speed chairlift to serve Vail mountain's back bowls; a new on-mountain restaurant at Heavenly; a new coaster slide at Breckenridge; expansion of Vail mountain's adventure ridge; Keystone Lodge guest room renovation, new marketing campaign management software and software development as well as radio frequency scanners at each lift to support the newly launched EpicMix initiative among other projects. We currently plan to utilize cash on hand, borrowings available under our Credit Facility and/or cash flow generated from future operations to provide the cash necessary to execute our capital plans. Additionally, we do not expect to make any significant income tax payments throughout Fiscal 2011 due to estimated tax losses from August 2010 through December 2010 (we are a calendar year tax payer) and planned accelerated tax deductions, subject to a settlement of the dispute with the IRS over the utilization of NOLs previously discussed.

Principal payments on the majority of our long-term debt (\$489.2 million of the total \$524.8 million debt outstanding as of July 31, 2010) are not due until fiscal 2014 and beyond. As of July 31, 2010 and 2009, total debt obligations (including long-term debt due within one year) were \$526.7 million and \$492.0 million, respectively, with the increase at July 31, 2010 being primarily due to borrowings under the Credit Facility. Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) increased from \$422.7 million as of July 31, 2009 to \$512.0 million as of July 31, 2010 due primarily to the decrease in cash and cash equivalents and borrowings under our Credit Facility.

Our debt service requirements can be impacted by changing interest rates as we had \$87.6 million of variable-rate debt outstanding as of July 31, 2010. A 100-basis point change in LIBOR would cause our annual interest payments to change by approximately \$0.9 million. The fluctuation in our debt service requirements, in addition to interest rate changes, may be impacted by future borrowings under our Credit Facility or other alternative financing arrangements, including non-recourse real estate financings, we may enter into. Our long term liquidity needs are dependent upon operating results that impact the borrowing capacity under the Credit Facility, which can be mitigated by adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. We can respond to liquidity impacts of changes in the business and economic environment by managing our capital expenditures and the timing of new real estate development activity.

Our Credit Facility is scheduled to mature in fiscal 2012 and our 6.75% Senior Subordinated Notes are due in fiscal 2014. In Fiscal 2011, we may consider obtaining new financing or re-financing one or both of these debt financings depending on many factors including current credit markets and terms available to us.

On March 9, 2006, our Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of our common stock repurchase authorization by an additional 3,000,000 shares. During Fiscal 2010, we repurchased 386,269 shares of common stock at a cost of \$15.0 million. Since inception of this stock repurchase plan through July 31, 2010, we have repurchased 4,264,804 shares at a cost of approximately \$162.8 million. As of July 31, 2010, 1,735,196 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under our employee share award plans. Acquisitions under the stock repurchase program may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The timing as well as the number of shares that may be repurchased under the program will depend on a number of factors, including our future financial performance, our available cash resources and competing uses for cash that may arise in the future, the restrictions in our Fourth Amended and Restated Credit Agreement, dated as of January 28, 2005, as amended, between The Vail Corporation (our wholly-owned subsidiary), Bank of America, N.A. as administrative agent and the Lenders party thereto (the "Credit Agreement") governing our Credit Facility and the Indenture, governing the 6.75% Notes, prevailing prices of our common stock and the number of shares that become available for sale at prices that we believe are attractive. The stock repurchase program may be discontinued at any time.

Covenants and Limitations

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

We were in compliance with all restrictive financial covenants in our debt instruments as of July 31, 2010. We expect that we will meet all applicable financial maintenance covenants in our Credit Agreement, including the Net Funded Debt to Adjusted EBITDA ratio throughout the year ending July 31, 2011. However, there can be no assurance that we will meet such financial covenants. If such covenants are not met, we would be required to seek a waiver or amendment from the banks participating in the Credit Facility. While we anticipate that we would obtain such waiver or amendment, if any were necessary, there can be no assurance that such waiver or amendment would be granted, which could have a material adverse impact on our liquidity.

Contractual Obligations

As part of our ongoing operations, we enter into arrangements that obligate us to make future payments under contracts such as debt agreements, construction agreements in conjunction with our development activities and lease agreements. Debt obligations, which total \$526.7 million as of July 31, 2010, are recognized as liabilities in our Consolidated Balance Sheet as of July 31, 2010.

Obligations under construction contracts are not recognized as liabilities in our Consolidated Balance Sheet until services and/or goods are received which is in accordance with GAAP. Additionally, operating lease and service contract obligations, which total \$98.2 million as of July 31, 2010, are not recognized as liabilities in our Consolidated Balance Sheet, which is in accordance with GAAP. A summary of our contractual obligations as of July 31, 2010 is as follows (in thousands):

Contractual Obligations	Total	Payments Due by Period			
		Fiscal 2011	2-3 years	4-5 years	More than 5 years
Long-Term Debt ⁽¹⁾	\$ 526,711	\$ 1,869	\$ 35,686	\$ 390,450	\$ 98,706
Fixed Rate Interest ⁽¹⁾	124,280	29,569	58,997	20,583	15,131
Operating Leases and Service Contracts	98,236	21,235	26,800	19,327	30,874
Purchase Obligations ⁽²⁾	255,200	218,619	36,581	--	--
Other Long-Term Obligations ⁽³⁾	1,884	310	279	260	1,035
Total Contractual Cash Obligations	\$ 1,006,311	\$ 271,602	\$ 158,343	\$ 430,620	\$ 145,746

(1) The fixed-rate interest payments, as well as long-term debt payments, included in the table above assume that all fixed-rate debt outstanding as of July 31, 2010 will be held to maturity. Interest payments associated with variable-rate debt have not been included in the table. Assuming that the amounts outstanding under variable-rate long-term debt as of July 31, 2010 are held to maturity, and utilizing interest rates in effect at July 31, 2010, our annual interest payments (including commitment fees and letter of credit fees) on variable rate long-term debt as of July 31, 2010 is anticipated to be approximately \$2.0 million for Fiscal 2011, \$1.2 million for Fiscal 2012 and \$0.2 million for at least each of the next three years subsequent to Fiscal 2012. The future annual interest obligations noted herein are estimated only in relation to debt outstanding as of July 31, 2010, and do not reflect interest obligations on potential future debt.

(2) Purchase obligations include amounts which are classified as trade payables, real estate development payables, accrued payroll and benefits, accrued fees and assessments, accrued taxes (including taxes for uncertain tax positions), liabilities to complete real estate projects on our Consolidated Balance Sheet as of July 31, 2010 and other commitments for goods and services not yet received, including construction contracts not included on our balance sheet as of July 31, 2010 in accordance with GAAP.

(3) Other long-term obligations include amounts which become due based on deficits in underlying cash flows of the metropolitan district as described in Note 12, Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

Off Balance Sheet Arrangements

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

Critical Accounting Policies

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

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

Real Estate Revenue and Cost of Sales

Description

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

Judgments and Uncertainties

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

Effect if Actual Results Differ From Assumptions

A 10% change in the estimates of either the relative sales values of the components of a project or remaining costs to be incurred for projects utilizing the relative sales value method would have changed the profit margin recognized by our Real Estate segment by approximately \$2.5 million for Fiscal 2010.

Goodwill and Intangible Assets

Description

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

Judgments and Uncertainties

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

Effect if Actual Results Differ From Assumptions

Goodwill and indefinite-lived intangible assets are at least tested for impairment annually as of May 1st of each year. Based upon our annual impairment test performed during the fourth fiscal quarter of Fiscal 2010 the estimated fair value of our reporting units and indefinite-lived intangible assets were in excess of their respective carrying values and as such no impairment of goodwill or indefinite lived intangible assets existed and the second step of the goodwill impairment test was not required. However, we determined that our Colorado Lodging reporting unit (\$34.3 million of goodwill as of July 31, 2010) within our Lodging segment was at risk of failing step one of the goodwill impairment test, with the fair value of the reporting unit estimated at approximately 13% in excess of its carrying value and is therefore at risk for a future impairment in the event of significant unfavorable changes in the forecasted cash flows, terminal multiples and/or weighted-average cost of capital utilized in the discounted cash flow analysis.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be an accurate prediction of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of the Colorado Lodging reporting unit may

include such items as: (i) a prolonged weakness in the general economic conditions in which the Colorado Lodging unit operates and therefore negatively impacting group and transient room nights and ADR (especially at our Keystone lodging properties); (ii) an economic recovery that significantly differs from our assumptions in timing and/or degree; and (iii) volatility in the equity and debt markets which could result in a higher discount rate.

While historical performance and current expectations have resulted in fair values of goodwill in excess of carrying values, if our assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future. However, it is not possible at this time to determine if an impairment charge would result or if such a charge would be material.

Tax Contingencies

Description

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

Judgments and Uncertainties

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

Effect if Actual Results Differ From Assumptions

Although we believe the estimates and judgments discussed herein are reasonable and we have adequate reserves for our tax contingencies, actual results could differ, and we may be exposed to increases or decreases in those reserves and tax provisions that could be material.

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

Depreciable Lives of Assets

Description

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

Judgments and Uncertainties

The estimate of our useful lives of the assets contain uncertainty because management must use judgment to estimate the useful life of the asset.

Effect if Actual Results Differ From Assumptions

Although we believe the estimates and judgments discussed herein are reasonable, actual results could differ, and we may be exposed to increased expense related to depreciable assets disposed of, removed or taken out of service prior to its originally estimated useful life, which may be material. A 10% decrease in the estimated useful lives of depreciable assets would have increased depreciation expense by approximately \$11.7 million for Fiscal 2010.

New Accounting Standards

Refer to Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements for a discussion of new accounting standards.

Inflation

Although we cannot accurately determine the precise effect of inflation on our operations, management does not believe inflation has had a material effect on the results of operations in the last three fiscal years. When the costs of operating resorts increase, we generally have been able to pass the increase on to our customers. However, there can be no assurance that increases in labor and other operating costs due to inflation will not have an impact on our future profitability.

Seasonality and Quarterly Results

Our mountain and lodging operations are seasonal in nature. In particular, revenue and profits for our mountain and most of our lodging operations are substantially lower and historically result in losses from late spring to late fall. Conversely, peak operating seasons for GTLC, certain managed hotel properties and our owned golf courses occur during the summer months while the winter season results in operating losses. Revenue and profits generated by GTLC's summer operations, management fees from certain managed properties, certain other lodging properties and golf operations are not nearly sufficient to fully offset our off-season losses from our mountain and other lodging operations. During Fiscal 2010, 80% of total combined Mountain and Lodging segment net revenue was earned during the second and third fiscal quarters. Therefore, the operating results for any three-month period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full year (see Note 14, Selected Quarterly Financial Data, of the Notes to Consolidated Financial Statements).

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

Interest Rate Risk. Our exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At July 31, 2010, we had \$87.6 million of variable rate indebtedness, representing approximately 17% of our total debt outstanding, at an average interest rate during Fiscal 2010 of 0.8%. Based on variable-rate borrowings outstanding as of July 31, 2010, a 100-basis point (or 1.0%) change in LIBOR would result in our annual interest payments changing by \$0.9 million. Our market risk exposure fluctuates based on changes in underlying interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Vail Resorts, Inc.

Consolidated Financial Statements for the Years Ended July 31, 2010, 2009 and 2008

Management's Report on Internal Control Over Financial Reporting F-2

Report of Independent Registered Public Accounting Firm F-3

Consolidated Financial Statements

Consolidated Balance Sheets F-4

Consolidated Statements of Operations F-5

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Financial Statement Schedule:

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

Schedule II - Valuation and Qualifying Accounts and Reserves 56

Management's Report on Internal Control over Financial Reporting

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

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

Management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of July 31, 2010. In making this assessment, management used the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of July 31, 2010, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an audit report on the Company's internal control over financial reporting as of July 31, 2010, as stated in the Report of Independent Registered Public Accounting Firm on the following page.

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Vail Resorts, Inc. and its subsidiaries at July 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for non-controlling interests effective August 1, 2009.

