NN INC
Form DEF 14A
April 04, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

NN, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 5, 2012

Dear Shareholder:

You are cordially invited to attend the 2012 Annual Meeting of NN, Inc., which will be held on May 17, 2012, at 10:00 a.m., local time, at the Renaissance Charleston Hotel, 68 Wentworth Street, Charleston, SC 29401.

The business to be conducted at the Annual Meeting is described in the attached Notice of Meeting and Proxy Statement. You are urged to read the Proxy Statement carefully before completing the enclosed proxy card.

To assure your representation at the meeting, please mark, date and sign the proxy card and return it in the enclosed envelope at your earliest convenience, whether or not you plan to attend the meeting. If you attend the Annual Meeting, you may revoke your proxy and vote in person if you so desire. Management will not conduct a formal presentation at this year s meeting.

Sincerely,

Roderick R. Baty
Chairman and Chief Executive Officer

NN, Inc.

2000 Waters Edge Drive, Building C, Suite 12

Johnson City, TN 37604

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of NN, Inc., a Delaware corporation, will be held on May 17, 2012, at 10:00 a.m., local time, at Renaissance Charleston Hotel, 68 Wentworth Street, Charleston, SC 29401. At the meeting, our shareholders will vote on the following:

(1) Election of two Class II directors to serve for a term of three years;

(2) Advisory resolution to approve executive compensation;

(3) Ratification of the selection of PricewaterhouseCoopers LLP as the Company s registered independent public accounting firm for the fiscal year ending December 31, 2012; and

(4) Other business as properly may come before the meeting.

Details regarding these matters are contained in the accompanying Proxy Statement.

Holders of record of Common Stock, as defined in the Proxy Statement, at the close of business on March 26, 2012, are entitled to notice of and to vote at the Annual Meeting.

YOUR VOTE IS VERY IMPORTANT. REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE BY TELEPHONE, BY INTERNET, OR COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENVELOPE PROVIDED. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE ANNUAL MEETING.

By Order of the Board of Directors,

William C. Kelly, Jr.
Vice President, Chief Administrative Officer and Secretary

Johnson City, Tennessee

April 5, 2012

NN, INC.

PROXY STATEMENT

FOR

2012 ANNUAL MEETING OF SHAREHOLDERS

Proxies are being solicited by the board of directors of NN, Inc. (the Company), in connection with the annual meeting of shareholders to be held on May 17, 2012 at the **Renaissance Charleston Hotel, 68 Wentworth Street, Charleston, SC 29401** (the Annual Meeting), for the purpose of considering and acting upon the matters set forth in the foregoing Notice of Annual Meeting of Shareholders (the Notice). Shareholders of record of the Company s common stock, par value $0.01 per share (Common Stock), as of the close of business on March 26, 2012, will be entitled to vote at the meeting. On March 26, 2012 (the Record Date), 17,023,932 shares of Common Stock were issued and outstanding.

The entire cost of this proxy solicitation is being paid by the Company. In addition to solicitation by mail, officers and employees of the Company, without additional remuneration, may solicit proxies by telephone, facsimile transmission or personal contact. Brokerage houses, banks, nominees, fiduciaries and other custodians will be requested to forward soliciting material to the beneficial owners of shares held by them of record and will be reimbursed by the Company for their expenses in so doing.

The SEC s rules regarding the delivery of proxy materials to shareholders permit us to deliver a single copy of these documents to an address shared by two or more of our shareholders. This method of delivery is called householding, and can significantly reduce our printing and mailing costs. It also reduces the volume of mail you receive. This year, we are delivering only one set of proxy materials to multiple shareholders sharing an address, unless we receive instructions to the contrary from one or more of the shareholders. We will still be required, however, to send you and each other shareholder at your address an individual proxy voting card. If you would like to receive more than one set of proxy materials, we will promptly send you additional copies upon written or oral request directed to our Secretary at 2000 Waters Edge Drive, Building C, Suite 12, Johnson City, Tennessee 37604 or 423-743-9151. The same address and phone number may be used to notify us that you wish to receive a separate set of proxy materials in the future, or to request delivery of a single copy of our proxy materials if you are receiving multiple copies.

The mailing address of the Company s executive office is 2000 Waters Edge Drive, Building C, Suite 12, Johnson City, Tennessee 37604. This Proxy Statement and the form of proxy were mailed to shareholders on or about April 5, 2012.

Voting; Quorum; Proxies

Each share of Common Stock outstanding on the Record Date is entitled to one vote on each matter submitted to a vote of shareholders at the Annual Meeting. A quorum for the conduct of business is established when the holders of at least a majority of the outstanding shares of Common Stock entitled to vote in the election of directors is present at the meeting or is represented by proxy. Abstentions and broker non-votes will be included in the number of shares considered present at the meeting for the purpose of determining whether there is a quorum. Representatives of the Company will serve as inspectors of election for the Annual Meeting.

Shares represented by a properly executed proxy will be voted at the Annual Meeting in the manner specified. In the absence of specific instructions, shares represented by a properly executed proxy will be voted for each of the nominees for election to the board of directors (Board) named herein, for the advisory resolution to approve executive compensation, and for ratification of the selection of PricewaterhouseCoopers LLP to serve as the Company s registered independent public accounting firm for 2012.

The Board does not now intend to bring before the Annual Meeting any matters other than those disclosed in the Notice, and it is not aware of any business that any other persons intend to bring before the Annual Meeting. Should any such matter requiring a vote of the shareholders arise, the enclosed form of proxy confers upon the persons named therein the discretionary authority to vote the shares represented by the proxy as they deem appropriate.

A proxy may be revoked at any time before it is exercised by delivery to the Secretary of the Company of a written revocation or a subsequently dated proxy and will be deemed revoked if the shareholder votes in person at the Annual Meeting.

Required Vote

Proposal I: *Election of Directors.* Directors are elected by a plurality of the votes cast in person or by proxy. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election.

Proposal II: *Advisory Resolution to Approve Executive Compensation.* To be approved, this matter must receive the affirmative vote of the majority of the shares present in person or by proxy and entitled to vote on the matter. Abstentions will have the effect of no votes on this matter. A broker non-vote will have no impact on the vote for this proposal.

Proposal III: *Ratification of Registered Independent Public Accounting Firm.* To be approved, this matter must receive the affirmative vote of the majority of the shares present in person or by proxy and entitled to vote on the matter. Abstentions will have the effect of no votes on this matter. There will not be a broker non-vote with regard to this proposal.

Submission of Shareholder Proposals

Any shareholder proposal intended to be presented at next year s Annual Meeting must be received by the Company at its executive offices not later than December 15, 2012 in order to be considered for inclusion in the Company s proxy statement and form of proxy for such meeting. These proposals should be sent to NN, Inc., Attention: Secretary, 2000 Waters Edge Drive, Building C, Suite 12, Johnson City, Tennessee 37604. Proposals of shareholders not intended for inclusion in the Company s 2013 proxy statement must be received by the Company in writing no later than February 28, 2013 in order to preclude the Company s use of its discretionary proxy voting authority to vote on the proposal or nominee if the proponent is present at the 2013 annual meeting.

PROPOSAL I

Election of Directors

The Company s Certificate of Incorporation provides for the division of the Board into three classes: Class I, Class II and Class III. Only one class of directors is elected at each annual meeting. Each director so elected serves for a three-year term and until his or her successor is elected and qualified, subject to such director s earlier death, resignation or removal.

Nominees

Two Class II directors will be elected to the Board at the Annual Meeting. The Company has nominated for election Roderick R. Baty, a current director of the Company, and Mr. David L. Pugh, a new nominee. Additional information about each of these nominees can be found under Information about the Directors on page 5. The nominees have indicated a willingness to serve as directors if elected, but if either of them should decline or be unable to serve, the persons named as proxies intend to vote all shares in favor of the election of such other persons who may be nominated as replacements by the Board. The Company takes into account diversity considerations in determining the slate of nominees and believes as a group the nominees bring a diverse range of perspective to the Board.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINATED DIRECTORS.

PROPOSAL II

Advisory Resolution To Approve Executive Compensation

At the 2011 Annual Meeting, shareholders expressed their strong preference for an annual advisory vote to approve executive compensation. Accordingly, the Board determined that, every year until the next vote on the frequency of the advisory vote, the Company will hold a vote to approve the Company s executive compensation on an advisory basis. As such, the Board is asking shareholders to vote on an advisory resolution to approve the Company s executive compensation as reported in this Proxy Statement. As described in the Compensation Discussion and Analysis section of this Proxy Statement, the goal of the Company is to structure its compensation arrangements for executive officers in a manner that will promote the Company s profitability and enhance long-term shareholder value. In designing its compensation arrangements to achieve this goal, the Company is guided by the following objectives:

- attracting and retaining qualified and dedicated executives who are essential to the long-term success of the Company;
- providing compensation packages that are competitive with the compensation arrangements offered by comparable companies, including the Company s competitors;
- tying a significant portion of an executive officer s compensation to the Company s and the individual s performance; and
- directly aligning the interests of management with the interests of the shareholders through stock-based compensation arrangements.