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

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

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
September 22, 2010

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

	July 31,	
	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,745	\$ 69,298
Restricted cash	11,834	11,065
Trade receivables, net of allowances of \$2,259 and \$1,877, respectively	53,622	58,063
Inventories, net of reserves of \$1,452 and \$1,455, respectively	48,295	48,947
Deferred income taxes (Note 10)	21,406	21,297
Other current assets	20,843	20,318
Total current assets	170,745	228,988
Property, plant and equipment, net (Note 5)	1,027,390	1,057,658
Real estate held for sale and investment	422,164	311,485
Deferred charges and other assets	25,155	31,976
Notes receivable	6,997	6,994
Goodwill, net (Note 5)	181,085	167,950
Intangible assets, net (Note 5)	89,273	79,429
Total assets	\$ 1,922,809	\$ 1,884,480
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	\$ 255,326	\$ 245,536
Income taxes payable	32,729	5,460
Long-term debt due within one year (Note 4)	1,869	352
Total current liabilities	289,924	251,348
Long-term debt (Note 4)	524,842	491,608
Other long-term liabilities (Note 5)	197,160	233,169
Deferred income taxes (Note 10)	108,496	112,234
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interest (Note 9)	--	15,415
Stockholders' equity:		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock, \$0.01 par value, 100,000,000 shares authorized, and 40,173,891 and 40,049,988 shares issued, respectively	401	400
Additional paid-in capital	563,816	555,728
Retained earnings	387,380	356,995
Treasury stock, at cost; 4,264,804 and 3,878,535 shares, respectively (Note 15)	(162,827)	(147,828)
Total Vail Resorts, Inc. stockholders' equity	788,770	765,295
Noncontrolling interests	13,617	15,411
Total stockholders' equity	802,387	780,706
Total liabilities and stockholders' equity	\$ 1,922,809	\$ 1,884,480

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

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

	Year ended July 31,		
	2010	2009	2008
Net revenue:			
Mountain	\$ 638,495	\$ 614,597	\$ 685,533
Lodging	169,130	176,241	170,057
Real estate	61,007	186,150	296,566
Total net revenue	868,632	976,988	1,152,156
Segment operating expense (exclusive of depreciation and amortization shown separately below):			
Mountain	456,017	451,025	470,362
Lodging	166,738	169,482	159,832
Real estate	71,402	142,070	251,338
Total segment operating expense	694,157	762,577	881,532
Other operating income (expense):			
Gain on sale of real property	6,087	--	709
Depreciation and amortization	(110,638)	(107,213)	(93,794)
Loss on disposal of fixed assets, net	(615)	(1,064)	(1,534)
Income from operations	69,309	106,134	176,005
Mountain equity investment income, net	1,558	817	5,390
Investment income, net	445	1,793	8,285
Interest expense, net	(17,515)	(27,548)	(30,667)
Contract dispute credit, net (Note 12)	--	--	11,920
Income before provision for income taxes	53,797	81,196	170,933
Provision for income taxes (Note 10)	(18,022)	(30,644)	(63,086)
Net income	\$ 35,775	\$ 50,552	\$ 107,847
Net income attributable to noncontrolling interests	(5,390)	(1,602)	(4,920)
Net income attributable to Vail Resorts, Inc.	\$ 30,385	\$ 48,950	\$ 102,927
Per share amounts (Note 3):			
Basic net income per share attributable to Vail Resorts, Inc.	\$ 0.84	\$ 1.34	\$ 2.67
Diluted net income per share attributable to Vail Resorts, Inc.	\$ 0.83	\$ 1.33	\$ 2.64

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

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

	Common Stock		Additional Paid in Capital	Retained Earnings	Treasury Stock	Total Vail Resorts, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount						
Balance, July 31, 2007	39,747,976	397	534,370	187,320	(25,846)	696,241	8,560	704,801
Net income	--	--	--	102,927	--	102,927	4,920	107,847
Stock-based compensation (Note 16)	--	--	8,414	--	--	8,414	--	8,414
Issuance of shares under share award plans net of shares withheld for taxes (Note 16)	178,520	2	1,122	--	--	1,124	--	1,124
Tax benefit from share award plans	--	--	1,867	--	--	1,867	--	1,867
Repurchases of common stock (Note 15)	--	--	--	--	(99,615)	(99,615)	--	(99,615)
Adjustment to redemption value of redeemable noncontrolling interest (Note 9)	--	--	--	5,678	--	5,678	(1,917)	3,761
Noncontrolling interest distributions, net	--	--	--	--	--	--	(2,715)	(2,715)
Balance, July 31, 2008	39,926,496	399	545,773	295,925	(125,461)	716,636	8,848	725,484
Net income	--	--	--	48,950	--	48,950	1,602	50,552
Stock-based compensation (Note 16)	--	--	10,741	--	--	10,741	--	10,741
Issuance of shares under share award plans net of shares withheld for taxes (Note 16)	123,492	1	(550)	--	--	(549)	--	(549)
Tax expense from share award plans	--	--	(236)	--	--	(236)	--	(236)
Repurchases of common stock (Note 15)	--	--	--	--	(22,367)	(22,367)	--	(22,367)
Adjustment to redemption value of redeemable noncontrolling interest (Note 9)	--	--	--	12,120	--	12,120	5,652	17,772
Noncontrolling interest distributions, net	--	--	--	--	--	--	(691)	(691)
Balance, July 31, 2009	40,049,988	400	555,728	356,995	(147,828)	765,295	15,411	780,706
Net income	--	--	--	30,385	--	30,385	5,390	35,775
Stock-based compensation (Note 16)	--	--	11,843	--	--	11,843	--	11,843
Issuance of shares under share award plans net of shares withheld for taxes (Note 16)	123,903	1	(1,139)	--	--	(1,138)	--	(1,138)
Tax expense from share award plans	--	--	(40)	--	--	(40)	--	(40)
Repurchases of common stock (Note 15)	--	--	--	--	(14,999)	(14,999)	--	(14,999)
Adjustment to redemption value of redeemable noncontrolling interest (Note 9)	--	--	--	--	--	--	(10,338)	(10,338)
Noncontrolling interest contributions, net	--	--	--	--	--	--	3,268	3,268
Acquisition of noncontrolling interest, net of deferred taxes (Note 9)	--	--	(2,576)	--	--	(2,576)	(114)	(2,690)
Balance, July 31, 2010	40,173,891	401	563,816	387,380	(162,827)	788,770	13,617	802,387

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

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

	Year Ended July 31,		
	2010	2009	2008
Cash flows from operating activities:			
Net income	\$ 35,775	\$ 50,552	\$ 107,847
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	110,638	107,213	93,794
Cost of real estate sales	42,821	103,893	208,820
Stock-based compensation expense	11,843	10,741	8,414
Deferred income taxes, net	(4,427)	30,767	2,980
Gain on sale of real property	(6,087)	--	--
Other non-cash income, net	(7,533)	(5,300)	(7,268)
Changes in assets and liabilities:			
Restricted cash	(769)	47,372	(3,688)
Accounts receivable, net	5,687	(7,833)	(12,173)
Inventories, net	652	761	(1,643)
Investments in real estate	(166,446)	(161,608)	(217,482)
Accounts payable and accrued liabilities	(12,547)	(19,568)	5,946
Income taxes payable	26,625	(27,297)	20,033
Deferred real estate deposits	(11,573)	(46,011)	(2,308)
Private club deferred initiation fees and deposits	2,399	41,591	15,867
Other assets and liabilities, net	8,892	9,003	(2,143)
Net cash provided by operating activities	35,950	134,276	216,996
Cash flows from investing activities:			
Capital expenditures	(68,957)	(106,491)	(150,892)
Acquisition of businesses	(15,870)	(38,170)	--
Cash received from sale of real property	8,920	--	--
Other investing activities, net	(7,645)	36	2,757
Net cash used in investing activities	(83,552)	(144,625)	(148,135)
Cash flows from financing activities:			
Acquisition of noncontrolling interest	(31,000)	--	--
Repurchases of common stock	(14,999)	(22,367)	(99,615)
Proceeds from borrowings under non-recourse real estate financings	--	9,013	136,519
Payments of non-recourse real estate financings	--	(58,407)	(174,008)
Proceeds from borrowings under other long-term debt	140,962	67,280	77,641
Payments of other long-term debt	(106,309)	(82,632)	(78,121)
Other financing activities, net	4,395	4,415	249
Net cash used in financing activities	(6,951)	(82,698)	(137,335)
Net decrease in cash and cash equivalents	(54,553)	(93,047)	(68,474)
Cash and cash equivalents:			
Beginning of period	69,298	162,345	230,819
End of period	\$ 14,745	\$ 69,298	\$ 162,345
Cash paid for interest, net of amounts capitalized	\$ 14,968	\$ 25,556	\$ 34,298
Taxes (refunded) paid, net	\$ (4,694)	\$ 25,545	\$ 35,483

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

Notes to Consolidated Financial Statements

1. Organization and Business

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

The Company capitalizes interest on non-real estate construction projects expected to take longer than one year to complete and cost more than \$1.0 million. The Company records capitalized interest once construction activities commence and capitalized \$1.1 million, \$0.8 million and \$1.6 million of interest on non-real estate projects during the years ended July 31, 2010, 2009 and 2008, respectively.

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

Real Estate Held for Sale and Investment-- The Company capitalizes as real estate held for sale and investment the original land acquisition cost, direct construction and development costs, property taxes, interest recorded on costs related to real estate under development and other related costs, including costs that will be capitalized as resort depreciable assets associated with mixed-use real estate development projects for which the Company cannot specifically identify the components at the time of incurring such cash outflows until the property reaches its intended use. Sales and marketing expenses are charged against income in the period incurred. Sales commission expenses are charged against income in the period that the related revenue is recorded. The Company records capitalized interest once construction activities commence and real estate deposits have been utilized in construction. Interest capitalized on real estate development projects during the years ended July 31, 2010, 2009 and 2008 was \$15.1 million, \$6.8 million and \$11.8 million, respectively.

Deferred Financing Costs-- Costs incurred with the issuance of debt securities are included in deferred charges and other assets, net of accumulated amortization. Amortization is charged to interest expense over the respective term of the applicable debt issues.

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

The testing for impairment consists of a comparison of the fair value of the asset with its carrying value. If the carrying amount of the asset exceeds its fair value, an impairment will be recognized in an amount equal to that excess. If the carrying amount of the asset does not exceed the fair value, no impairment is recognized. The Company determines the estimated fair value of its reporting units using a discounted cash flow analysis. The fair value of indefinite-lived intangible assets is estimated using an income approach. The Company determined that there was no impairment to goodwill or intangible assets during the years ended July 31, 2010, 2009 and 2008.

Long-lived Assets-- The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed of whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. The Company does not believe any events or changes in circumstances indicating an impairment of the carrying amount of an asset occurred during the years ended July 31, 2010, 2009 and 2008.

Revenue Recognition-- Mountain and Lodging revenue is derived from a wide variety of sources, including, among other things, sales of lift tickets (including season passes), ski school operations, dining operations, retail sales, equipment rentals, hotel operations, property management services, private club amortized initiation fees and dues, transportation services and golf course greens fees, and are recognized as products are delivered or services are performed. Revenue from arrangements with multiple deliverables is bifurcated into units of accounting based on relative fair values and revenue is separately recognized for each unit of accounting. If fair market value cannot be established for an arrangement, revenue is deferred until all deliverables have been performed. Revenues from private club initiation fees are recognized over the estimated life of the club facilities on a straight-line basis upon inception of the club. As of July 31, 2010, the weighted average remaining period over which the private club initiation fees will be recognized is approximately 22 years. Certain club initiation fees are refundable in 30 years after the date of acceptance of a member. Under these memberships, the difference between the amount paid by the member and the present value of the refund obligation is recorded as deferred initiation fee revenue in the Company's Consolidated Balance Sheets and recognized as revenue on a straight-line basis over 30 years. The present value of the refund obligation is recorded as an initiation deposit liability and accretes over the nonrefundable term using the effective interest method. The accretion is included in interest expense.

Revenue from real estate primarily involves the sale of condominium/townhome units and land parcels (including related improvements). Recognition of revenue from all condominium/townhome unit sales are recorded using the full accrual method and occurs only upon the following: (i) substantial completion of the entire development project, (ii) receipt of certificates of occupancy or temporary certificates of occupancy from local governmental agencies, if applicable, (iii) closing of the sales transaction including receipt of all, or substantially all, of sales proceeds (including any deposits previously received), and (iv) transfer of ownership. The percentage-of-completion method is used for sales of land parcels where the Company has a commitment to complete certain improvements or amenities (i.e. access roads, utilities, and site improvements) at the time of consummation of the sales transaction. For the year ended July 31, 2010 the Company has not recorded any revenue under the percentage of completion method. The Company recorded revenue under the percentage-of-completion method of approximately \$1.5 million and \$1.4 million for the years ended July 31, 2009 and 2008, respectively. Contingent future profits, including future profits from land sales, if any, are recognized only when received. Additionally, the Company uses the deposit method for sales that have not been completed for which payments have been received from buyers (reflected as deferred real estate deposits in the Company's Consolidated Balance Sheets), and as such no profit is recognized until the sale is consummated.

Real Estate Cost of Sales-- Costs of real estate transactions include direct project costs, common cost allocations (primarily determined on relative sales value) and may include accrued liabilities for costs to be incurred subsequent to the sales transaction. The Company utilizes the relative sales value method to determine cost of sales for individual parcels of real estate or condominium/townhome units sold within a project, when specific identification of costs cannot be reasonably determined. Estimates of project costs and cost allocations are reviewed at the end of each financial reporting period until a project is substantially completed and available for sale. Costs are revised and reallocated as necessary for material changes on the basis of current estimates and are reported as a change in estimate in the current period. The Company recorded changes in estimates that increased (decreased) real estate cost of sales by approximately zero, \$(0.4) million and \$0.1 million for the years ended July 31, 2010, 2009 and 2008, respectively. Additionally, for the year ended July 31, 2009 the Company recorded a \$2.8 million charge for an affordable housing commitment related to the Jackson Hole Golf & Tennis Club ("JHG&TC") development.