Shareholders are urged to read the Compensation Discussion and Analysis beginning on page 13 of this Proxy Statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 16 through 20, which provide detailed information on the compensation of our Named Executive Officers. The Compensation Committee and the Board believe that the policies and procedures discussed in the Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our Named Executive Officers reported in this Proxy Statement has contributed to the Company s recent and long-term success.

3

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), and as a matter of good corporate governance, the Company is asking shareholders to approve the following advisory resolution at the 2012 Annual Meeting of Shareholders:

RESOLVED, that the shareholders of NN, Inc. (the Company) approve, on an advisory basis, the compensation of the Company s named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company s 2012 Annual Meeting of Shareholders.

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR THE ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION.

PROPOSAL III

Ratification of Selection of Registered Independent Public Accounting Firm

The firm of PricewaterhouseCoopers LLP has been selected by the Audit Committee as the Company s registered independent public accounting firm for 2012. Although it is not required to do so, the Board has determined that it is desirable to seek shareholders ratification of the selection of PricewaterhouseCoopers LLP. If the shareholders should not ratify the appointment of PricewaterhouseCoopers LLP, the Audit Committee will reconsider the appointment.

Fees Paid to Registered Independent Public Accounting Firm

During 2011, PricewaterhouseCoopers LLP not only acted as the registered independent public accounting firm for the Company (work related to auditing the annual financial statements for fiscal year 2010 and reviewing the financial statements included in our Forms 10-Q), but also rendered on our behalf tax-related services. The following table sets forth the aggregate fees billed by PricewaterhouseCoopers LLP for audit services rendered in connection with the financial statements and reports for fiscal years 2011 and 2010 and for tax-related services rendered during fiscal years 2011 and 2010 on our behalf, as well as all expenses incurred in connection with these services, which have been or will be billed to us.

	2011	2010
Audit Fees	$ 1,121,633	$ 1,303,607
Tax Fees	460,897	404,951
Total	$ 1,582,530	$ 1,708,558

In accordance with Securities and Exchange Commission (SEC) definitions and rules, audit fees are fees billed to the Company for professional services for the audit of the Company s consolidated financial statements included in Form 10-K and review of financial statements included in Forms 10-Q, and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements and tax fees are fees billed for tax compliance, tax advice and tax planning.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves all audit and permissible non-audit services to be provided to the Company by its registered independent public accounting firm prior to commencement of services. The Chairman of the Audit Committee has the authority to pre-approve such services up to a specified fee amount and these pre-approved decisions are presented to the full Audit Committee at its next scheduled meeting. Since the effective date of the SEC rules regarding strengthening auditor independence, all of the audit and tax services by PricewaterhouseCoopers LLP were pre-approved in accordance with the Audit Committee s policies and procedures.

Representatives of PricewaterhouseCoopers LLP will not be present at the Annual Meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

Information about the Directors

On March 22, 2012, the Board approved an increase in the number of seats on the board from six to seven. Robert E. Brunner was appointed to the Board to fill the vacancy created by the addition of a board seat. As such, the Board currently consists of seven directors. The Board has determined that each of the directors and nominees, with the exception of Mr. Baty, qualifies as independent as defined by the NASDAQ rules. In making this determination, the Board has concluded that none of these directors has a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The following table sets forth the names of each current director (including the nominees for election), their age, their years of service as a director, the year in which their current term expires and their current positions with the Company. The table is followed by a more detailed biographical description for each director or nominee.

Name	Age	Director Since	Term Expires	Positions with the Company
Roderick R. Baty	58	1995	2012	Chairman of the Board, Chief Executive Officer, President and Director nominee for re-election
Robert M. Aiken, Jr.	69	2003	2012	Director passed away on March 10, 2012
Richard G. Fanelli	73	2005	2013	Director
Michael E. Werner	67	1995	2013	Director
G. Ronald Morris	75	1994	2014	Director
David L. Pugh	62	N/A	N/A	Director nominee
Steven T. Warshaw	63	1997	2014	Director
Robert E. Brunner	54	2012	2015	Director appointed in 2012

Roderick R. Baty became President and Chief Executive Officer of the Company in July 1997 and has been a member of the Board since 1995. Mr. Baty was elected Chairman of the Board in September 2001. He joined the Company in July 1995 as Vice President and Chief Financial Officer and was elected to the Board to fill a vacant seat in August 1995. Prior to joining the Company, Mr. Baty served as President and Chief Operating Officer of Hoover Precision Products from 1990 to January 1995 and as Vice President and General Manager of Hoover Group from 1985 to 1990. Mr. Baty serves on the Board of Alamo Group, Inc., a publicly held company.

Director Nominee for Re-election Qualifications: A member of the Board since 1995, Mr. Baty brings considerable executive leadership and strategic experience to the Board through his past senior executive positions and his long-term services as our Chief Executive Officer. He also brings invaluable industry experience to the Company s operational initiatives and strategic development.

Robert M. Aiken, Jr. was a member of the Board since 2003. Mr. Aiken retired in December 2003 as President of RMA Consulting, Inc., a management consulting firm he founded in 1998. Prior to this position, Mr. Aiken served as Executive Vice President and Chief Financial Officer of Sunoco, an independent refiner and marketer of petroleum and

5

petrochemical products. Mr. Aiken held this position from 1996 and served as Senior Vice President and Chief Financial Officer from 1990 to 1996. From 1970 to 1990 Mr. Aiken held various financial positions within Sunoco, Inc. Prior to Mr. Aiken joining Sunoco, he held positions with Coopers and Lybrand and earlier with Hershey Foods. Mr. Aiken passed away on March 10, 2012.

Richard G. Fanelli has been a member of the Board since 2005. Mr. Fanelli retired in 2000 from Enthone-OMI, Inc., where he spent the majority of his career. Enthone-OMI, Inc. is a global specialty chemical company that develops, produces and markets high performance coatings for metals and plastics for the electronics, automotive, aerospace and telecommunications industries. Mr. Fanelli served as President and Chief Executive Officer of Enthone-OMI, Inc. from 1992 to his retirement in 2000. Prior to this position, Mr. Fanelli served as President of Enthone-OMI Europe from 1991 to 1992. From 1989 to 1991, he served as Executive Vice President and Chief Operating Officer of Enthone-OMI North America. Prior to this position, Mr. Fanelli held a variety of positions within Enthone-OMI, Inc. including positions in sales and marketing and general management. Mr. Fanelli brings significant industry and leadership experience to the Board as well as his knowledge of good corporate governance practices.

Michael E. Werner has been a member of the Board since 1995. Mr. Werner retired in 2009 from Werner & Associates, a management consulting firm that Mr. Werner co-founded in 1982 specializing in manufacturing companies. During the five years prior to starting his business, Mr. Werner served as Director of Strategic Planning and Business Development for the Uniroyal Chemical Company. He also has held positions with the New York Central Company, Western Electric Company and the Continental Group. Mr. Werner s strategic insight and knowledge of marketing and strategic planning processes developed through a consultant s perspective has been, and continues to be, valuable to the Board.

G. Ronald Morris has been a member of the Board since 1994. Mr. Morris retired in 1999 from Western Industries, Inc., a contract manufacturer of metal and plastic products. Mr. Morris had served as President, Chief Executive Officer and director of Western Industries, Inc. since July 1991. From 1989 to 1991, Mr. Morris served as Chairman of the Board of Integrated Technologies, Inc., a manufacturer of computer software, and from 1988 to 1989, he served as Vice Chairman of Rexnord Corporation, a manufacturer of mechanical power transmission components and related products, including anti-friction bearings. From 1982 to 1988, Mr. Morris served as President and Chief Executive Officer of PT Components, Inc., a manufacturer of mechanical power transmission components and related products that was acquired by Rexnord Corporation in 1988. Mr. Morris has extensive executive leadership and board experience with technology, precision metal, plastic and bearing manufacturers. He brings to the Board substantial knowledge and expertise in product development and global manufacturing. He also brings invaluable insight and perspective to the Company s strategic development.

David L. Pugh, a director nominee, retired in 2011 as President and Chief Executive Officer and Chairman of the Board of Applied Industrial Technologies (Applied), a leading distributor of industrial products and services. Mr. Pugh joined Applied in 1999 as President and Chief Operating Officer. Prior to joining Applied, Mr. Pugh served as Senior Vice President of the Industrial Control Group of Rockwell International Corporation, a provider of industrial automation control and information solutions, which he joined in 1994. Prior to joining Rockwell, Mr. Pugh held various positions in sales, marketing and operations at Square D Company and Westinghouse Electric. Mr. Pugh serves on the board of directors of Hexcel Corporation, a publicly held company and a leading producer of advanced composites. Mr. Pugh also serves on the board of directors of R.W. Beckett Corporation, a premiere manufacturer of oil and gas burners. Mr. Pugh offers to the board valuable bearing experience and executive leadership as well as specialized operational experience in global bearing distribution. Additionally, Mr. Pugh brings to the Board his previous experience on the board of directors of a publicly held company.

Steven T. Warshaw has been a member of the Board since 1997. Mr. Warshaw retired in 2005 from M Cubed Technologies, a developer and manufacturer of advanced composite materials and ultra-precise electronic components and modules. Mr. Warshaw had served as President and Chief Executive Officer of M Cubed Technologies since July 2002. Prior to this position, he served as President of Hexcel Schwebel, a global producer of advanced structural materials, from April 2000 to November 2001. Mr. Warshaw served from February 1999 as Senior Vice President of Photronics, Inc., a global supplier to the semiconductor industry. From 1996 to 1999, he served as President of Olin Microelectronic Materials, a company supplying technologically advanced chemicals, products, and services to semiconductor manufacturers. Mr. Warshaw serves on the board of directors of Park Electrochemical Corp., a publicly held company. Mr. Warshaw brings considerable executive experience as well as providing the benefit of service on the board of directors of a publicly traded company. Mr. Warshaw has extensive knowledge and brings insights and perspectives from positions he has held in important areas, including global operations, product development, marketing and executive compensation.

Robert E. Brunner was appointed to the Board on March 22, 2012. Mr. Brunner has served as Executive Vice President of Illinois Tool Works, Inc., an international manufacturer of highly engineered fasteners and components, equipment and consumable systems and specialty products, from 2006 until his retirement was announced in 2011. Prior to this position, Mr. Brunner held the position of President, Global Automotive Fasteners from 2005 to 2006 and President, North American Automotive Fasteners from 2003 to 2005. Prior to this position, Mr. Brunner held a variety of positions within Illinois Tool Works, Inc. including positions in general management, operations management and sales & marketing. Mr. Brunner serves on the board of directors of Leggett & Platt, Incorporated, a publicly held company and a diversified manufacturer of engineered components and products. Mr. Brunner s brings to the Board broad industry knowledge, executive leadership experience and extensive experience with mergers and acquisitions. Additionally, his public company board experience will be a valuable addition to the Board.

Compensation of Directors

Directors who are not employees of the Company are paid an annual retainer of $30,000 and a fee of $1,500 for each Board meeting attended, $1,000 for each committee meeting attended, and $500 for each teleconference meeting attended. Additionally, the Chair of the Audit Committee is paid an annual retainer of $9,000 and the Chair of the Governance Committee and the Chair of the Compensation Committee are paid an annual retainer of $5,000, respectively. Directors who are employees of the Company do not receive any compensation for their service as directors. Directors may elect to defer some or all of the compensation they are provided by the Company. Additionally, the Compensation Committee has from time to time granted stock options to the non-employee directors. The Company also reimburses all directors for out-of-pocket expenses incurred in attending Board and committee meetings. Director compensation is reviewed and approved by the Compensation Committee.

The table below provides information about the compensation our non-employee directors received during 2011.

Director Compensation Table For 2011

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Robert M. Aiken, Jr.	35,100	45,216	36,060				116,376
Richard G. Fanelli	53,050	45,216	36,060		(11,868)		122,458
G. Ronald Morris	55,550	45,216	36,060		(7,280)		129,546
Steven T. Warshaw	52,550	45,216	36,060				133,826
Michael E. Werner	48,750	45,216	36,060		8,034		138,060

(1) Amounts represent the aggregate grant date fair value, as computed in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, of 3,200 restricted shares of stock awarded Messrs. Aiken, Fanelli, Morris, Warshaw and Werner. Mr. Aiken passed away on March 10, 2012. Upon Mr. Aiken s passing, all unvested options and unvested restricted stock became 100% vested and transferred to his estate. On May 26, 2011, the Company awarded 75,100 restricted shares to five non-employee directors and seven executive officers and other key employees. These shares vest over a period of three years beginning on the first anniversary of the date of grant.

(2) Amounts represent the aggregate grant date fair value, as computed in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, of 6,000 options to purchase the Company s stock awarded Messrs. Aiken, Fanelli, Morris, Warshaw and Werner. Mr. Aiken passed away on March 10, 2012. Upon Mr. Aiken s passing, all unvested options and unvested restricted stock became 100% vested and transferred to his estate. On May 26, 2011, the Company awarded 201,000 options to purchase the Company s stock to five non-employee directors and eight executive officers and other key employees. The options granted to directors vest 100% on the first anniversary of the date of grant. The assumptions used to calculate the value of these option awards are set forth under Note 9 of the Notes to Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Commission on March 15, 2012.

The following table sets forth information with respect to nonqualified deferred compensation during 2011.

Nonqualified Deferred Compensation For 2011

Name	Director Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Robert M. Aiken, Jr.					
Robert E. Brunner					
Richard G. Fanelli			(11,868)		75,330
G. Ronald Morris			(7,280)		374,014
Steven T. Warshaw					
Michael E. Werner			8,034		357,314

Committees of the Board

Audit Committee. The Audit Committee consists of G. Ronald Morris who serves as Chair, Steven T. Warshaw and Robert E. Brunner. Mr. Aiken passed away on March 10, 2012. All members of the Audit Committee are independent as defined in the NASDAQ rules and Mr. Morris has been designated as the audit committee financial expert as defined by Item 407(d) of Regulation S-K. Among other matters described in its charter, the Audit Committee is responsible for engaging the registered independent public accounting firm to conduct the annual audit of the books and accounts of the Company and for reviewing the effectiveness of the internal auditing, accounting and financial controls of the Company with the registered independent public accounting firm and the Company s internal financial and accounting staff. The Audit Committee originally adopted a written charter in June 2000. This charter, which has been amended, is subject to review and reassessment at least annually. This revised charter is included on the Company s website at *www.nnbr.com*. The Audit Committee met five times in 2011.

Compensation Committee. The Compensation Committee consists of Steven T. Warshaw who serves as Chair, Michael E. Werner and Richard G. Fanelli. All members of the Compensation Committee are independent as defined by NASDAQ rules. The Compensation Committee annually reviews and approves corporate goals and objectives relative to the Chief Executive Officer evaluation, compensation and performance. Additionally, the Compensation Committee is responsible for reviewing and approving the Company s executive compensation policies and practices and supervising the administration of the Company s employee benefit plans, including the 2005 NN, Inc. Stock Incentive Plan and the 2011 Stock Incentive Plan. In April 2003, the Compensation Committee presented to the Board and the Board approved a written charter. This charter, which has been amended, is subject to review and reassessment at least annually. This revised charter is included on the Company s website at *www.nnbr.com.* The functions of the Compensation Committee are discussed in further detail in the section entitled Compensation Committee Report herein. The Compensation Committee met three times in 2011.

Governance Committee. The Governance Committee was formed in 2002. The Committee consists of Richard G. Fanelli who serves as Chair, Michael E. Werner, G. Ronald Morris and Robert E. Brunner. All members of the Governance Committee are independent as defined by NASDAQ rules.

As provided in its charter, the Governance Committee is responsible for reviewing and recommending qualified candidates for membership on the Board. The Governance Committee seeks input from the Chairman, other board members, and professional search firms, if applicable. In 2011, the Governance Committee retained the services of an executive and director search firm to aid in the identification and evaluation of qualified board candidates. Mr. Pugh and Mr. Brunner were first identified as possible director candidates by this search firm and then recommended to the Board by our Governance Committee. The Governance Committee will also consider and evaluate any qualified candidates recommended by shareholders. In accordance with the Board s governance principles, the Governance Committee seeks to establish a board of directors that will bring to the Company a broad and diverse range of experience, knowledge and professional judgment. The Governance Committee believes that the Board should have collective competency, knowledge and experience with respect to corporate governance, business, finance and accounting, economics, industry knowledge, manufacturing, technology, legal and government affairs, risk management and international operations, among other things.

A candidate s competencies, experience and knowledge should enable him or her to contribute significantly to the governance of a complex, multi-million dollar business enterprise. The candidate should be independent in judgment and not represent the interests of particular constituencies. The Governance Committee will review a candidate s qualifications and any

8

potential conflicts they may have with the Company s interests. In evaluating director nominees, including candidates submitted by shareholders, the Governance Committee will consider the candidate s experience, integrity, ability to make independent analytical inquiries, understanding of the Company s business environment and willingness to devote adequate time to Board duties. The Governance Committee will also consider whether a candidate meets the definition of independent director under NASDAQ rules.

Shareholders who wish to recommend director candidates for the 2013 Annual Meeting of Shareholders should notify the Secretary in writing at NN, Inc., 2000 Waters Edge Drive, Building C, Suite 12, Johnson City, Tennessee 37604. This notification must be received by the Company by December 15, 2012 and must provide information about the nominee s qualifications for board membership. This requirement does not apply to the deadline for submitting shareholder proposals for inclusion in the Proxy Statement (see Submission of Shareholder Proposals on page 2), nor does it apply to questions a shareholder may want to ask at the 2013 Annual Meeting. The Governance Committee Charter lists the qualifications against which a nominee will be judged. A copy of the Charter can be obtained by writing to the Secretary at the address set forth above. Alternatively, a copy of the Charter is available on the Company s website, *www.nnbr.com*. The Governance Committee will evaluate any director candidate nominated by shareholders according to the criteria discussed above and, based on the results of that evaluation, will determine whether to include the candidate in its recommended slate of director nominees in the Proxy Statement. No shareholder or group of shareholders who beneficially owned more than 5% of the Common Stock for at least one year at the time of such recommendation have recommended candidates for election to the Board.