Deferred Revenue-- In addition to deferring certain revenue related to private club initiation fees and the real estate sales as noted above, the Company records deferred revenue related to the sale of season ski passes. The number of season pass holder visits is estimated based on historical data and the deferred revenue is recognized throughout the season based on this estimate, or on a straight-line basis if usage patterns cannot be determined based on available historical data.

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

Advertising Costs-- Advertising costs are expensed at the time such advertising commences. Advertising expense for the years ended July 31, 2010, 2009 and 2008 was \$18.8 million, \$17.9 million and \$17.6 million, respectively. Prepaid advertising costs as of July 31, 2010 and 2009 was \$0.3 million and \$0.4 million, respectively and is reported as "other current assets" in the Company's Consolidated Balance Sheets.

Income Taxes-- The Company's provision for income taxes is based on current pre-tax income, changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying Consolidated Balance Sheets and for operating loss and tax credit carryforwards. The change in deferred tax assets and liabilities for the period measures the deferred tax provision or benefit for the period. Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to the tax provision or benefit in the period of enactment. The Company's deferred tax assets have been reduced by a valuation allowance to the extent it is deemed to be more likely than not that some or all of the deferred tax assets will not be realized. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is "more-likely-than-not" to be sustained, on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement (see Note 10, Income Taxes, for more information).

Fair Value of Financial Instruments-- The recorded amounts for cash and cash equivalents, receivables, other current assets, and accounts payable and accrued expenses approximate fair value due to their short-term nature. The fair value of amounts outstanding under the Employee Housing Bonds (as defined in Note 4, Long-Term Debt) approximate book value due to the variable nature of the

interest rate associated with that debt. The fair value of the 6.75% Notes (as defined in Note 4, Long-Term Debt) is based on quoted market price. The fair value of the Company's Industrial Development Bonds (as defined in Note 4, Long-Term Debt) and other long-term debt have been estimated using discounted cash flow analyses based on current borrowing rates for debt with similar remaining maturities and ratings. The estimated fair value of the 6.75% Notes, Industrial Development Bonds and other long-term debt as of July 31, 2010 and 2009 is presented below (in thousands):

	July 31, 2010		July 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.75% Notes	\$ 390,000	\$ 394,875	\$ 390,000	\$ 374,400
Industrial Development Bonds	\$ 42,700	\$ 48,756	\$ 42,700	\$ 43,702
Other long-term debt	\$ 6,436	\$ 6,342	\$ 6,685	\$ 6,651

Stock-Based Compensation-- Stock-based compensation expense is measured at the grant date based upon the fair value of the portion of the award that is ultimately expected to vest and is recognized as expense over the applicable vesting period of the award generally using the straight-line method (see Note 16, Stock Compensation Plan for more information). The following table shows total stock-based compensation expense for the years ended July 31, 2010, 2009 and 2008 included in the Consolidated Statements of Operations (in thousands):

	Year Ended July 31,		
	2010	2009	2008
Mountain operating expense	\$ 5,332	\$ 4,834	\$ 3,834
Lodging operating expense	2,010	1,778	1,294
Real estate operating expense	4,501	4,129	3,136
Pre-tax stock-based compensation expense	11,843	10,741	8,264
Less: benefit for income taxes	4,481	4,071	3,134
Net stock-based compensation expense	\$ 7,362	\$ 6,670	\$ 5,130

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

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

New Accounting Standards-- The Financial Accounting Standards Board ("FASB") has established the FASB Accounting Standards Codification ("ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the United States of America for financial statements of interim and annual periods ending after September 15, 2009. This standard does not alter current accounting principles under GAAP but rather integrates existing accounting standards with other authoritative guidance.

In September 2006, the FASB issued guidance which is included in ASC Topic 820, "Fair Value Measurements and Disclosures" (SFAS No. 157 "Fair Value Measurements") on fair value measurements and disclosures. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The fair value guidance in this standard for financial assets and liabilities was effective for the Company on August 1, 2008. The Company adopted the guidance for nonfinancial assets and liabilities on August 1, 2009 and the provisions did not have a material impact on the Company's financial position or results of operations.

In December 2007, the FASB issued guidance which is included in ASC Topic 805, "Business Combinations" (SFAS No. 141R, "Business Combinations") which establishes principles and requirements on how an acquirer recognizes and measures in its financial

statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in an acquiree, including the recognition and measurement of goodwill acquired in a business combination. This standard also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. The guidance was effective for the Company on August 1, 2009 and applied on a prospective basis after July 31, 2009.

In December 2007, the FASB issued guidance which is included in ASC Topic 810, “Consolidation” (SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51”) which the Company adopted on August 1, 2009. This statement requires the presentation of net income or loss attributable to noncontrolling interests (previously referred to as minority interest) along with net income or loss attributable to the stockholders of the Company separately in its consolidated statement of operations. Additionally, noncontrolling interests in the consolidated subsidiaries of the Company are reported as a separate component of equity in the consolidated balance sheet, apart from the Company’s equity. However, redeemable noncontrolling interests in which the Company is subject to a put option under which it may be required to repurchase an interest in a consolidated subsidiary from a noncontrolling interest holder, must be classified outside of stockholders’ equity. Prior to the acquisition of the remaining noncontrolling interest in SSV (see Note 9, Redeemable Noncontrolling Interest), the Company was subject to a put option beginning August 1, 2010 and each year thereafter. As such, the redeemable noncontrolling interest in SSV was classified in the mezzanine section of the accompanying Consolidated Balance Sheets at the redemption value at the end of each prior reporting period.

The provisions of this statement have been applied to all noncontrolling interests prospectively, except for the presentation and disclosure requirements, which have been applied retrospectively for all periods presented. The retrospective impact of applying this guidance was a reclassification of \$15.4 million, \$33.2 million, and \$36.9 million as of July 31, 2009, 2008, and 2007 respectively, of minority interest and retained earnings to redeemable noncontrolling interest, representing noncontrolling interest in SSI Venture, LLC (“SSV”) that was subject to a put option. In addition, as of July 31, 2009 and 2008, noncontrolling interests, which were not subject to a put option, have been reclassified as part of equity-noncontrolling interests.

Additionally, upon adoption of this statement, even though the Company’s total provision for income taxes did not change, the Company’s effective tax rate calculation has changed because net income or loss attributable to noncontrolling interests is no longer included in the determination of pre-tax income in calculating its effective tax rate.

In June 2009, the FASB issued guidance which is included in ASC 810, “Consolidation” (SFAS 167 “Amendments to FASB No. 46(R)”) which amends the consolidation guidance for variable interest entities. Under this new standard, entities must perform a qualitative assessment in determining the primary beneficiary of a variable interest entity which includes, among other things, consideration as to whether a variable interest holder has the power to direct the activities that most significantly impact the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits of the variable interest entity that could potentially be significant to the variable interest entity. This standard is effective for the Company beginning August 1, 2010; and is not expected to have a material impact on the Company’s financial position or results of operations.

In September 2009, the FASB issued Accounting Standards Update (“ASU”) 2009-13, “Multiple-Deliverables Revenue Arrangements” (amendments to ASC Topic 605, “Revenue Recognition,” and the Emerging Issues Task Force Issue No. 08-01 “Revenue Arrangements with Multiple Deliverables”) which amends the revenue recognition guidance for arrangements with multiple deliverables. This new standard requires entities to allocate revenue in arrangements with multiple deliverables using estimated selling prices and eliminates the use of the residual method. The provisions of this new standard are effective for the Company beginning August 1, 2010; and is not expected to have a material impact on the Company’s financial position or results of operations.

3. Net Income Per Common Share

Basic earnings per share (“EPS”) excludes dilution and is computed by dividing net income attributable to Vail Resorts stockholders by the weighted-average shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised, resulting in the issuance of shares of common stock that would then share in the earnings of the Company. Presented below is basic and diluted EPS for the years ended July 31, 2010, 2009 and 2008 (in thousands, except per share amounts):

	Year Ended July 31,					
	2010		2009		2008	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income per share:						
Net income attributable to Vail Resorts, Inc.	\$ 30,385	\$ 30,385	\$ 48,950	\$ 48,950	\$102,927	\$102,927

Weighted-average shares outstanding	36,212	36,212	36,546	36,546	38,616	38,616
Effect of dilutive securities	--	519	--	127	--	318
Total shares	36,212	36,731	36,546	36,673	38,616	38,934
Net income per share attributable to Vail Resorts, Inc.	\$ 0.84	\$ 0.83	\$ 1.34	\$ 1.33	\$ 2.67	\$ 2.64

The number of shares issuable on the exercise of share based awards that were excluded from the calculation of diluted net income per share because the effect of their inclusion would have been anti-dilutive totaled 22,000, 795,000 and 63,000 for the years ended July 31, 2010, 2009 and 2008, respectively.

4. Long-Term Debt

Long-term debt as of July 31, 2010 and 2009 is summarized as follows (in thousands):

	Fiscal Year Maturity (h)	July 31, 2010	July 31, 2009
Credit Facility Revolver (a)	2012	\$ 35,000	\$ --
SSV Facility (b)	--	--	--
Industrial Development Bonds (c)	2011-2020	42,700	42,700
Employee Housing Bonds (d)	2027-2039	52,575	52,575
6.75% Senior Subordinated Notes (e)	2014	390,000	390,000
Other (f)	2011-2029	6,436	6,685
Total debt		526,711	491,960
Less: Current maturities (g)		1,869	352
Long-term debt		\$ 524,842	\$ 491,608

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

Vail Corp. obligations under the Credit Agreement are guaranteed by the Company and certain of its subsidiaries and are collateralized by a pledge of all of the capital stock of Vail Corp., and substantially all of its subsidiaries. The proceeds of loans made under the Credit Agreement may be used to fund the Company’s working capital needs, capital expenditures, investment in real estate, acquisitions and other general corporate purposes, including the issuance of letters of credit. Borrowings under the Credit Agreement bear interest annually at the Company’s option at the rate of (i) LIBOR plus 0.75% as of July 31, 2010 (1.06% as of July 31, 2010) or (ii) the Agent’s prime lending rate plus, in certain circumstances, a margin (3.25% as of July 31, 2010). Interest rate margins fluctuate based upon the ratio of the Company’s Net Funded Debt to Adjusted EBITDA (as defined in the Credit Agreement) on a trailing twelve-month basis. The Credit Agreement also includes a quarterly unused commitment fee, which is equal to a percentage determined by the Net Funded Debt to Adjusted EBITDA ratio, as defined in the Credit Agreement, times the daily amount by which the Credit Agreement commitment exceeds the total of outstanding loans and outstanding letters of credit. The unused amounts are accessible to the extent that the Net Funded Debt to Adjusted EBITDA ratio does not exceed the maximum ratio allowed at quarter-end. The unused amount available for borrowing under the Credit Agreement was \$283.9 million as of July 31, 2010, net of certain letters of credit of \$81.1 million outstanding under the Credit Agreement. The Credit Agreement provides for affirmative and negative covenants that restrict, among other things, the Company’s ability to incur indebtedness, dispose of assets, make capital expenditures, make distributions and make investments. In addition, the Credit Agreement includes the following restrictive financial covenants: Net Funded Debt to Adjusted EBITDA ratio, Interest Coverage ratio, and Minimum Net Worth (each as defined in the Credit Agreement).

- (b) As result of the Company’s acquisition of the remaining noncontrolling interest in SSV on April 30, 2010 (see Note 9, Redeemable Noncontrolling Interest) and the ensuing designation of SSV as a restricted subsidiary under its senior credit facility, the Amended and Restated Revolving Credit and Security Agreement dated as of September 23, 2005 (“SSV Facility”), by and between SSI Venture LLC and U.S. Bank National Association was terminated on April 29, 2010.