The Company retains discretion to vote proxies it receives with respect to director nominations or any other business proposals received after December 15, 2012. The Company retains discretion to vote proxies it receives with respect to such proposals received prior to December 15, 2012 provided (a) the Company includes in its proxy statement advice on the nature of the proposal and how it intends to exercise its voting discretion, and (b) the proponent does not issue its own proxy statement.

Additionally, the Governance Committee is responsible for overseeing the process of providing information to the Board, developing corporate governance principles applicable to the Company, and providing oversight and reviewing the Board on an annual basis. In October 2002, the Governance Committee adopted a statement of Principles of Corporate Governance. In April 2003, the Governance Committee presented to the Board and the Board approved a written charter. This charter, which has been amended, is subject to review and reassessment at least annually. This revised charter is included on the Company s website at *www.nnbr.com*. The Governance Committee met five times in 2011.

Board Leadership

The Board is responsible for overseeing that the business of the Company is managed to meet the Company s strategic goals and objectives and that the long-term interests of shareholders are served. The Board s leadership structure includes very active and engaged independent directors. The Chairman of the Governance Committee approves the agenda for each Board meeting and presides over each executive session of independent directors which is held at each Board meeting. Each of the committees of the Board are chaired and comprised solely of independent Board members.

Roderick Baty currently serves as both the Chairman of the Board and the President and Chief Executive Officer of the Company. The Board believes that combining the chairman and chief executive officer positions is the most efficient and effective leadership structure for the Company. As Chief Executive Officer, Mr. Baty is closely involved in the day-to-day operations of the Company. The Board feels that due to this close involvement, Mr. Baty s comprehensive knowledge of the Company s business and industry and his ability to develop and implement strategic initiatives puts him in the best position to assess and evaluate critical strategic and business issues for further consideration and action by the independent Board given the size of the Company and the Board.

The current leadership structure does not include a lead director, as the Board believes the current structure promotes a high level of open communication and involvement of all the Board s independent members and committees and provides an effective balance for the management of the Company in the best interests of shareholders.

Board Oversight of Risk

The Board as a whole has responsibility for risk oversight. This oversight responsibility of the Board and its committees is enabled by management reporting processes that are designed to provide maximum visibility to the Board of the identification and assessment of critical risks and management s risk mitigation strategies. The Board and its committees oversee risks associated with their respective principal areas of focus. The Board is responsible for strategic, financial and execution risks and exposures associated with the annual operating plan, the five-year strategic plan, acquisitions and divestitures, senior management succession planning and general risk oversight. The Audit Committee is responsible for risk and exposures associated with financial, accounting, legal and regulatory matters. The Audit Committee oversees that management has established a process to assure an adequate system of internal controls and maintains the reliability of the accounting policies and financial reporting and disclosures of the Company. The Company s Vice President and Chief Compliance Officer is responsible for corporate risk management and reports directly to the Audit Committee on financial, accounting and regulatory matters. The Governance Committee is responsible for the oversight of corporate governance and the selection of the candidates for the Board and the evaluation of the Board members. The Compensation Committee is responsible for evaluating, approving and monitoring the executive compensation plans, policies and programs of the Company and to oversee other significant human resource issues. Additionally, the Compensation Committee is responsible for reviewing and overseeing the management of any risk related to the Company s compensation plans, policies and programs. The Compensation Committee reviews such risks annually and in connection with discussions of various compensation developments and benefits throughout the year.

Attendance at Board and Committee Meetings

The Board held 11 meetings in 2011. All current directors with the exception of Mr. Aiken attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all committees of the Board on which they served. While the Company does not have a policy requiring attendance by directors at the Annual Meeting, all of the current directors, with the exception of Mr. Brunner, who was not yet appointed to the Board at that time, attended the 2011 Annual Meeting.

Communicating with the Board

Interested parties may contact the Board by sending correspondence to NN, Inc., Attention: Secretary, 2000 Waters Edge Drive, Building C, Suite 12, Johnson City, Tennessee 37604. Any mail received by the Secretary with the exception of improper commercial solicitations will be forwarded to the members of the Board (or committee members, as appropriate) for their further action, if necessary.

Beneficial Ownership of Common Stock

Security Ownership of Management

The following table shows, as of March 26, 2012, the beneficial ownership of Common Stock by each director and nominee, each Named Executive Officer, and all directors and executive officers as a group, in each case as reported to the Company by such persons.

ss of Beneficial Owner (1)	Number of Shares Beneficially Owned (2)	Percentage Beneficially Owned (2)
y	273,295 (3)	
n	93,600 (4)	
III	125,194 (5)	
e	55,085 (6)	
rs	9,400 (7)	
n, Jr.	88,200 (8)	
er	3,200 (9)	

The operations of Northstar-at-Tahoe are conducted on land and with operating assets owned by CNL Lifestyle Properties, under operating lease agreements which were assumed by the Company. Since Northstar-at-Tahoe is located entirely on pri it does not require a SUP.

Special Use Permits

Vail Mountain operates under a SUP for the use of 12,353 acres that expires December 1, 2031. Breckenridge operates und for the use of 5,702 acres that expires December 31, 2029. Keystone operates under a SUP for the use of 8,376 acres that ex December 31, 2032. Beaver Creek operates under a SUP for the use of 3,849 acres that expires November 8, 2039. Heaven operates under a SUP for the use of 7,050 acres that expires May 1, 2042. We anticipate requesting a new SUP for each res to the expiration date identified above as provided by the Forest Service regulations and the terms of each existing SUP. W 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 expiration.

Each SUP contains a number of requirements, including that we indemnify the Forest Service from third-party claims arisi our operation under the SUP and that we comply with applicable laws, such as those relating to water quality and endanger 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 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 r 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 amend be consistent with the Forest Plan and are subject to the provisions of the National Environmental Policy Act (NEPA), b are discussed below.

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

Master Development Plans

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

Forest Plans

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

12

on National Forest System lands are subject to the Lake Tahoe Basin Management Unit Land and Resources Management I Lake Tahoe Forest Plan), which was adopted in 1988. The Forest Service is currently in the process of amending the Lal Forest Plan.

When approving our application for development, area expansion and other activities on National Forest System lands, the Service must adhere to the applicable Forest Plan. Any such decision may be subject to judicial review in Federal court if a with standing, challenges a Forest Service decision that applies the requirements of a Forest Plan at one of our five Nationa System lands 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 a ski area, installation of new lifts or snowmaking facilities, or construction of new trails or buildings. We must comply wit when seeking Forest Service approval of such improvements. The Forest Service is responsible for preparing and compiling required environmental studies, usually through third-party consultants. NEPA allows for different types of environmental depending on, among other factors, the scope and size of the expected impact of the proposed project. An Environmental Assessment (EA) is typically used for projects where the environmental impacts are expected to be limited. For projects significant expected impacts, an Environmental Impact Statement (EIS) is more commonly required. An EIS is more det broader in scope than an EA. The Forest Service usually takes more time to prepare, review and issue an EIS. Consequently 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 (inclu taking the proposed action) as well as impacts that may be unavoidable. Following completion of the requisite environment the Forest Service may decide not to approve the proposed action or may decide to approve an alternative. In either case we 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 pr of an environmental study required by NEPA. The Forest Service has a list of available Categorical Exclusions, which typic only available for projects that are not expected to have environmental impacts, such as certain utilities installed in an exist previously disturbed corridor.

Proposed actions at Heavenly and Northstar-at-Tahoe may also be subject to the California Environmental Quality Act (C which is similar to NEPA in that it requires the California governmental entity approving any proposed action at Northstar- or on the California portion of Heavenly to study potential environmental impacts. Projects with significant expected impac an Environmental Impact Report (EIR) while more limited projects may be approved based on a Mitigated Negative Dec

Breckenridge Regulatory Matters

We submitted an updated Master Development Plan for Breckenridge, which was accepted by the Forest Service in January 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 adjoi Breckenridge Ski Area to the north. In June 2011, the Forest Service issued a Draft EIS analyzing the potential Peak 6 deve and alternatives, in compliance with NEPA. The public comment period for the Draft EIS closed August 26, 2011. We anti that within the next twelve months the Forest Service will make a final decision regarding approval of the Peak 6 developm prepare a Final EIS and Record of Decision. It is not possible at this time to determine whether the expansion will be appro proposed.

Keystone Regulatory Matters

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

We submitted to the Forest Service an amended Project Proposal under the updated Keystone Master Development Plan in 2011. The Project Proposal focuses primarily on the front side of the mountain and includes trail widening, new trails, li snowmaking improvements and replacement or upgrade of on-mountain dining and skier service facilities. We are currently for Forest Service acceptance of the Project Proposal so that we can begin the NEPA review process.

13

Vail Mountain Regulatory Matters

In September 2007, the updated Vail Mountain Master Development Plan was accepted by the Forest Service. The Vail Mo
Master Development Plan includes, among other things, additional snowmaking on Vail Mountain, additional lifts, and a ra
facility expansion at Vail s Golden Peak. In December 2009, the Forest Service issued a Record of Decision (the 2009 RO
approving our first proposal under the updated Master Development Plan. The 2009 ROD approved the installation of a new
in Vail s Sundown Bowl, the upgrade of the existing Chair 5 to a high-speed, detachable quad chair lift, and construction o
dining facility at Mid-Vail. The installation and upgrade of Chair 5 was completed in the fall of 2010 and the upgraded cha
in service for the 2010/2011 ski season. Construction continues on the Mid-Vail fine dining facility, which we expect to be
completed and in operation for most of the 2011/2012 ski season.

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

Beaver Creek Regulatory Matters

The Beaver Creek Master Development Plan was accepted by the Forest Service in October 2010. Included in the submitted
Creek Master Development Plan, among other things, was certain chairlift and snowmaking upgrades and adjustments to vi
capacity parameters in light of prior lift and trail upgrades contemplated in the Master Development Plan.

Also in October 2010, we submitted a project proposal for ski area upgrades required in connection with the 2015 World A
Championships, to be held in Beaver Creek and Vail. Upgrades include trail widening and grading, new finish arena faciliti
snowmaking and related infrastructure. The proposal was accepted by the Forest Service, which is currently preparing an E
compliance with NEPA. We expect a Draft EIS to be issued October 2011. It is not possible at this time to determine wheth
projects will be approved as proposed.

Northstar-at-Tahoe Regulatory Matters

Northstar-at-Tahoe is located entirely on private land leased by us and is not subject to Forest Service authorization or over
However, site specific projects at Northstar-at-Tahoe are approved by Placer County pursuant to a series of minor use and
conditional use permits.

In February 2009, Northstar-at-Tahoe adopted a Habitat Management Plan (the HMP), in part to comply with its obligat
Settlement Agreement with regional conservation groups entered into in 2005. The HMP provides a framework for habitat
management for future development of the Northstar-at-Tahoe ski area and base area. In addition, Northstar-at-Tahoe has re
Placer County approval of an Overall Mountain Master Plan (the OMMP) and is pursuing CEQA approval through an
Environmental Impact Review process, which provides site specific and programmatic review of potential future projects.

During spring 2011, Northstar-at-Tahoe received Placer County approval for an approximately 750 person on-mountain res
and additional ski terrain (the S-Pod). The S-Pod approval allows us to create approximately 70 acres of cleared ski trail
additional snowmaking and install a new high-speed, four person chairlift to serve the new terrain, located on the Backside
Northstar-at-Tahoe. Construction has begun on both the restaurant and S-Pod and we expect both to be completed during th
half of the 2011/2012 ski season.

Heavenly Regulatory Matters

During the summer of 2007, an amendment to the Heavenly Master Plan (the Master Plan Amendment) including new a
trails, lifts, snowmaking, lodges and other facilities was accepted by the Forest Service and approved by the Tahoe Regiona
Planning Agency (TRPA) and the underlying units of local government with jurisdiction. Portions of the Master Plan Am
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
TRPA/Forest Service EIS/EIR to comply with both CEQA and NEPA. Approval of the Master Plan Amendment included a
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 gondola, snowmaking and lift upgrades and trail widening and other improvements. The Forest Service completed an EA o proposal and issued a Decision Notice and Finding of No Significant Impact on May 10, 2010. We have completed a numb approved projects including; construction of the day lodge and dining facility at the top of the gondola, completed in Decen 2010; and construction of new trails in the Galaxy lift pod along with trail widening in the Sky Express lift pod, completed summer 2011. Also during summer 2011, we commenced construction of a children s ski school facility, which was appro Forest Service by Decision Memo in May 2011 pursuant to a Categorical Exclusion under NEPA.

In July 2011we submitted a Project Proposal for, among other things, ski trail improvements, an additional surface lift to se terrain park, water wells and other circulation and guest service enhancements. We are awaiting acceptance by the Forest S

GTLC Concession Contract

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

The NPS may suspend operation under the concession contract at any time if the NPS determines it is necessary to protect v resources within the National Park. NPS also has the right to terminate the contract for breach, following notice and a 15 da 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 devel Availability of water depends on existence of adequate water rights as well as physical delivery of the water when and whe 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 at spring runoff.

In Colorado, we own or have ownership interests in water rights in reservoir companies, reservoirs, groundwater wells, and sources. The primary source of water for Keystone and Breckenridge is the Clinton Reservoir, in which we own a non-cont interest. For Vail Mountain and Beaver Creek, the primary water source is Eagle Park Reservoir, in which we own a contro interest. We believe we have rights to sufficient quantities of water for the operation of our four Colorado resorts for the fo future.

Delivery of the water to each resort is typically by stream, from which the water is diverted by us to on-site storage facilitie directly into the snowmaking system. The streams that deliver the water are subject to minimum stream flows, freezing and 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 vulnera interruptions in delivery of constant physical supply of water during high demand snowmaking periods. However, we have experienced significant issues to date.

Heavenly s primary sources of water are the South Tahoe Public Utility District (STPUD) and Kingsbury General Impr District (KGID), which are California and Nevada utilities, respectively. We have negotiated a long term contract with S which includes favorable rates upon our completion of certain water delivery system improvements. Despite the added secu provided by this agreement, the delivery of water by STPUD is interruptible. If STPUD exercises its rights to interrupt Hea water service, Heavenly s ability to make snow may be impaired. We have begun negotiations with KGID to reach a simil agreement but cannot determine whether our negotiations will result in an agreement or when an agreement may be reache

we believe that KGID water will be available long term, we have no contractual guaranty of service, delivery or future pric that water. Further, the delivery systems of each utility are limited and may not be able to provide the immediate physical s water needed for optimal snowmaking.

Northstar-at-Tahoe obtains water through a cooperative arrangement with the Northstar Community Services District (NC Together with NCSD we, through our operating lease, control surface water rights that we use for snowmaking. In addition contractual rights to ground water from NCSD and from the adjacent Martis Camp residential development. We receive do water from NCSD and, for on-mountain facilities, from on-mountain wells and springs.

Available Information

We file with or furnish to the Securities and Exchange Commission (SEC) reports, including our annual report on Form quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports pursuant to Section 13(a) or the Securities Exchange Act of 1934. These reports are available free of charge on our corporate website (www.vailresorts. soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Copies of any materials we f 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. 20 Information on the operation of the public reference room is available by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS.

Our operations and financial results are subject to various risks and uncertainties that could adversely affect our financial p results of operations and cash flows. The risks described below should carefully be considered together with the other infor contained in this report.

Risks Related to Our Business

We are subject to the risk of prolonged weakness in general economic conditions including continued adverse affects overall travel and leisure related industries. Conditions currently present or recently present in the economic environme including high unemployment, erosion of consumer confidence and financial instability in the global markets, including an from the downgrade of credit ratings assigned to obligations of the United States, may potentially have negative effects on and leisure industry and on our results of operations. As a result of these and other economic uncertainties, we have experie may continue to experience, among other items a change in booking trends such that guest reservations are made much clos actual date of stay, a decrease in the length of stay and a decrease in group bookings. We cannot predict at what level these will continue, worsen or improve and the ultimate impact it will have on our future results of operations. Additionally, the t owners of RockResorts properties we manage may not be as well capitalized as us and therefore may be more exposed to th impacts of adverse economic conditions on the travel industry, which could jeopardize components of our management agr If the owners of the hotels we manage do not meet debt service obligations and default on a mortgage or other obligations, property may be at risk of foreclosure by a lender and our management agreements may be at risk. The actual or perceived 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 slowdow recession. This could further be exacerbated by the fact that we charge some of the highest prices for our lift tickets and an services in the ski industry. In the event of a decrease in visitation and overall guest spending we may be required to offer a 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 uncertainty of military conflicts, outbreaks of contagious diseases and the cost and availability of travel options. Our is sensitive to the willingness of our guests to travel. Acts of terrorism, the spread of contagious diseases, regional political and developments in military conflicts in areas of the world from which we draw our guests could depress the public s pro travel and cause severe disruptions in both domestic and international air travel and consumer discretionary spending, whic reduce the number of visitors to our resorts and have an adverse affect on our results of operations. Many of our guests trav and the impact of higher prices for commercial airline services and availability of air services could cause a decrease in visi Destination guests to our resorts. Also, many of our guests travel by vehicle and higher gasoline prices could adversely imp guests willingness to travel to our resorts. Higher cost of travel may also affect the amount that guests are willing to spen 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 profits from our mountain and most of our lodging operations are substantially lower and historically result in losses from l to late fall. Conversely, peak operating seasons for GTLC, certain managed hotel properties and our golf courses occur duri