- (c) The Company has outstanding \$42.7 million of industrial development bonds (collectively, the “Industrial Development Bonds”), of which \$41.2 million were issued by Eagle County, Colorado (the “Eagle County Bonds”) and mature, subject to prior redemption, on August 1, 2019. These bonds accrue interest at 6.95% per annum, with interest being payable semi-annually on February 1 and August 1. The promissory note with respect to the Eagle County Bonds between Eagle County and the Company is collateralized by the Forest Service permits for Vail and Beaver Creek. The Series 1991 Sports Facilities Refunding Revenue Bonds, issued by Summit County, Colorado, have an aggregate outstanding principal amount of \$1.5 million maturing on September 1, 2010 and bear interest at 7.375%. The promissory note with respect to the Summit County Bonds between Summit County and the Company is pledged and endorsed to the Bank of New York Mellon as Trustee under the Indenture of Trust underlying the Summit County Bonds. The promissory note is also collateralized in accordance with a guaranty from Ralston Purina Company (subsequently assumed by Vail Corp. to the Trustee for the benefit of the registered owners of the bonds).
- (d) The Company has recorded for financial reporting purposes the outstanding debt of four Employee Housing Entities (each an “Employee Housing Entity” and collectively the “Employee Housing Entities”): Breckenridge Terrace, Tarnes, BC Housing and Tenderfoot. The proceeds of the Employee Housing Bonds were used to develop apartment complexes designated primarily for use by the Company's seasonal employees at its mountain resorts. The Employee Housing Bonds are variable rate, interest-only instruments with interest rates tied to LIBOR plus 0% to 0.05% (0.31% to 0.36% as of July 31, 2010). Interest on the Employee Housing Bonds is paid monthly in arrears and the interest rate is adjusted weekly. No principal payments are due on the Employee Housing Bonds until maturity. Each Employee Housing Entity’s bonds were issued in two series. The bonds for each Employee Housing Entity are backed by letters of credit issued under the Credit Facility. The table below presents the principal amounts outstanding for the Employee Housing Bonds as of July 31, 2010 (in thousands):

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

- (e) The Company has outstanding \$390.0 million of 6.75% Notes issued in January 2004. The 6.75% Notes have a fixed annual interest rate of 6.75% with interest due semi-annually on February 15 and August 15. No principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the 6.75% Notes. The premium for early redemption of the 6.75% Notes ranges from 0% to 2.25% as of July 31, 2010, depending on the date of redemption. The 6.75% Notes are subordinated to certain of the Company's debts, including the Credit Facility. The Company's payment obligations under the 6.75% Notes are jointly and severally guaranteed by substantially all of the Company's current and future domestic subsidiaries (see Note 18, Guarantor Subsidiaries and Non-Guarantor Subsidiaries). The Indenture governing the 6.75% Notes contains restrictive covenants which, among other things, limit the ability of the Company and its Restricted Subsidiaries (as defined in the Indenture) to (i) borrow money or sell preferred stock, (ii) create liens, (iii) pay dividends on or redeem or repurchase stock, (iv) make certain types of investments, (v) sell stock in the Restricted Subsidiaries, (vi) create restrictions on the ability of the Restricted Subsidiaries to pay dividends or make other payments to the Company, (vii) enter into transactions with affiliates, (viii) issue guarantees of debt and (ix) sell assets or merge with other companies.
- (f) Other obligations primarily consist of a \$6.0 million note outstanding to the Colorado Water Conservation Board, which mature on September 16, 2028, and capital leases totaling \$0.4 million. Other obligations, including the Colorado Water Conservation Board note and the capital leases, bear interest at rates ranging from 3.5% to 6.0% and have maturities ranging from in the year ending July 31, 2011 to the year ending July 31, 2029.
- (g) Current maturities represent principal payments due in the next 12 months.
- (h) Maturities are based on the Company's July 31 fiscal year end.

Aggregate maturities for debt outstanding as of July 31, 2010 reflected by fiscal year are as follows (in thousands):

	Total
2011	\$ 1,869
2012	35,341

2013	345
2014	390,219
2015	231
Thereafter	98,706
Total debt	\$ 526,711

The Company recorded gross interest expense of \$33.8 million, \$35.2 million and \$44.1 million for the years ended July 31, 2010, 2009 and 2008, respectively, of which \$1.6 million, \$2.0 million and \$2.5 million was amortization of deferred financing costs. The Company capitalized \$16.3 million, \$7.6 million and \$13.4 million of interest during the years ended July 31, 2010, 2009 and 2008, respectively. The Company was in compliance with all of its financial and operating covenants required to be maintained under its debt instruments for all periods presented.

5. Supplementary Balance Sheet Information

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

	July 31,	
	2010	2009
Land and land improvements	\$ 270,382	\$ 262,255
Buildings and building improvements	769,382	734,576
Machinery and equipment	512,144	498,912
Furniture and fixtures	198,566	187,316
Software	56,498	44,584
Vehicles	35,447	33,991
Construction in progress	31,197	40,724
Gross property, plant and equipment	1,873,616	1,802,358
Accumulated depreciation	(846,226)	(744,700)
Property, plant and equipment, net	\$ 1,027,390	\$ 1,057,658

Depreciation expense for the years ended July 31, 2010, 2009 and 2008 totaled \$109.8 million, \$106.6 million and \$93.3 million, respectively.

The composition of intangible assets follows (in thousands):

	July 31,	
	2010	2009
<i>Indefinite lived intangible assets</i>		
Trademarks	\$ 67,183	\$ 66,013
Water rights	18,285	10,684
Excess reorganization value	14,145	14,145
Other intangible assets	6,225	6,200
Gross indefinite-lived intangible assets	105,838	97,042
Accumulated amortization	(24,713)	(24,713)
Indefinite-lived intangible assets, net	81,125	72,329
<i>Goodwill</i>		
Goodwill	198,439	185,304
Accumulated amortization	(17,354)	(17,354)
Goodwill, net	181,085	167,950
<i>Amortizable intangible assets</i>		
Customer lists	19,414	19,414
Property management contracts	4,412	4,412
Forest Service permits	5,902	5,902
Other intangible assets	18,598	16,759
Gross amortizable intangible assets	48,326	46,487
Accumulated amortization		

Customer lists	(18,094)	(17,934)
Property management contracts	(3,892)	(3,809)
Forest Service permits	(2,522)	(2,348)
Other intangible assets	(15,670)	(15,296)
Accumulated amortization	(40,178)	(39,387)
Amortizable intangible assets, net	8,148	7,100
Total gross intangible assets	352,603	328,833
Total accumulated amortization	(82,245)	(81,454)
Total intangible assets, net	\$ 270,358	\$ 247,379

Amortization expense for intangible assets subject to amortization for the years ended July 31, 2010, 2009 and 2008 totaled \$0.8 million, \$0.6 million and \$0.5 million, respectively, and is estimated to be approximately \$0.8 million annually, on average, for the next five fiscal years.

The changes in the net carrying amount of goodwill allocated between the Company's segments for the years ended July 31, 2010 and 2009 are as follows (in thousands):

	Mountain	Lodging	Goodwill, net
Balance at July 31, 2008	\$ 107,722	\$ 34,560	\$ 142,282
Acquisition	--	25,668	25,668
Balance at July 31, 2009	107,722	60,228	167,950
Acquisitions	12,893	242	13,135
Balance at July 31, 2010	\$ 120,615	\$ 60,470	\$ 181,085

On May 28, 2010, the Company acquired the capital stock of Mountain New Corporation ("Mountain News"), which owns and operates several websites focused on the ski and snowboarding industry, for a total consideration of \$16.5 million. The purchase price was allocated to tangible and identifiable intangible assets acquired based on their estimated fair values at the acquisition date. The Company has completed its preliminary purchase price allocation and has recorded \$12.9 million in goodwill, \$1.2 million in indefinite-lived intangible assets, \$2.6 million in fixed assets, \$1.7 million in other intangibles (with a weighted-average amortization period of 6.4 years) and assumed liabilities of \$0.9 million on the date of acquisition. The operating results of Mountain News are allocated to the Company's Mountain segment.

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

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

	July 31,	
	2010	2009
Trade payables	\$ 47,554	\$ 42,530
Real estate development payables	31,203	45,681
Deferred revenue	53,298	57,171
Deferred real estate and other deposits	42,891	21,637
Accrued salaries, wages and deferred compensation	21,425	15,202
Accrued benefits	23,547	23,496
Accrued interest	13,939	14,002
Liability to complete real estate projects, short term	1,909	3,972
Other accruals	19,560	21,845
Total accounts payable and accrued liabilities	\$ 255,326	\$ 245,536

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

	July 31,	
	2010	2009
Private club deferred initiation fee revenue and deposits	\$ 148,184	\$ 153,265
Deferred real estate deposits	--	32,792
Other long-term liabilities	48,976	47,112
Total other long-term liabilities	\$ 197,160	\$ 233,169

6. Investments in Affiliates

The Company held the following investments in equity method affiliates as of July 31, 2010:

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

The Company had total net investments in equity method affiliates of \$6.2 million and \$7.8 million as of July 31, 2010 and 2009, respectively, classified as “deferred charges and other assets” in the accompanying Consolidated Balance Sheets. The amount of retained earnings that represent undistributed earnings of 50-percent-or-less-owned entities accounted for by the equity method was \$3.0 million and \$4.6 million as of July 31, 2010 and 2009, respectively. During the years ended July 31, 2010, 2009 and 2008, distributions in the amounts of \$3.2 million, \$1.7 million and \$2.3 million, respectively, were received from equity method affiliates.

7. Variable Interest Entities

The Company is the primary beneficiary of the Employee Housing Entities, which are Variable Interest Entities (“VIEs”), and has consolidated them in its Consolidated Financial Statements. As a group, as of July 31, 2010, the Employee Housing Entities had total assets of \$34.0 million (primarily recorded in property, plant and equipment, net) and total liabilities of \$61.4 million (primarily recorded in long-term debt as “Employee Housing Bonds”). The Company has issued under its Credit Facility \$53.4 million letters of credit related to Employee Housing Bonds. The letters of credit would be triggered in the event that one of the entities defaults on required payments. The letters of credit have no default provisions.

The Company is the primary beneficiary of Avon Partners II, LLC (“APII”), which is a VIE. APII owns commercial space and the Company currently leases substantially all of that space. APII had total assets of \$5.5 million (primarily recorded in property, plant and equipment) and no debt as of July 31, 2010.

The Company, through various lodging subsidiaries, manages hotels in which the Company has no ownership interest in the entities that own such hotels. The Company has extended a \$2.0 million note receivable to one of these entities. These entities were formed by unrelated third parties to acquire, own, operate and realize the value in resort hotel properties. The Company managed the day-to-day operations of eight hotel properties as of July 31, 2010. The Company has determined that the entities that own the hotel properties are VIEs, and the management contracts are significant variable interests in these VIEs. The Company has also determined that it is not the primary beneficiary of these entities and, accordingly, is not required to consolidate any of these entities. Based upon the latest information provided by these third parties, these VIEs had estimated total assets of approximately \$226 million (unaudited) and total liabilities of approximately \$156 million (unaudited). The Company's maximum exposure to loss as a result of its involvement with these VIEs is limited to the note receivable and accrued interest of approximately \$2.5 million and the net book value of the intangible asset associated with a management agreement in the amount of \$0.5 million as of July 31, 2010.

8. Fair Value Measurements

The FASB issued fair value guidance that establishes how reporting entities should measure fair value for measurement and disclosure purposes. The guidance establishes a common definition of fair value applicable to all assets and liabilities measured at fair value and prioritizes the inputs into valuation techniques used to measure fair value. Accordingly, the Company uses valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value. The three levels of the hierarchy are as follows:

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

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

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

The table below summarizes the Company's cash equivalents measured at fair value (all other assets and liabilities measured at fair value are immaterial) (in thousands):

Fair Value Measurement as of July 31, 2010

(\$ in thousands)				
Description	Balance at July 31, 2010	Level 1	Level 2	Level 3
Money Market	\$ 399	\$ 399	\$ --	\$ --
US Treasury Notes	\$ 8,297	8,297	--	--
Certification of Deposit	\$ 300	--	300	--

Fair Value Measurement as of July 31, 2009

(\$ in thousands)				
Description	Balance at July 31, 2009	Level 1	Level 2	Level 3
Money Market	\$ 47,915	\$ 47,915	\$ --	\$ --
Certification of Deposit	\$ 13,300	--	13,300	--

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

9. Redeemable Noncontrolling Interest

On April 23, 2010, the Company entered into a transfer agreement with GSSI LLC ("GSSI"), the noncontrolling interest holder in SSV, to acquire all of GSSI's remaining 30.7% ownership interest in SSV for a negotiated price of \$31.0 million. The purchase of GSSI's interest in SSV was completed on April 30, 2010, resulting in the Company holding 100% interest in SSV. As a result of this agreement, equity-noncontrolling interest and redeemable noncontrolling interest related to SSV has been eliminated. The purchase price in excess of the carrying value of the noncontrolling interest of approximately \$2.6 million (net of deferred taxes) was recorded as a reduction in additional paid-in capital. Additionally, GSSI held a management agreement with SSV which was terminated concurrent with the Company's purchase of GSSI's interest in SSV. Under the SSV operating agreement, the Company held call rights and GSSI held put rights (discussed below) which were waived as a result of the transfer agreement.

The Company's and GSSI's put and call rights were as follows: (i) beginning August 1, 2010 and each year thereafter, each of the Company and GSSI had the right to call or put, respectively, 100% of GSSI's ownership interest in SSV to the Company during certain periods each year and (ii) GSSI had the right to put to the Company 100% of its ownership interest in SSV at any time after GSSI had been removed as manager of SSV or after an involuntary transfer of the Company's ownership interest in SSV has occurred. The put and call pricing was generally based on a multiple of the trailing twelve month EBITDA (as defined in the operating agreement) of SSV for the fiscal period ended prior to the commencement of the put or call period, as applicable.