16

summer months while the winter season generally results in operating losses. Revenue and profits generated by GTLC s su operations, management fees from certain managed properties, certain other lodging properties and golf operations are not sufficient to fully offset our off-season losses from our mountain and other lodging operations. For Fiscal 2011, 81.5% of to combined Mountain and Lodging segment net revenue (excluding Lodging segment revenue associated with reimbursemen payroll costs) was earned during our second and third fiscal quarters. In addition, the timing of major holidays can impact v patterns and therefore visitation at our ski resorts. If we were to experience an adverse event or realize a significant deterior 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 of the results that may be achieved for any subsequent quarter or for a full fiscal year (see Note 15, Selected Quarterly Fina 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 at 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 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 acces snowmaking equipment. In addition, a severe and prolonged drought could affect our otherwise adequate snowmaking wat supplies or increase the cost of snowmaking. Excessive natural snowfall may materially increase the costs incurred for groo trails and may also make it difficult for visitors to obtain access to our mountain resorts. In the past 20 years, our ski resorts averaged between 20 and 30 feet of annual snowfall which is significantly in excess of the average for United States ski res However, there can be no certainty that our resorts will receive seasonal snowfalls near their historical average in the future early season snow conditions and skier perceptions of early season snow conditions influence the momentum and success o overall season. Unfavorable weather conditions can adversely affect our resorts and lodging properties as vacationers tend t or postpone vacations if conditions differ from those that typically prevail at such resorts for a given season. There is no wa 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 o who visit our resorts in affected areas. Damage to our properties could take a long time to repair and there is no guarantee t would have adequate insurance to cover the costs of repair and recoup lost profits. Furthermore, such a disaster may interru impede access to our affected properties or require evacuations and may cause visits to our affected properties to decrease f indefinite period. The ability to attract visitors to our resorts is also influenced by the aesthetics and natural beauty of the ou environment where our resorts are located. A severe forest fire or other severe impacts from naturally occurring events coul negatively impact the natural beauty of our resorts and have a long-term negative impact on our overall guest visitation as i 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 United States (as measured in skier visits) has generally ranged between 54 million and 61 million annually over the last de with approximately 61 million visits for the 2010/2011 ski season. The factors that we believe are important to customers i

- 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 sch 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, the Pacif
Northwest and Southwest and other major destination ski areas worldwide. Our guests can choose from any of these alterna
well as non-skiing vacation options and destinations around the world. In addition, other forms of leisure such as sporting e
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 reso
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
continued capital investments in our resorts. We cannot assure that we will have sufficient resources to make the necessary
investments to do so, and we cannot assure that we will be able to compete successfully in this market or against such comp

The high fixed cost structure of ski resort operations can result in significantly lower margins if revenues decline. Th
structure of our ski resort operations has a significant fixed component with variable expenses including, but not limited to,
Service fees, other resort related fees, credit card fees, retail/rental cost of sales and labor, ski school labor and dining opera
Any material declines in the economy, elevated geopolitical uncertainties and/or significant changes in historical snowfall p
as well as other risk factors discussed herein could adversely affect revenue. As such, our margins, profits and cash flows m
materially reduced due to declines in revenue given our relatively high fixed cost structure. In addition, increases in wages
labor costs, energy, healthcare, insurance, transportation and fuel, property taxes, minimum lease payments and other exper
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 significant real est
development projects and have preliminary plans for significant future development projects. We could experience signific
difficulties in realizing the anticipated financial benefits on completed projects or in initiating or completing future projects
among other things:

- sustained deterioration in real estate markets;
- difficulty in selling units or the ability of buyers to obtain necessary funds to close on units;
- escalation in construction costs due to price increases in commodities, unforeseen conditions, inadequate design drawings, or other causes;
- 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 competitivenc these projects are not successful, in addition to not realizing intended profits from the real estate developments, our guests r choose to go to other resorts that they perceive have better amenities which could materially and adversely affect our result operations.

There are significant risks associated with our recently completed real estate projects, which could adversely affect our fina condition, results of operations or anticipated cash inflows from these projects as we have units remaining that have not bee sold. For example, in the event that the carrying cost of the remaining units available for sale exceeds anticipated future pro from the sale of these units, we would be required to record an impairment charge. During Fiscal 2011, we completed The Ritz-Carlton Residences, Vail and in fiscal 2010 we completed One Ski Hill Place at the base of our Breckenridge ski resor which 93 units with a carrying cost of $163.0 million remain to be sold as of July 31, 2011. We have risk associated with se closing units in these projects as a result of the continued instability in the capital / credit markets and in the overall real est market and, as a result we may not be able to sell units for a profit or at the prices or selling pace we anticipate. Furthermor the current economic climate, certain potential buyers may be unable to purchase units in part due to a reduction in funds av and/or decreases in mortgage availability.

We may not be able to fund resort capital expenditures and investment in future real estate projects. In addition to th funding of future real estate projects (currently no significant development efforts are in progress), we anticipate that resort expenditures (primarily related to the Mountain and Lodging segments) will be approximately $116 million to $130 millior calendar year 2011. Our ability to fund expenditures will depend on our ability to generate sufficient cash flow from operat (including obtaining pre-sale deposits on future real estate projects) 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 costs, or that we will be able to obt sufficient financing on adequate terms, or at all. In addition, there can be no assurances that future real estate development (currently no significant development efforts are in progress) can be self funded with cash available on hand, through advar pre-sale deposits or through third party real estate financing. Our ability to generate cash flow and to obtain third-party fina 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 gene markets;
- competition;
- legislative and regulatory matters affecting our operations and business; and
- our ability to meet our pre-sell targets on our future vertical real estate development projects;

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 abandon certain projects and/or plans.

We rely on government permits and landlord approvals. Our resort operations require permits and approvals from certa Federal, state, and local authorities, including the Forest Service and U.S. Army Corps of Engineers. Virtually all of our ski and related activities at Vail Mountain, Breckenridge, Keystone and Heavenly and a majority of Beaver Creek are located o National Forest land. The Forest Service has granted us permits to use these lands, but maintains the right to review and app many operational matters, as well as the location, design and construction of improvements in these areas. Currently, our pe expire December 31, 2029 for Breckenridge, December 1, 2031 for Vail Mountain, December 31, 2032 for Keystone, Nove 2039 for Beaver Creek and May 1, 2042 for Heavenly. The Forest Service can terminate or amend these permits if, in its op such termination is required in the public interest. A termination or amendment of any of our permits could have a material adverse affect on our business and operations. In order to undertake improvements and new development, we must apply fo

and other approvals. These efforts, if unsuccessful, could impact our expansion efforts. Furthermore, Congress may materia
increase the fees we pay to the Forest Service for use of these National Forest lands. Additionally, we lease the land and the
majority of the operating assets of Northstar-at-Tahoe from CNL Lifestyles Properties, Inc., a Real Estate Investment Trust
requires us to operate the resort in accordance with the terms under the leases, as well as requires us to seek certain approva
improvements made to the resort. The initial term of the leases for Northstar-at-Tahoe expire in January 2027, and allows fo
10-year extensions at our option. There is no guarantee that at the end of the initial lease term we will extend the option per
will be able to negotiate new terms that are more favorable to us.

We are subject to extensive environmental laws and regulations in the ordinary course of business. Our operations are to a variety of Federal, state and local environmental laws and regulations including those relating to emissions to the air, d to water, storage, treatment and disposal of wastes, land use, remediation of contaminated sites and protection of natural res such as wetlands. For example, future expansions of certain of our ski facilities must comply with applicable forest plans ap under the National Forest Management Act, state and federal wildlife protection laws or local zoning requirements. In addit projects to improve, upgrade or expand our ski areas are subject to environmental review under the NEPA and, for Californ projects at Heavenly and Northstar-at-Tahoe, the CEQA. Both acts require that the Forest Service study any proposal for po environmental impacts and include in its analysis various alternatives. Our ski area improvement proposals may not be app may be approved with modifications that substantially increase the cost or decrease the desirability of implementing the pro facilities are subject to risks associated with mold and other indoor building contaminants. From time to time our operation subject to inspections by environmental regulators or other regulatory agencies. We are also subject to worker health and sa requirements. We believe our operations are in substantial compliance with applicable material environmental, health and s requirements. However, our efforts to comply do not eliminate the risk that we may be held liable, incur fines or be subject for damages, and that the amount of any liability, fines, damages or remediation costs may be material for, among other thi presence or release of regulated materials at, on or emanating from properties we now or formerly owned or operated, newl 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 a technological developments or industry trends could harm our business. We depend on the use of sophisticated inform 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, serv features and functionality, while maintaining the reliability and integrity of our systems and infrastructure. Our future succe 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 q we would like or in a cost-effective manner. Delays or difficulties in implementing new or enhanced systems may keep us f achieving the desired results in a timely manner, to the extent anticipated, or at all. Any interruptions, outages or delays in o systems, or deterioration in their performance, could impair our ability to process transactions and could decrease our quali service that we offer to our guests. Also, we may be unable to devote financial resources to new technologies and systems i 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 lawsuits. We collect personally identifiable information relating to our guests for various business purposes, including mar and promotional purposes. The integrity and privacy of our guest s information is important to us and our guests have a hig expectation that we will adequately protect their personal information. The regulatory environment governing privacy laws increasingly demanding and privacy laws continue to evolve and on occasion may be inconsistent from one jurisdiction to a Maintaining compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our a market our products, properties and services to our guests. Furthermore, non-compliance with applicable privacy regulation (or in some circumstances non-compliance by third parties engaged by us), breach of security on systems storing our guest loss of guest data or fraudulent use of guest data could adversely impact our reputation or result in fines or other damages a 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 d and could divert management s attention and resources. While we believe we have adequate insurance coverage and/or acc loss contingencies for all known matters that are probable and can be reasonably estimated, we cannot assure that the outco current or future litigation will not have a material adverse effect on us and our results of operations. For a more detailed di of our legal proceedings see Legal Proceedings under Item 3 and Note 13, 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 our business. Our trademarks are an important component of our business and the continued success of our business depen upon our continued ability to use our trademarks to increase brand awareness and further develop our brand in both domest international markets. The unauthorized use of our trademarks could diminish the value of our brand and its market accepta

20

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 adverse our revenue and profitability.