Since GSSI's remaining interest in SSV had a redemption feature, as a result of the put option, the Company had classified the redeemable noncontrolling interest in SSV in the mezzanine section in the Consolidated Balance Sheets, outside of stockholders' equity. The Company had recorded the redeemable noncontrolling interest at the redemption value as prescribed in the operating agreement at the end of each reporting period. At the end of each reporting period if the redemption value was below the carrying value of the noncontrolling interest, the difference was recorded in noncontrolling interests as a component of stockholders' equity; however, if the redemption value exceeded the carrying value of the noncontrolling interest the difference was recorded in retained earnings.

10. Income Taxes

As of July 31, 2010, the Company had utilized all available Federal net operating loss (“NOL”) carryforwards. These NOL carryforwards expired in the year ended July 31, 2008 and were limited in deductibility each year under Section 382 of the Internal Revenue Code. The Company had only been able to use these NOL carryforwards to the extent of approximately \$8.0 million per year through December 31, 2007 (the “Section 382 Amount”). However, during the year ended July 31, 2005, the Company amended previously filed tax returns (for tax years 1997-2002) in an effort to remove the restrictions under Section 382 of the Internal Revenue Code on approximately \$73.8 million of NOL carryforwards to reduce future taxable income. As a result, the Company requested a refund related to the amended returns in the amount of \$6.2 million and has reduced its federal tax liability in the amount of \$19.6 million in subsequent returns. These NOL carryforwards relate to fresh start accounting from the Company's reorganization in 1992. During the year ended July 31, 2006, the Internal Revenue Service (“IRS”) completed its examination of the Company's filing position in these amended returns and disallowed the Company's request for refund and its position to remove the restrictions under Section 382 of the Internal Revenue Code. Consequently, the accompanying financial statements and table of deferred items and components of the tax provision have only recognized benefits related to the NOL carryforwards to the extent of the Section 382 Amount reported in its tax returns prior to its amendments. The Company appealed the examiner's disallowance of these NOL carryforwards to the Office of Appeals. In December 2008, the Office of Appeals denied the Company's appeal, as well as a request for mediation. The Company disagrees with the IRS interpretation disallowing the utilization of the NOL's and in August 2009 filed a complaint in the United States District Court for the District of Colorado seeking recovery of \$6.2 million in over payments that were previously denied by the IRS, plus interest. The Company cannot predict the ultimate outcome of this matter or when this matter will be resolved. If the Company is unsuccessful in this matter, it will not negatively impact the Company's results of operations.

The Company has state NOL carryforwards (primarily California) totaling \$25.1 million which expire by the year ending July 31, 2015. As of July 31, 2010, the Company has recorded a valuation allowance of \$1.6 million, primarily due to California NOL carryforwards generated in prior years, as the Company has determined that it is more likely than not that these NOL carryforwards will not be realized.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows (in thousands):

	July 31,	
	2010	2009
Deferred income tax liabilities:		
Fixed assets	\$ 109,921	\$ 108,417
Intangible assets	31,825	27,878
Real estate and other investments	--	944
Other, net	--	2,647
Total	141,746	139,886
Deferred income tax assets:		
Deferred membership revenue	26,282	28,722
Real estate and other investments	5,041	652
Deferred compensation and other accrued expenses	21,268	18,315
Net operating loss carryforwards other tax credits	2,041	1,444
Other, net	1,612	1,404
Total	56,244	50,537
Valuation allowance for deferred income taxes	(1,588)	(1,588)
Deferred income tax assets, net of valuation allowance	54,656	48,949
Net deferred income tax liability	\$ 87,090	\$ 90,937

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

	July 31,	
	2010	2009
Net current deferred income tax asset	\$ 21,406	\$ 21,297
Net non-current deferred income tax liability	108,496	112,234
Net deferred income tax liability	\$ 87,090	\$ 90,937

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

	Year Ended July 31,		
	2010	2009	2008
Current:			
Federal	\$ 19,661	\$ (242)	\$ 50,169
State	2,788	119	6,710
Total current	22,449	(123)	56,879
Deferred:			
Federal	(3,989)	27,358	5,533
State	(438)	3,409	674
Total deferred	(4,427)	30,767	6,207
Provision for income taxes	\$ 18,022	\$ 30,644	\$ 63,086

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

	Year Ended July 31,		
	2010	2009	2008
At U.S. Federal income tax rate	35.0 %	35.0 %	35.0 %
State income tax, net of Federal benefit	2.8 %	2.8 %	2.8 %
Nondeductible meals or entertainment	0.3 %	0.2 %	0.1 %
Noncontrolling interest	(3.5)%	(0.7)%	(1.0)%
General business credits	(1.1)%	(0.8)%	(0.4)%
Other	-- %	1.2 %	0.4 %
	33.5 %	37.7 %	36.9 %

A reconciliation of the beginning and ending amount of unrecognized tax benefits associated with uncertain tax positions, excluding associated deferred tax benefits and accrued interest and penalties, if applicable, is as follows (in thousands):

	Unrecognized Tax Benefits
Balance as of August 1, 2007	\$ 12,257
Additions based on tax positions related to the current year	--
Additions for tax positions of prior years	6,331
Reductions for tax positions of prior years	(237)
Settlements	(555)
Balance as of August 1, 2008	\$ 17,796
Additions based on tax positions related to the current year	--
Additions for tax positions of prior years	9,524
Reductions for tax positions of prior years	--
Settlements	--
Balance as of July 31, 2009	\$ 27,320
Additions based on tax positions related to the current year	--
Additions for tax positions of prior years	--
Reductions for tax positions of prior years	--
Lapse of statute of limitations	(272)
Settlements	--
Balance as of July 31, 2010	\$ 27,048

As of July 31, 2010, the amount of unrecognized tax benefits recorded in other long-term liabilities was \$27.0 million, of which \$1.2 million would, if recognized, decrease the Company's effective tax rate. In addition, the Company does not anticipate a significant change to its unrecognized tax benefits during the twelve months ending July 31, 2011. The Company's policy is to accrue income tax related interest and penalties, if applicable, within income tax expense. As of July 31, 2010 and 2009, accrued interest and penalties, net of tax, is \$2.2 million and \$2.4 million, respectively. For the years ended July 31, 2010, 2009 and 2008, the Company recognized \$(0.2) million, \$0.5 million and \$1.1 million of interest expense and penalties, net of tax, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The IRS has completed its examination of the Company's tax returns for tax years 2001 through 2003 and has issued a report of its findings. As discussed above, the examiner's primary finding is the disallowance of the Company's position to remove the restrictions under Section 382 of the Internal Revenue Code of approximately \$73.8 million of NOL carryforwards; however, the Company has filed a complaint in Federal court. With the exception of the utilization of NOL carryforwards as discussed above, the Company is no longer subject to U.S. Federal examinations for tax years prior to 2006. With few exceptions, the Company is no longer subject to examination by various state jurisdictions for tax years prior to 2005.

11. Related Party Transactions

The Company has the right to appoint 4 of 9 directors of the Beaver Creek Resort Company of Colorado ("BCRC"), a non-profit entity formed for the benefit of property owners and certain others in Beaver Creek. The Company has a management agreement with the BCRC, renewable for one-year periods, to provide management services on a fixed fee basis. Management fees and reimbursement of operating expenses paid to the Company under its agreement with the BCRC during the years ended July 31, 2010, 2009 and 2008 totaled \$7.0 million, \$8.0 million and \$7.5 million, respectively.

SSF/VARE is a real estate brokerage with multiple locations in Eagle and Summit Counties, Colorado in which the Company has a 50% ownership interest. SSF/VARE has been the broker for several of the Company's developments. The Company recorded net real estate commissions expense of approximately \$3.5 million, \$9.6 million and \$14.7 million for payments made to SSF/VARE during the years ended July 31, 2010, 2009 and 2008, respectively. In addition, the Company has recorded approximately \$2.4 million and \$3.8 million of prepaid real estate commissions as of July 31, 2010 and 2009, respectively. SSF/VARE leases space for real estate offices from the Company. The Company recognized approximately \$0.5 million, \$0.5 million and \$0.4 million in revenue related to these leases for the years ended July 31, 2010, 2009 and 2008, respectively.

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

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

12. Commitments and Contingencies

Metropolitan Districts

The Company credit-enhances \$8.0 million of bonds issued by Holland Creek Metropolitan District ("HCMD") through an \$8.1 million letter of credit issued against the Company's Credit Facility. HCMD's bonds were issued and used to build infrastructure associated with the Company's Red Sky Ranch residential development. The Company has agreed to pay capital improvement fees to Red Sky Ranch Metropolitan District ("RSRMD") until RSRMD's revenue streams from property taxes are sufficient to meet debt service requirements under HCMD's bonds, and the Company has recorded a liability of \$1.9 million, primarily within "other long-term liabilities" in the accompanying Consolidated Balance Sheets as of July 31, 2010 and 2009 with respect to the estimated present value of future RSRMD capital improvement fees. The Company estimates that it will make capital improvement fee payments under this arrangement through the year ending July 31, 2028.

Guarantees

As of July 31, 2010, the Company had various other letters of credit in the amount of \$74.0 million, consisting primarily of \$53.4 million in support of the Employee Housing Bonds, \$14.3 million of construction and development related guarantees and \$5.4 million for workers' compensation and general liability deductibles related to construction and development activities.

In addition to the guarantees noted above, the Company has entered into contracts in the normal course of business which include certain indemnifications under which it could be required to make payments to third parties upon the occurrence or non-occurrence of certain future events. These indemnities include indemnities to licensees in connection with the licensees' use of the Company's trademarks and logos, indemnities for liabilities associated with the infringement of other parties' technology and software products,

indemnities related to liabilities associated with the use of easements, indemnities related to employment of contract workers, the Company's use of trustees, indemnities related to the Company's use of public lands and environmental indemnifications. The duration of these indemnities generally is indefinite and generally do not limit the future payments the Company could be obligated to make.

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

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

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

Commitments

The Company has executed as lessee operating leases for the rental of office and commercial space, employee residential units, and office equipment primarily through fiscal 2024. Certain of these leases have renewal terms at the Company's option, escalation clauses, rent holidays and leasehold improvement incentives. Rent holidays and rent escalation clauses are recognized on a straight-line basis over the lease term. Leasehold improvement incentives are recorded as leasehold improvements and amortized over the shorter of their economic lives or the term of the lease. For the years ended July 31, 2010, 2009 and 2008, the Company recorded lease expense, excluding executory costs, related to these agreements of \$22.1 million, \$22.4 million and \$18.0 million, respectively, which is included in the accompanying Consolidated Statements of Operations.

Future minimum lease payments under these leases as of July 31, 2010 are as follows (in thousands):

2011	\$	17,471
2012		13,660
2013		11,866
2014		10,263
2015		8,939
Thereafter		30,874
Total	\$	<u>93,073</u>

Self Insurance

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

Legal

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company has adequate insurance coverage and/or has accrued for loss contingencies for all known matters that are deemed to be probable losses and estimable. As of July 31, 2010 and 2009, the accrual for loss contingencies was not material individually and in the aggregate.

Cheeca Lodge & Spa Contract Dispute

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

13. Segment Information

The Company has three reportable segments: Mountain, Lodging and Real Estate. The Mountain segment includes the operations of the Company's ski resorts and related ancillary activities. The Lodging segment includes the operations of all of the Company's owned hotels, RockResorts, GTLC, condominium management, CME and golf operations. The Real Estate segment owns and develops real estate in and around the Company's resort communities. The Company's reportable segments, although integral to the success of the others, offer distinctly different products and services and require different types of management focus. As such, these segments are managed separately.