We depend on a seasonal workforce. Our mountain and lodging operations are highly dependent on a large seasonal work We recruit year-round to fill thousands of seasonal staffing needs each season and work to manage seasonal wages and the the hiring process to ensure the appropriate workforce is in place. We cannot guarantee that material increases in the cost o our seasonal workforce will not be necessary in the future. Furthermore, we cannot guarantee that we will be able to recruit adequate seasonal personnel as the business requires. Increased seasonal wages or an inadequate workforce could have an a 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, Co-President and Chief Financial Officer, Presidents, General Counsel and each of our Executive and Senior Vice Presidents. If any of these persons were to leave, it difficult to replace them, and our business could be harmed. We do not maintain key-man life insurance on any of our e

Our acquisitions or future acquisitions might not be successful. We have acquired certain ski resorts, other destination r hotel properties and businesses complementary to our own, as well as developable land in proximity to our resorts. We can assurances that we will be able to successfully integrate and manage acquired ski resorts, properties and businesses and inc profits from these operations. We continually evaluate potential acquisitions and intend to actively pursue acquisition oppo 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 estimat costs of improvements for such properties may prove inaccurate.

We may be required to write-off a portion of our goodwill, indefinite lived intangible asset and/or long-lived asset ba a result of prolonged weakness in economic conditions. Under accounting principles generally accepted in the United St America (GAAP), we test goodwill and indefinite lived intangible assets for impairment annually as well as on an interi the extent factors or indicators become apparent that could reduce the fair value of our goodwill or indefinite lived intangib below book value and we evaluate long-lived assets for potential impairment whenever events or change in circumstances i that the carrying amount of an asset may not be recoverable. We evaluate the recoverability of goodwill by estimating the f discounted cash flows of our reporting units and terminal values of the businesses using projected future levels of income a business trends, prospects and market and economic conditions. We evaluate the recoverability of indefinite lived intangib using the income approach based upon estimated future revenue streams (see Critical Accounting Policies in Item 7 of this 10-K). We evaluate the recoverability of long-lived assets by estimating the future undiscounted cash flows using projecte levels of income. If a more severe prolonged weakness in general economic conditions were to occur it could cause less tha expected growth and/or reduction in terminal values of our reporting units and cash flows and could result in an impairmen attributable to certain goodwill, indefinite lived intangible assets and/or long-lived assets, negatively impacting our results o operations and stockholders equity.

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

21

We use many methods, estimates and judgments in applying our accounting policies (see Critical Accounting Policies in Ite
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 thos
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 respo
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 analys investors or such guidance provided by us;
- announcements by us or companies in the travel, gaming, hospitality and leisure industries of significant contrac acquisitions, dispositions, strategic partnerships, joint ventures, capital commitments, plans, prospects, service o 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 often experienced extreme price and volume fluctuations. Market fluctuations, as w
general political and economic conditions such as acts of terrorism, prolonged economic uncertainty, a recession or interest
currency rate fluctuations, could adversely affect the market price of our stock.

We cannot provide assurance that we will continue to pay dividends.

On June 7, 2011, our Board of Directors approved the commencement of a regular quarterly cash dividend on our common
an annual rate estimated to be $0.60 per share, subject to quarterly declaration. This dividend is anticipated to be funded thr
cash flow from operations and available cash on hand. Subject to the discretion of our Board of Directors and subject to app

law, we anticipate paying regular quarterly dividends on our common stock for the foreseeable future. The amount, if any, o
dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial conditi
Credit Agreement restrictions, future prospects for earnings and cash flows, as well as other factors considered relevant by
of Directors. In addition, our Board of Directors may also suspend the payment of dividends if it deems such action to be in
interests of the Company and its stockholders. If we do not pay dividends, the price of our common stock must appreciate f
investors to realize a gain on their investment in Vail Resorts, Inc. This appreciation may not occur and our stock may in fa
depreciate in value.

Anti-takeover provisions affecting us could prevent or delay a change of control that is beneficial to our shareholder
Provisions of our certificate of incorporation and bylaws, provisions of our debt instruments and other agreements and prov
applicable Delaware law and applicable Federal and state regulations may discourage, delay or prevent a merger or other ch
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 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, th 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 prohibit us from doing so. Our senior credit facility (Credit Agreement) permits additional borrowings of up to $332.9 m July 31, 2011. 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 amended and restated Credit Agreement and the Indenture, dated April 25, 2011 among us, the guarantors therein and Bank York Mellon Trust Company, N.A., as Trustee (Indenture), governing our 6.50% Senior Subordinated Notes due 2019 (Notes) may adversely affect our ability to finance future operations or capital needs or to engage in other business activiti be in our long-term best interests. For example, the Indenture and the Credit Agreement contain a number of restrictive cov that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things

- incur additional debt or sell preferred stock;
- pay dividends, repurchase our stock and make other restricted payments;
- create liens;
- make certain types of investments;

- engage in sales of assets and subsidiary stock;
- enter into sales-leaseback transactions;
- enter into transactions with affiliates;
- issue guarantees of debt
- 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 Agreement. If we b
of these restrictions or covenants, or suffer a material adverse change which restricts our borrowing ability under our Credit

Agreement, we would not be able to borrow funds thereunder without a waiver, which inability to borrow could have an ad effect on our business, financial condition and results of operations. In addition, a breach, if uncured, could cause a default Indenture and our other debt. Our indebtedness may then become immediately due and payable. We may not have or be abl obtain sufficient funds to make these accelerated payments, including payments on the 6.50% Notes.

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:

Location	Ownership	Use
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)	SUP	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)	SUP	Ski trails, ski lifts, buildings and other improvements
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)	SUP	Ski trails, ski lifts, buildings and other improvements
Inn at Keystone, CO	Owned	Lodging, dining and conference facilities
Jackson Hole Golf & Tennis Club,	Owned	Golf course, clubhouse, tennis facilities, dining and real estate held for sale or

WY		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)	SUP	Ski trails, ski lifts, buildings and other improvements
Keystone Ranch, CO	Owned	Golf course, clubhouse and dining facilities
Northstar-at Tahoe Resort, CA* (7,200 acres)	Leased	Ski trails, ski lifts, golf course, commercial space, dining facilities, buildings and other improvements
Northstar Village, CA*	Leased	Commercial space, ski resort operations, dining facilities, buildings and other improvements
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, commercial space
SSI Venture, LLC (SSV) Properties	Owned	Over 160 retail stores (of which 89 stores are currently held under lease) for recreational products, including rental
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 Tarnes 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
The Village Hotel, Breckenridge, CO	Owned	Lodging, dining, conference facilities and commercial space
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 (12,353 acres)	SUP	Ski trails, ski lifts, buildings and other improvements

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

* The operations of Northstar-at-Tahoe are conducted on land and with operating assets owned by CNL Lifestyle Propertie under operating leases which were assumed by us. The leases provide for the payment of a minimum annual base rent with increases in base rent over the lease term. In addition, the leases provide for the payment of percentage rent based on a perc gross revenues generated at the property over certain thresholds. The initial term of the leases expires in fiscal 2027.

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 c and/or have accrued for loss contingencies for all known matters and that, although the ultimate outcome of such claims car ascertained, current pending and threatened claims are not expected to have a material, individually and in the aggregate, ac impact on our financial position, results of operations and cash flows.

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
America seeking a refund of approximately $6.2 million in Federal income taxes paid for the tax years ended December 31
and December 31, 2001. Our amended tax returns for those years included calculations of NOLs carried forward from prior
reduce our tax years 2000 and 2001 tax liabilities. The IRS disallowed refunds associated with those NOL carry forwards a
disagreed with the IRS action disallowing the utilization of the NOLs. On July 1, 2011, the District Court granted us summ
judgment, concluding that the IRS s decision disallowing the utilization of the NOLs was inappropriate. The sole issue nov
the District Court is the amount of the tax refund to which we are entitled. The IRS is entitled to appeal the decision of the
Court to grant the motion for summary judgment and we do not know whether the IRS will do so or, if it does appeal, whet
appeal would be successful.

We are also a party to two related tax proceedings in the United States Tax Court regarding calculation of NOL carryover d
for tax years 2006, 2007, and 2008. The two proceedings involve substantially the same issues as the litigation in the Distri
for tax years 2000 and 2001 wherein we disagreed with the IRS as to the utilization of NOLs. With respect to the case invol
2006 tax year, a trial date has been set for November 2011, but we expect that the case will be stayed pending final resoluti
District Court case, which as described above, now only involves the determination of the tax refund to which we are entitl
Similarly, while no trial date has been set, we expect that we will stipulate with the IRS that the case involving tax years 20
2008 be stayed until the District Court proceeding is resolved.

ITEM 4. REMOVED AND RESERVED.

26

PART II

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

Market Information and Dividend Policy

Our common stock is traded on the New York Stock Exchange under the symbol MTN. As of September 15, 2011, 36,0 shares of common stock were outstanding, held by approximately 363 holders of record.