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

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

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

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

	Year Ended July 31,		
	2010	2009	2008
Net revenue:			
Lift tickets	\$ 289,289	\$ 276,542	\$ 301,914
Ski school	70,694	65,336	81,384
Dining	53,322	52,259	62,506
Retail/rental	154,846	147,415	168,765
Other	70,344	73,045	70,964
Total Mountain net revenue	638,495	614,597	685,533
Lodging	169,130	176,241	170,057
Resort	807,625	790,838	855,590
Real estate	61,007	186,150	296,566
Total net revenue	\$ 868,632	\$ 976,988	\$1,152,156
Segment operating expense:			
Mountain	\$ 456,017	\$ 451,025	\$ 470,362
Lodging	166,738	169,482	159,832
Resort	622,755	620,507	630,194
Real estate	71,402	142,070	251,338

Total segment operating expense	\$ 694,157	\$ 762,577	\$ 881,532
Gain on sale of real property	\$ 6,087	\$ --	\$ 709
Mountain equity investment income, net	\$ 1,558	\$ 817	\$ 5,390
Reported EBITDA:			
Mountain	\$ 184,036	\$ 164,389	\$ 220,561
Lodging	2,392	6,759	10,225
Resort	186,428	171,148	230,786
Real estate	(4,308)	44,080	45,937
Total Reported EBITDA	\$ 182,120	\$ 215,228	\$ 276,723
Real estate held for sale and investment	\$ 422,164	\$ 311,485	\$ 249,305
Reconciliation to net income attributable to Vail Resorts, Inc.:			
Total Reported EBITDA	\$ 182,120	\$ 215,228	\$ 276,723
Depreciation and amortization	(110,638)	(107,213)	(93,794)
Loss on disposal of fixed assets, net	(615)	(1,064)	(1,534)
Investment income, net	445	1,793	8,285
Interest expense, net	(17,515)	(27,548)	(30,667)
Contact dispute credit, net	--	--	11,920
Income before provision for income taxes	53,797	81,196	170,933
Provision for income taxes	(18,022)	(30,644)	(63,086)
Net income	35,775	50,552	107,847
Net income attributable to noncontrolling interests	(5,390)	(1,602)	(4,920)
Net income attributable to Vail Resorts, Inc.	\$ 30,385	\$ 48,950	\$ 102,927

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

	2010				
	Year Ended July 31, 2010	Quarter Ended July 31, 2010	Quarter Ended April 30, 2010	Quarter Ended January 31, 2010	Quarter Ended October 31, 2009
Mountain revenue	\$ 638,495	\$ 36,100	\$ 302,213	\$ 260,978	\$ 39,204
Lodging revenue	169,130	44,222	44,877	38,676	41,355
Real estate revenue	61,007	56,768	3,164	870	205
Total net revenue	868,632	137,090	350,254	300,524	80,764
Income (loss) from operations	69,309	(57,841)	118,323	73,541	(64,714)
Net income (loss)	35,775	(42,184)	76,391	45,079	(43,511)
Net income (loss) attributable to Vail Resorts, Inc.	\$ 30,385	\$ (41,921)	\$ 72,789	\$ 40,690	\$ (41,173)
Basic net income (loss) per share attributable to Vail Resorts, Inc.	\$ 0.84	\$ (1.16)	\$ 2.01	\$ 1.12	\$ (1.14)
Diluted net income (loss) per share attributable to Vail Resorts, Inc.	\$ 0.83	\$ (1.16)	\$ 1.98	\$ 1.11	\$ (1.14)
	2009				
	Year Ended July 31, 2009	Quarter Ended July 31, 2009	Quarter Ended April 30, 2009	Quarter Ended January 31, 2009	Quarter Ended October 31, 2008
Mountain revenue	\$ 614,597	\$ 36,150	\$ 279,180	\$ 258,489	\$ 40,778
Lodging revenue	176,241	44,942	44,896	41,150	45,253
Real estate revenue	186,150	20,836	9,407	89,157	66,750
Total net revenue	976,988	101,928	333,483	388,796	152,781
Income (loss) from operations	106,134	(58,014)	107,580	106,543	(49,975)
Net income (loss)	50,552	(41,318)	64,392	64,333	(36,855)

Net income (loss) attributable to Vail Resorts, Inc.	\$	48,950	\$	(38,730)	\$	61,639	\$	60,545	\$	(34,504)
Basic net income (loss) per share attributable to Vail Resorts, Inc.	\$	1.34	\$	(1.07)	\$	1.69	\$	1.66	\$	(0.93)
Diluted net income (loss) per share attributable to Vail Resorts, Inc.	\$	1.33	\$	(1.07)	\$	1.68	\$	1.65	\$	(0.93)

15. Stock Repurchase Plan

On March 9, 2006, the Company's Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of the Company's common stock repurchase authorization by an additional 3,000,000 shares. During the year ended July 31, 2010, the Company repurchased 386,269 shares of common stock at a cost of \$15.0 million. Since inception of this stock repurchase plan through July 31, 2010, the Company has repurchased 4,264,804 shares at a cost of approximately \$162.8 million. As of July 31, 2010, 1,735,196 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's employee share award plans.

16. Stock Compensation Plan

The Company has a share award plan (the "Plan") which has been approved by the Company's shareholders. Under the Plan, 5 million shares of common stock could be issued in the form of options, stock appreciation rights, restricted shares, restricted share units, performance shares, performance share units, dividend equivalents or other share-based awards to employees, directors or consultants of the Company or its subsidiaries or affiliates. The terms of awards granted under the Plan, including exercise price, vesting period and life, are set by the Compensation Committee of the Board of Directors. All share-based awards (except for restricted shares and restricted share units) granted under the Plan have a life of ten years. Most awards vest ratably over three years; however some have been granted with different vesting schedules. To date, no awards have been granted to non-employees (except those granted to non-employee members of the Board of Directors of the Company and of a consolidated subsidiary) under the Plan. At July 31, 2010, approximately 1.0 million share-based awards were available to be granted under the Plan. On December 4, 2009, the Company's shareholders approved an amendment to the Plan which increases the number of shares authorized for issuance by 2.5 million shares.

The fair value of stock-settled stock appreciation rights ("SARs") granted in the years ended July 31, 2010, 2009 and 2008 were estimated on the date of grant using a lattice-based option valuation model that applies the assumptions noted in the table below. A lattice-based model considers factors such as exercise behavior, and assumes employees will exercise equity awards at different times over the contractual life of the equity awards. As a lattice-based model considers these factors, and is more flexible, the Company considers it to be a better method of valuing equity awards than a closed-form Black-Scholes model. Because lattice-based option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Expected volatility is based on historical volatility of the Company's stock. The Company uses historical data to estimate equity award exercises and employee terminations within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of equity awards granted is derived from the output of the option valuation model and represents the period of time that equity awards granted are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behavior. The risk-free rate for periods within the contractual life of the equity award is based on the United States Treasury yield curve in effect at the time of grant.

	Year Ended July 31,		
	2010	2009	2008
Expected volatility	43.3%	37.1-41.0%	36.6%
Expected dividends	--%	--%	--%
Expected term (average in years)	4.7	5.4-5.7	5.4
Risk-free rate	0.42-4.6%	2.1-4.9%	4.0-5.1%

The Company has estimated forfeiture rates that range from 12.7% to 16.3% based upon the class of employees receiving stock based compensation in its calculation of stock-based compensation expense for the year ended July 31, 2010. These estimates are based on historical forfeiture behavior exhibited by employees of the Company.

A summary of aggregate option and SARs award activity under the share-based compensation plan as of July 31, 2008, 2009 and 2010, and changes during the years then ended is presented below (in thousands, except exercise price and contractual term):

	Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at July 31, 2007	1,196	\$ 27.55		
Granted	221	59.56		
Exercised	(117)	20.40		
Forfeited or expired	(81)	45.71		
Outstanding at July 31, 2008	1,219	\$ 32.83		
Granted	1,055	27.88		
Exercised	(31)	17.54		
Forfeited or expired	(60)	38.97		
Outstanding at July 31, 2009	2,183	\$ 30.49		
Granted	377	35.86		
Exercised	(46)	23.60		
Forfeited or expired	(137)	42.30		
Outstanding at July 31, 2010	2,377	\$ 30.80	7.1 years	\$ 21,503
Exercisable at July 31, 2010	1,149	\$ 31.60	5.5 years	\$ 10,068

The weighted-average grant-date fair value of SARs granted during the years ended July 31, 2010, 2009 and 2008 was \$13.70, \$10.34 and \$21.64, respectively. The total intrinsic value of options and SARs exercised during the years ended July 31, 2010, 2009 and 2008 was \$0.7 million, \$0.3 million and \$4.1 million, respectively. The Company had 241,000, 315,000 and 308,000 options and SARs that vested during the years ended July 31, 2010, 2009 and 2008, respectively. These awards had a total fair value of \$0.6 million, \$1.5 million and \$9.5 million at the date of vesting for the years ended July 31, 2010, 2009 and 2008, respectively. A summary of the status of the Company's options and nonvested SARs as of July 31, 2010, and changes during the year then ended, is presented below (in thousands, except fair value amounts):

	Awards	Weighted-Average Grant-Date Fair Value
Outstanding at August 1, 2009	1,184	\$ 11.64
Granted	377	13.70
Vested	(241)	15.64
Forfeited	(92)	13.98
Nonvested at July 31, 2010	1,228	\$ 7.37

A summary of the status of the Company's nonvested restricted share units as of July 31, 2010, and changes during the year then ended, is presented below (in thousands, except fair value amounts):

	Awards	Weighted-Average Grant-Date Fair Value
Outstanding at August 1, 2009	423	\$ 30.29
Granted	136	36.11
Vested	(135)	36.71
Forfeited	(53)	28.89
Nonvested at July 31, 2010	371	\$ 30.07

The Company granted 136,000 restricted share units during the year ended July 31, 2010 with a weighted-average grant-date fair value of \$36.11. The Company granted 397,000 restricted share units during the year ended July 31, 2009 with a weighted-average grant-date fair value of \$26.83. The Company granted 97,000 restricted share units during the year ended July 31, 2008 with a weighted-average grant-date fair value of \$57.72. The Company had 135,000, 137,000 and 79,000 restricted share awards/units that vested during the years ended July 31, 2010, 2009 and 2008, respectively. These awards/units had a total fair value of \$4.9 million, \$3.1 million and \$4.8 million at the date of vesting for the years ended July 31, 2010, 2009 and 2008, respectively.

As of July 31, 2010, there was \$13.0 million of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted under the share-based compensation plan, of which \$8.7 million, \$3.9 million and \$0.4 million of

expense is expected to be recognized in the years ending July 31, 2011, 2012 and 2013, respectively, assuming no future share-based awards are granted.

Cash received from options exercised under all share-based payment arrangements was \$0.5 million, \$0.6 million and \$2.0 million for the years ended July 31, 2010, 2009 and 2008, respectively. The tax benefit realized or to be realized for the tax deductions from options/SARs exercised and restricted stock awards/units vested was \$2.1 million, \$1.6 million and \$3.1 million for the years ended July 31, 2010, 2009 and 2008, respectively.

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

17. Retirement and Profit Sharing Plans

The Company maintains a defined contribution retirement plan (the "Retirement Plan"), qualified under Section 401(k) of the Internal Revenue Code, for its employees. Under this Retirement Plan, employees are eligible to make before-tax contributions on the first day of the calendar month following the later of: (i) their employment commencement date or (ii) the date they turn 21. Participants may contribute up to 100% of their qualifying annual compensation up to the annual maximum specified by the Internal Revenue Code. Prior to January 1, 2009, the Company matched an amount equal to 50% of each participant's contribution up to 6% of a participant's bi-weekly qualifying compensation upon obtaining the later of: (i) 12 consecutive months of employment and 1,000 service hours or (ii) 1,500 service hours since the employment commencement date. On January 1, 2009, the Company suspended making matching contributions to the Retirement Plan. On April 1, 2010, the Company partially reinstated its matching contributions to the Retirement Plan and plans to fully reinstate its matching contributions ratably over a three year period. The Company's matching contribution is entirely discretionary and may be fully reinstated, reduced or eliminated at any time.

Total Retirement Plan expense recognized by the Company for the years ended July 31, 2010, 2009 and 2008 was \$0.4 million, \$1.3 million and \$2.9 million, respectively.

18. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

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

Presented below is the consolidated financial information of the Parent Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Financial information for the Non-Guarantor Subsidiaries is presented in the column titled "Other Subsidiaries." On April 30, 2010 the Company acquired GSSI's remaining noncontrolling interest in SSV (see Note 9, Redeemable Noncontrolling Interest). Subsequent to this transaction, SSV became a Guarantor Subsidiary under the 6.75% notes. As such, the Company has included SSV under Guarantor Subsidiaries in the accompanying supplemental condensed financial statements. Reclassifications for SSV have been made to the financial information as of and for the years ended July 31, 2009 and 2008 to conform to the current year presentation. Balance sheets are presented as of July 31, 2010 and 2009. Statements of operations and statements of cash flows are presented for the years ended July 31, 2010, 2009 and 2008.

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

Supplemental Condensed Consolidating Balance Sheet
As of July 31, 2010
(in thousands)

	Parent Company	100% Owned			Eliminating Entries	Consolidated
		Guarantor Subsidiaries	Other Subsidiaries			
Current assets:						
Cash and cash equivalents	\$	\$ 11,315	\$ 3,430	\$	\$	\$ 14,745
Restricted cash	--	11,443	391	--	--	11,834
Trade receivables, net	--	53,013	609	--	--	53,622
Inventories, net	--	48,081	214	--	--	48,295
Other current assets	21,448	20,570	231	--	--	42,249
Total current assets	21,448	144,422	4,875	--	--	170,745
Property, plant and equipment, net	--	990,904	36,486	--	--	1,027,390
Real estate held for sale and investment	--	422,164	--	--	--	422,164
Goodwill, net	--	181,085	--	--	--	181,085
Intangible assets, net	--	71,118	18,155	--	--	89,273
Other assets	2,515	24,776	4,861	--	--	32,152
Investments in subsidiaries and advances to (from) parent	1,337,635	282,540	(4,609)	(1,615,566)	--	--
Total assets	\$ 1,361,598	\$ 2,117,009	\$ 59,768	\$ (1,615,566)	\$	\$ 1,922,809
Current liabilities:						
Accounts payable and accrued liabilities	\$ 12,400	\$ 240,823	\$ 2,103	\$	\$	\$ 255,326
Income taxes payable	32,729	--	--	--	--	32,729
Long-term debt due within one year	--	1,682	187	--	--	1,869
Total current liabilities	45,129	242,505	2,290	--	--	289,924
Long-term debt	390,000	76,479	58,363	--	--	524,842
Other long-term liabilities	29,203	166,201	1,756	--	--	197,160
Deferred income taxes	108,496	--	--	--	--	108,496
Total Vail Resorts, Inc. stockholders' equity (deficit)	788,770	1,631,824	(16,258)	(1,615,566)	--	788,770
Noncontrolling interests	--	--	13,617	--	--	13,617
Total stockholders' equity (deficit)	788,770	1,631,824	(2,641)	(1,615,566)	--	802,387
Total liabilities and stockholders' equity	\$ 1,361,598	\$ 2,117,009	\$ 59,768	\$ (1,615,566)	\$	\$ 1,922,809

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

	Parent Company	100% Owned			Eliminating Entries	Consolidated
		Guarantor Subsidiaries	Other Subsidiaries			
Current assets:						
Cash and cash equivalents	\$ --	\$ 66,685	\$ 2,613	\$ --	\$ 69,298	
Restricted cash	--	11,065	--	--	11,065	
Trade receivables, net	--	57,554	509	--	58,063	
Inventories, net	--	48,745	202	--	48,947	
Other current assets	21,333	20,062	220	--	41,615	
Total current assets	21,333	204,111	3,544	--	228,988	
Property, plant and equipment, net	--	1,018,539	39,119	--	1,057,658	
Real estate held for sale and investment	--	311,485	--	--	311,485	
Goodwill, net	--	167,950	--	--	167,950	
Intangible assets, net	--	68,875	10,554	--	79,429	
Other assets	3,226	30,710	5,034	--	38,970	
Investments in subsidiaries and advances to (from) parent	1,290,532	258,205	(13,969)	(1,534,768)	--	
Total assets	\$ 1,315,091	\$ 2,059,875	\$ 44,282	\$ (1,534,768)	\$ 1,884,480	
Current liabilities:						
Accounts payable and accrued liabilities	\$ 12,412	\$ 231,532	\$ 1,592	\$ --	\$ 245,536	
Income taxes payable	5,460	--	--	--	5,460	
Long-term debt due within one year	--	175	177	--	352	
Total current liabilities	17,872	231,707	1,769	--	251,348	
Long-term debt	390,000	43,058	58,550	--	491,608	
Other long-term liabilities	29,690	203,315	164	--	233,169	
Deferred income taxes	112,234	--	--	--	112,234	
Redeemable noncontrolling interest	--	15,415	--	--	15,415	
Total Vail Resorts, Inc. stockholders' equity (deficit)	765,295	1,559,748	(24,980)	(1,534,768)	765,295	
Noncontrolling interests	--	6,632	8,779	--	15,411	
Total stockholders' equity (deficit)	765,295	1,566,380	(16,201)	(1,534,768)	780,706	
Total liabilities and stockholders' equity	\$ 1,315,091	\$ 2,059,875	\$ 44,282	\$ (1,534,768)	\$ 1,884,480	

Supplemental Condensed Consolidating Statement of Operations
For the year ended July 31, 2010
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	\$ --	\$ 868,238	\$ 11,041	\$ (10,647)	\$ 868,632
Total operating expense	792	795,147	13,879	(10,495)	799,323
(Loss) income from operations	(792)	73,091	(2,838)	(152)	69,309
Other (expense) income, net	(27,034)	10,885	(1,073)	152	(17,070)
Equity investment income, net	--	1,558	--	--	1,558
(Loss) income before benefit (provision) for income taxes	(27,826)	85,534	(3,911)	--	53,797
Benefit (provision) for income taxes	9,457	(27,479)	--	--	(18,022)
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(18,369)	58,055	(3,911)	--	35,775
Equity in income (loss) of consolidated subsidiaries	48,754	(3,580)	--	(45,174)	--
Net income (loss)	30,385	54,475	(3,911)	(45,174)	35,775
Net (income) loss attributable to noncontrolling interests	--	(5,721)	331	--	(5,390)
Net income (loss) attributable to Vail Resorts, Inc.	\$ 30,385	\$ 48,754	\$ (3,580)	\$ (45,174)	\$ 30,385

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

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	\$ --	\$ 975,714	\$ 10,602	\$ (9,328)	\$ 976,988
Total operating expense	498	868,576	10,956	(9,176)	870,854
(Loss) income from operations	(498)	107,138	(354)	(152)	106,134
Other (expense) income, net	(27,035)	3,663	(2,535)	152	(25,755)
Equity investment income, net	--	817	--	--	817
(Loss) income before benefit (provision) for income taxes	(27,533)	111,618	(2,889)	--	81,196
Benefit (provision) for income taxes	10,600	(41,244)	--	--	(30,644)
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(16,933)	70,374	(2,889)	--	50,552
Equity in income (loss) of consolidated subsidiaries	65,883	(3,364)	--	(62,519)	--
Net income (loss)	48,950	67,010	(2,889)	(62,519)	50,552
Net income attributable to noncontrolling interests	--	(1,127)	(475)	--	(1,602)
Net income (loss) attributable to Vail Resorts, Inc.	\$ 48,950	\$ 65,883	\$ (3,364)	\$ (62,519)	\$ 48,950

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

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	\$ --	\$ 878,337	\$ 284,976	\$ (11,157)	\$ 1,152,156
Total operating expense	127	754,382	232,647	(11,005)	976,151
(Loss) income from operations	(127)	123,955	52,329	(152)	176,005
Other (expense) income, net	(27,015)	20,378	(3,977)	152	(10,462)
Equity investment income, net	--	5,390	--	--	5,390
(Loss) income before benefit (provision) for income taxes	(27,142)	149,723	48,352	--	170,933
Benefit (provision) for income taxes	10,341	(73,427)	--	--	(63,086)
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(16,801)	76,296	48,352	--	107,847
Equity in income of consolidated subsidiaries	119,728	47,709	--	(167,437)	--
Net income (loss)	102,927	124,005	48,352	(167,437)	107,847
Net income attributable to noncontrolling interests	--	(4,277)	(643)	--	(4,920)
Net income (loss) attributable to Vail Resorts, Inc.	\$ 102,927	\$ 119,728	\$ 47,709	\$ (167,437)	\$ 102,927

Supplemental Condensed Consolidating Statement of Cash Flows
For the year ended July 31, 2010
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash provided by (used in) operating activities	\$ 4,428	\$ 31,943	\$ (421)	\$ 35,950
Cash flows from investing activities:				
Capital expenditures	--	(67,544)	(1,413)	(68,957)
Acquisition of business	2,193	(18,063)	--	(15,870)
Cash received from sale of real property	--	8,920	--	8,920
Other investing activities, net	--	(145)	(7,500)	(7,645)
Net cash provided by (used in) investing activities	2,193	(76,832)	(8,913)	(83,552)
Cash flows from financing activities:				
Acquisition of noncontrolling interest	--	(31,000)	--	(31,000)
Repurchase of common stock	(14,999)	--	--	(14,999)
Proceeds from borrowings under other long-term debt	--	140,962	--	140,962
Payments of other long-term debt	--	(106,132)	(177)	(106,309)
Other financing activities, net	1,109	(7,042)	10,328	4,395
Advances from (to) affiliates	7,269	(7,269)	--	--
Net cash (used in) provided by financing activities	(6,621)	(10,481)	10,151	(6,951)
Net (decrease) increase in cash and cash equivalents	--	(55,370)	817	(54,553)
Cash and cash equivalents				
Beginning of period	--	66,685	2,613	69,298
End of period	\$ --	\$ 11,315	\$ 3,430	\$ 14,745

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

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash (used in) provided by operating activities	\$ (11,385)	\$ 148,703	\$ (3,042)	\$ 134,276
Cash flows from investing activities:				
Capital expenditures	--	(106,145)	(346)	(106,491)
Acquisition of business	--	(38,170)	--	(38,170)
Other investing activities, net	--	36	--	36
Net cash used in investing activities	--	(144,279)	(346)	(144,625)
Cash flows from financing activities:				
Repurchase of common stock	(22,367)	--	--	(22,367)
Proceeds from borrowings under non-recourse real estate financings	--	9,013	--	9,013
Payments of Non-Recourse Real Estate Financings	--	(58,407)	--	(58,407)
Proceeds from borrowings under other long-term debt	--	67,280	--	67,280
Payments of other long-term debt	--	(82,464)	(168)	(82,632)
Advances from (to) affiliates	33,010	(33,010)	--	--
Other financing activities, net	742	2,582	1,091	4,415
Net cash provided by (used in) financing activities	11,385	(95,006)	923	(82,698)
Net decrease in cash and cash equivalents	--	(90,582)	(2,465)	(93,047)
Cash and cash equivalents				
Beginning of period	--	157,267	5,078	162,345
End of period	\$ --	\$ 66,685	\$ 2,613	\$ 69,298

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

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash provided by operating activities	\$ 9,792	\$ 125,993	\$ 81,211	\$ 216,996
Cash flows from investing activities:				
Capital expenditures	--	(108,240)	(42,652)	(150,892)
Other investing activities, net	--	2,782	(25)	2,757
Net cash used in investing activities	--	(105,458)	(42,677)	(148,135)
Cash flows from financing activities:				
Repurchase of common stock	(99,615)	--	--	(99,615)
Proceeds from borrowings under non-recourse real estate financings	--	--	136,519	136,519
Payments of non-recourse real estate financings	--	--	(174,008)	(174,008)
Proceeds from borrowings under other long-term debt	--	77,641	--	77,641
Payments of other long-term debt	--	(77,961)	(160)	(78,121)
Advances from (to) affiliates	85,962	(85,962)	--	--
Other financing activities, net	3,861	(3,572)	(40)	249
Net cash used in financing activities	(9,792)	(89,854)	(37,689)	(137,335)
Net (decrease) increase in cash and cash equivalents	--	(69,319)	845	(68,474)
Cash and cash equivalents				
Beginning of period	--	226,586	4,233	230,819
End of period	\$ --	\$ 157,267	\$ 5,078	\$ 162,345

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

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

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

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

Management’s Annual Report on Internal Control Over Financial Reporting

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

Attestation Report of the Independent Registered Public Accounting Firm

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

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the quarter ended July 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

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

The New York Stock Exchange requires chief executive officers of listed corporations to certify that they are not aware of any violations by their company of the exchange's corporate governance listing standards. Following the 2009 annual meeting of stockholders, the Company submitted the annual certification by the Chief Executive Officer to the New York Stock Exchange.

The Company has filed with the Securities and Exchange Commission, as an exhibit to this Form 10-K for the year ended July 31, 2010, the Sarbanes-Oxley Act Section 302 certification regarding the quality of the Company's public disclosure.

The additional information required by this item is incorporated herein by reference from the Company's proxy statement for the 2010 annual meeting of stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2010 annual meeting of stockholders.

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

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2010 annual meeting of stockholders.

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

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2010 annual meeting of stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2010 annual meeting of stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES.

- a) Index to Financial Statements and Financial Statement Schedules.
 - (1) See "Item 8. Financial Statements and Supplementary Data" for the index to the Financial Statements.
 - (2) All other schedules have been omitted because the required information is not applicable or because the information required has been included in the financial statements or notes thereto.
 - (3) Index to Exhibits.

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

Posted Exhibit Number	Description	Sequentially Numbered Page
3.1	Amended and Restated Certificate of Incorporation of Vail Resorts, Inc., dated January 5, 2005. (Incorporated by reference to Exhibit 3.1 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2005.)	
3.2	Amended and Restated By-Laws. (Incorporated by reference to Exhibit 3.1 on Form 8-K of Vail Resorts, Inc. filed February 6, 2009.)	
4.1(a)	Indenture, dated as of January 29, 2004, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee (Including Exhibit A, Form of Global Note). (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. filed on February 2, 2004.)	
4.1(b)	Supplemental Indenture, dated as of March 10, 2006 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 10.34 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
4.1(c)	Form of Global Note. (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. filed February 2, 2004.)	
4.1(d)	Supplemental Indenture, dated as of April 26, 2007 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 4.1(d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
4.1(e)	Supplemental Indenture, dated as of July 11, 2008 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
4.1(f)	Supplemental Indenture, dated as of January 29, 2009 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(f) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2009.)	
4.1(g)	Supplemental Indenture, dated as of August 24, 2009 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(g) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2009.)	
4.1(h)	Supplemental Indenture, dated as of May 26, 2010 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(h) on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2010.)	
4.1(i)	Supplemental Indenture, dated as of July 15, 2010 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee.	50

Posted Exhibit Number	Description	Sequentially Numbered Page
10.1	Forest Service Unified Permit for Heavenly ski area, dated April 29, 2002. (Incorporated by reference to Exhibit 99.13 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2002.)	
10.2(a)	Forest Service Unified Permit for Keystone ski area, dated December 30, 1996. (Incorporated by reference to Exhibit 99.2(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.2(b)	Amendment No. 2 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 99.2(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.2(c)	Amendment No. 3 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 10.3 (c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.2(d)	Amendment No. 4 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 10.3 (d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.2(e)	Amendment No. 5 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 10.3 (e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(a)	Forest Service Unified Permit for Breckenridge ski area, dated December 30, 1996. (Incorporated by reference to Exhibit 99.3(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.3(b)	Amendment No. 1 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 99.3(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.3(c)	Amendment No. 2 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4 (c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(d)	Amendment No. 3 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4 (d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(e)	Amendment No. 4 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4 (e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(f)	Amendment No. 5 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4(f) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.4(a)	Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 99.4(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.4(b)	Exhibits to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 99.4(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.4(c)	Amendment No. 1 to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.5(c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	

Posted Exhibit Number	Description	Sequentially Numbered Page
10.4(d)	Amendment No. 2 to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.5(d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.4(e)	Amendment to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.5(e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.4(f)	Amendment No. 3 to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.4(f) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.5(a)	Forest Service Unified Permit for Vail ski area, dated November 23, 1993. (Incorporated by reference to Exhibit 99.5(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.5(b)	Exhibits to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.5(c)	Amendment No. 2 to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(c) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.5(d)	Amendment No. 3 to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 10.6 (d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.5(e)	Amendment No. 4 to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 10.6 (e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.6(a)	Purchase and Sale Agreement by and between VAHMC, Inc. and DiamondRock Hospitality Limited Partnership, dated May 3, 2005. (Incorporated by reference to Exhibit 10.18(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2005.)	
10.6(b)	First Amendment to Purchase and Sale Agreement by and between VAHMC, Inc. and DiamondRock Hospitality Limited Partnership, dated May 10, 2005. (Incorporated by reference to Exhibit 10.18(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2005.)	
10.7(a)	Sports and Housing Facilities Financing Agreement between the Vail Corporation (d/b/a "Vail Associates, Inc.") and Eagle County, Colorado, dated April 1, 1998. (Incorporated by reference to Exhibit 10 on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.7(b)	Trust Indenture, dated as of April 1, 1998 securing Sports and Housing Facilities Revenue Refunding Bonds by and between Eagle County, Colorado and U.S. Bank, N.A., as Trustee. (Incorporated by reference to Exhibit 10.1 on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	

Posted Exhibit Number	Description	Sequentially Numbered Page
10.8(a)	Fourth Amended and Restated Credit Agreement, dated as of January 28, 2005 among The Vail Corporation (d/b/a Vail Associates, Inc.), as borrower, Bank of America, N.A., as Administrative Agent, U.S. Bank National Association and Wells Fargo Bank, National Association as Co-Syndication Agents, Deutsche Bank Trust Company Americas and LaSalle Bank National Association as Co-Documentation Agents the Lenders party thereto and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager. (Incorporated by reference to Exhibit 10.8(a) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2009.)	
10.8(b)	First Amendment to Fourth Amended and Restated Credit Agreement, dated as of June 29, 2005 among The Vail Corporation (d/b/a Vail Associates, Inc.), as borrower and Bank of America, N.A., as Administrative Agent. (Incorporated by reference to Exhibit 10.16(b) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.8(c)	Second Amendment to Fourth Amended and Restated Credit Agreement among The Vail Corporation, the Required Lenders and Bank of America, as Administrative Agent. (Incorporated by reference to Exhibit 10.3 of Form 8-K of Vail Resorts, Inc. filed on March 3, 2006.)	
10.8(d)	Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement, dated March 13, 2007. (Incorporated by reference to Exhibit 10.8(d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2009.)	
10.8(e)	Fourth Amendment to Fourth Amended and Restated Credit Agreement, dated April 30, 2008, among The Vail Corporation (d/b/a Vail Associates, Inc.) as borrower, the lenders party thereto and Bank of America, N.A., as Administrative Agent. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2008.)	
10.9(a)	Construction Loan Agreement, dated January 31, 2006 among Arrabelle at Vail Square, LLC, U.S. Bank National Association and Wells Fargo Bank, N.A.. (Incorporated by reference to Exhibit 10.33(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.9(b)	Completion Guaranty Agreement by and between The Vail Resorts Corporation and U.S. Bank National Association, dated January 31, 2006. (Incorporated by reference to Exhibit 10.33(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.9(c)	Completion Guaranty Agreement by and between Vail Resorts, Inc. and U.S. Bank National Association dated January 31, 2006. (Incorporated by reference to Exhibit 10.33(c) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.10(a)**	Construction Loan Agreement, dated March 19, 2007 among The Chalets at The Lodge at Vail, LLC, and Wells Fargo Bank, N.A. (Incorporated by reference to Exhibit 10.3 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(b)	Completion Guaranty Agreement by and between The Vail Corporation and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.4 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	

Posted Exhibit Number	Description	Sequentially Numbered Page
10.10(c)	Completion Guaranty Agreement by and between Vail Resorts, Inc. and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.5 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(d)	Development Agreement Guaranty by and between The Vail Corporation and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.6 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(e)	Development Agreement Guaranty by and between Vail Resorts, Inc. and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.7 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.11	Amended and Restated Revolving Credit and Security Agreement between SSI Venture, LLC and U.S. Bank National Association, dated September 23, 2005. (Incorporated by reference to Exhibit 10.1 on Form 8-K of Vail Resorts, Inc. filed on September 29, 2005.)	
10.12*	Vail Resorts, Inc. 1993 Stock Option Plan (Incorporated by reference to Exhibit 4.A of the registration statement on Form S-8 of Vail Resorts, Inc., dated October 21, 1997, File No. 333-38321.)	
10.13*	Vail Resorts, Inc. 1996 Long Term Incentive and Share Award Plan (Incorporated by reference to the Exhibit 4.B of the registration statement on Form S-8 of Vail Resorts, Inc., dated October 21, 1997, File No. 333-38321.)	
10.14*	Vail Resorts, Inc. 1999 Long Term Incentive and Share Award Plan. (Incorporated by reference to Exhibit 4.1 of the registration statement on Form S-8 of Vail Resorts, Inc., dated September 7, 2007, File No. 333-145934.)	
10.15*	Vail Resorts, Inc. Amended and Restated 2002 Long Term Incentive and Share Award Plan. (Incorporated by reference to Exhibit 99.1 on Form 8-K of Vail Resorts, Inc. filed on December 10, 2009.)	
10.16*	Form of Stock Option Agreement. (Incorporated by reference to Exhibit 10.20 of Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2007.)	
10.17*	Form of Restricted Share Unit Agreement. (Incorporated by reference to Exhibit 10.17 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.18*	Form of Share Appreciation Rights Agreement. (Incorporated by reference to Exhibit 10.18 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.19*	Stock Option Agreement between Vail Resorts, Inc. and Jeffrey W. Jones, dated September 30, 2005. (Incorporated by reference to Exhibit 10.6 on Form 8-K of Vail Resorts, Inc. filed on March 3, 2006.)	
10.20*	Summary of Vail Resorts, Inc. Director Compensation, effective March 10, 2009. (Incorporated by reference to Exhibit 10.20 on Form 10-K of Vail Resorts, Inc. filed on September 24, 2009.)	
10.21*	Vail Resorts Deferred Compensation Plan, effective as of October 1, 2000. (Incorporated by reference to Exhibit 10.23 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2000.)	

Posted Exhibit Number	Description	Sequentially Numbered Page
10.22	Vail Resorts Deferred Compensation Plan, effective as of January 1, 2005. (Incorporated by reference to Exhibit 10.22 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2009.)	
10.23*	Vail Resorts, Inc. Executive Perquisite Fund Program. (Incorporated by reference to Exhibit 10.27 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2007.)	
10.24*	Vail Resorts, Inc. Management Incentive Plan. (Incorporated by reference to Exhibit 10.7 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.25*	Agreement, dated January 7, 2008, by and among Vail Associates, Inc., William A. Jensen and Intrawest ULC. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2008.)	
10.26*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Resorts, Inc. and Robert A. Katz. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.27(a)*	Executive Employment Agreement made and entered into October 15, 2008 by and between Jeffrey W. Jones and Vail Resorts, Inc. (Incorporated by reference to Exhibit 10.2 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.27(b)*	Restated First Amendment to Amended and Restated Employment Agreement, dated September 18, 2008, by and between Vail Resorts, Inc. and Jeffrey W. Jones. (Incorporated by reference to Exhibit 10.28(b) of Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.28*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Keith Fernandez. (Incorporated by reference to Exhibit 10.3 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.29*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and John McD. Garnsey. (Incorporated by reference to Exhibit 10.4 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.30(a)*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Blaise Carrig. (Incorporated by reference to Exhibit 10.5 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.30(b)*	Addendum to the Employment Agreement, dated September 1, 2002, between Blaise Carrig and Heavenly Valley, Limited Partnership. (Incorporated by reference to Exhibit 10.31(b) of Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.31	Form of Indemnification Agreement. (Incorporated by reference to Exhibit 10.8 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	

Posted Exhibit Number	Description	Sequentially Numbered Page
21	Subsidiaries of Vail Resorts, Inc.	58
22	Consent of Independent Registered Public Accounting Firm.	65
23	Power of Attorney. Included on signature pages hereto.	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	66
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	67
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	68

*Management contracts and compensatory plans and arrangements.

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

- b) Exhibits
The exhibits filed herewith as indicated in the exhibit listed above following the Signatures section of this report.
- c) Financial Statement Schedules

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

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
2008				
Inventory Reserves	\$ 826	\$ 2,729	\$ (2,344)	\$ 1,211
Valuation Allowance on Income Taxes	1,588	--	--	1,588
Trade Receivable Allowances	2,118	670	(1,122)	1,666
2009				
Inventory Reserves	1,211	2,496	(2,252)	1,455
Valuation Allowance on Income Taxes	1,588	--	--	1,588
Trade Receivable Allowances	1,666	2,109	(1,898)	1,877
2010				
Inventory Reserves	1,455	2,310	(2,313)	1,452
Valuation Allowance on Income Taxes	1,588	--	--	1,588
Trade Receivable Allowances	\$ 1,877	\$ 1,328	\$ (946)	\$ 2,259

SIGNATURES

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

Date: September 23, 2010

Vail Resorts, Inc.

By:

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

Date: September 23, 2010

Vail Resorts, Inc.

By:

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

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on September 23, 2010.

/s/ Robert A. Katz Robert A. Katz	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
/s/ Jeffrey W. Jones Jeffrey W. Jones	Senior Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ Roland A. Hernandez Roland A. Hernandez	Director
/s/ Thomas D. Hyde Thomas D. Hyde	Director
/s/ Richard D. Kincaid Richard D. Kincaid	Director
/s/ John T. Redmond John T. Redmond	Director
/s/ Hilary A. Schneider Hilary A. Schneider	Director
/s/ John F. Sorte John F. Sorte	Director

CORPORATE DATA

Board of Directors

Robert A. Katz
Chairman and Chief Executive Officer,
Vail Resorts, Inc.

Roland A. Hernandez
Founding Principal and Chief Executive Officer,
Hernandez Media Ventures

Thomas D. Hyde
Former Executive Vice President and Corporate Secretary,
Wal-Mart Stores, Inc.

Jeffrey W. Jones
Senior Executive Vice President and Chief Financial Officer,
Vail Resorts, Inc.

Richard D. Kincaid
Former President and Chief Executive Officer,
Equity Office Properties Trust

John T. Redmond
Former President and Chief Executive Officer,
MGM Grand Resorts, LLC

Hilary A. Schneider
Executive Vice President,
Yahoo! Americas

John F. Sorte
President and Chief Executive Officer,
Morgan Joseph & Co. Inc.

Executive Officers

Fiona E. Arnold
Senior Vice President, General Counsel and Secretary

Patricia A. Campbell
Senior Vice President and Chief Operating Officer,
Breckenridge Mountain Resort

Blaise T. Carrig
Co-President, Mountain Division

John McD. Garnsey
Co-President, Mountain Division

Mark R. Gasta
Senior Vice President and Chief Human Resources Officer

Christopher E. Jarnot
Senior Vice President and Chief Operating Officer,
Vail Mountain Resort

Jeffrey W. Jones
Senior Executive Vice President and Chief Financial Officer

Robert A. Katz
Chief Executive Officer

Heidi Kercher-Pratt
Vice President and Chief Marketing Officer

Mark L. Schoppet
Senior Vice President, Controller and Chief Accounting Officer

Paul G. Toner
Senior Vice President and Chief Operating Officer,
RockResorts and Vail Resorts Hospitality

Robert N. Urwiler
Senior Vice President and Chief Information Officer

Corporate Information

Corporate Offices
Vail Resorts, Inc.
390 Interlocken Crescent
Broomfield, Colorado 80021
303.404.1800

Stock Exchange Listing
The common shares of Vail Resorts, Inc. are listed and traded on the New York Stock Exchange under the ticker symbol MTN.

Independent Auditors
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Denver, Colorado

Securities Counsel
Hogan Lovells US LLP
Denver, Colorado

Transfer Agent and Registrar
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Shareowner Services
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