The following table sets forth information on the high and low sales prices of our common stock on the New York Stock E and the quarterly cash dividends declared per share of common stock for each quarterly period for the two most recently co fiscal years.

	Market Price Per Share		Cash Dividends Declared
Quarter Ended	**High**	**Low**	**Per Share**
Fiscal Year 2011			
October 31,	$ 41.66	$ 32.37	$
January 31,	54.03	39.86	
April 30,	50.93	45.50	
July 31,	50.24	42.78	0.15
Fiscal Year 2010			
October 31,	$ 38.96	$ 28.48	$
January 31,	42.43	32.85	
April 30,	48.40	32.89	
July 31,	49.00	33.50	

On June 7, 2011 the Company s Board of Directors approved the commencement of a regular quarterly cash dividend on c common stock at an annual rate estimated to be $0.60 per share, subject to quarterly declaration. The first quarterly dividen $0.15 per share ($5.4 million in the aggregate) was paid on July 18, 2011 to stockholders of record as of July 1, 2011. This was funded with available cash on hand. Subject to the discretion of the Board of Directors and subject to applicable law, w anticipate paying regular quarterly dividends on our common stock for the foreseeable future. The amount, if any, of the di to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, Credit Agreement restrictions, future prospects for earnings and cash flows, as well as other factors considered relevant by our Bo Directors.

Repurchase of Equity Securities

The following table sets forth our purchases of shares of our common stock during the fourth quarter of Fiscal 2011:

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)	Max Number that M I Purc Un the Pl Progr
May 1, 2011 May 31, 2011		$		1.

June 1, 2011 June 30, 2011		1.
July 1, 2011 July 31, 2011		1.
Total	$	1.

(1) On March 9, 2006, our Board of Directors approved the repurchase of up to 3,000,000 shares of common stock a
July 16, 2008 approved an increase of our common stock repurchase authorization by an additional 3,000,000 sh

27

Acquisitions under the share repurchase program may be made from time to time at prevailing prices as permitte applicable laws, and subject to market conditions and other factors. The stock repurchase program may be discor any time.

Performance Graph

The total return graph above is presented for the period from the end of our 2006 fiscal year through the end of Fiscal 2011 comparison assumes that $100 was invested at the beginning of the period in our common stock (MTN), The Russell 20 Standard & Poor s 500 Stock Index and the Dow Jones U.S. Travel and Leisure Stock Index. We included the Dow Jones 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 u Securities Act of 1933 or the Securities Exchange Act of 1934, unless such filings specifically incorporate the performance reference therein.

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected historical consolidated financial data derived from our Consolidated Financial Statem the periods indicated. The financial data for Fiscal 2011, the year ended July 31, 2010 (Fiscal 2010) and the year ended J 2009 (Fiscal 2009) and as of July 31, 2011 and 2010 should be read in conjunction with the Consolidated Financial State related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contair elsewhere in this Form 10-K. The table presented below is unaudited. The data presented below are in thousands, except fo net income per share attributable to Vail Resorts, Inc., cash dividends declared per share, effective ticket price (ETP), Al RevPAR amounts.

	Year Ended July 31,				
	2011[1]	2010[1]	2009[1]	2008[1]	2
Statement of Operations Data:					
Net revenue:					
Mountain	$ 752,191	$ 638,495	$ 614,597	$ 685,533	$
Lodging	214,658	195,301	203,606	201,725	
Real estate	200,197	61,007	186,150	296,566	
Total net revenue	1,167,046	894,803	1,004,353	1,183,824	
Segment operating expense:					
Mountain	540,366	456,017	451,025	470,362	
Lodging	205,903	192,909	196,847	191,500	
Real estate	205,232	71,402	142,070	251,338	
Total segment operating expense	951,501	720,328	789,942	913,200	
Depreciation and amortization	(117,957)	(110,638)	(107,213)	(93,794)	
Gain on sale of real property		6,087		709	
Mountain equity investment income, net	1,342	1,558	817	5,390	
Investment income, net	719	445	1,793	8,285	
Interest expense, net	(33,641)	(17,515)	(27,548)	(30,667)	
Contract dispute credit (charges), net				11,920	
Loss on extinguishment of debt	(7,372)				
Income before provision for income taxes	55,520	53,797	81,196	170,933	
Net income	34,422	35,775	50,552	107,847	
Net loss (income) attributable to noncontrolling interests	67	(5,390)	(1,602)	(4,920)	
Net income attributable to Vail Resorts, Inc.	$ 34,489	$ 30,385	$ 48,950	$ 102,927	$
Diluted net income per share attributable to Vail Resorts, Inc.	$ 0.94	$ 0.83	$ 1.33	$ 2.64	$
Cash dividends declared per share	$ 0.15				
Other Data:					
Mountain					
Skier visits[2]	6,991	6,010	5,864	6,195	
ETP [3]	$ 48.99	$ 48.13	$ 47.16	$ 48.74	$
Lodging					
ADR[4]	$ 243.85	$ 235.02	$ 225.12	$ 230.17	$
RevPAR[5]	$ 93.82	$ 88.14	$ 93.10	$ 106.43	$
Real Estate					
Real estate held for sale and investment[6]	$ 273,663	$ 422,164	$ 311,485	$ 249,305	$
Other Balance Sheet Data					
Cash and cash equivalents[7]	$ 70,143	$ 14,745	$ 69,298	$ 162,345	$
Total assets	$ 1,946,236	$ 1,922,809	$ 1,884,480	$ 1,925,954	$ 1,
Long-term debt (including long-term debt due within one year)	$ 491,743	$ 526,711	$ 491,960	$ 556,705	$
Net debt[8]	$ 421,600	$ 511,966	$ 422,662	$ 394,360	$
Total stockholders equity	$ 843,719	$ 802,387	$ 780,706	$ 725,484	$

(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 The more significant of those include the acquisitions of: Northstar-at-Tahoe (acquired in October 2010); the rema noncontrolling interest in SSV (acquired in April 2010); Mountain News Corporation (Mountain News) (acquire 2010); CME (acquired in November 2008); and 18 retail/rental locations (acquired by SSV in June 2007). Additio sold our majority interest in RTP, LLC (RTP) in April 2007. See Note 2, Summary of Significant Accounting Pol the Notes to Consolidated Financial Statements, in Item 8 of this Form 10-K for disclosure on the revision of mana property payroll cost reimbursement. Lodging net revenue and Lodging operating expense increased $26.2 million million, $31.7 million, and $31.5 million for the years ended July 31, 2010, 2009, 2008 and 2007, respectively.*

(2) *A skier visit represents a person utilizing a ticket or pass to access a mountain resort for any part of one day, and i 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) number of occupied rooms during the respective periods.*

(5) *RevPAR is calculated by dividing total room revenue (includes both owned and managed condominium room reven 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 w 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 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 following Management s Discussion and Analysis contains statements which are not of a historical nature, such statements forward-looking statements which involve risks and uncertainties. These risks include, but are not limited to, those discusse Item 1A, Risk Factors in this Form 10-K. The following discussion and analysis should be read in conjunction with the Forward-Looking Statements section 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 hav to specifically include Reported EBITDA (defined as segment net revenue less segment operating expense, plus or minus se equity investment income or loss and for the Real Estate segment, plus gain on sale of real property) and Net Debt (defined long-term debt plus long-term debt due within one year less cash and cash equivalents), in the following discussion because consider these measurements to be significant indications of our financial performance and available capital resources. Rep EBITDA and Net Debt are not measures of financial performance or liquidity under GAAP. We utilize Reported EBITDA evaluating our performance and in allocating resources to our segments. Refer to the end of the Results of Operations sectio reconciliation of Reported EBITDA to net income attributable to Vail Resorts, Inc. We also believe that Net Debt is an imp measurement as it is an indicator of our ability to obtain additional capital resources for our future cash needs. Refer to 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 s for, net income, net change in cash and cash equivalents or other financial statement data presented in the Consolidated Fin Statements as indicators of financial performance or liquidity. Because Reported EBITDA and Net Debt are not measureme determined in accordance with GAAP and are thus susceptible to varying calculations, Reported EBITDA and Net Debt as 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 combination of the Mountain and Lodging segments. Revenue from the Mountain, Lodging and Real Estate segments repre 65%, 18% and 17%, respectively, of our net revenue for Fiscal 2011.

Mountain Segment

The Mountain segment is comprised of the operations of six ski resort properties as well as ancillary services, primarily inc ski school, dining and retail/rental operations. Our six ski resorts were open for business for the 2010/2011 ski season from mid-November through mid-April, which is the peak operating season for the Mountain segment. Our single largest source Mountain segment revenue is the sale of lift tickets (including season passes), which represented approximately 46%, 45% of Mountain segment net revenue for Fiscal 2011, Fiscal 2010 and Fiscal 2009, respectively.

Lift ticket revenue is driven by volume and pricing. Pricing is impacted by both absolute pricing as well as the demographic guests, which impacts the price points at which various products are purchased. The demographic mix of guests is divided i primary categories: (i) Destination guests and (ii) In-State guests. For the 2010/2011 ski season, Destination guests compris approximately 57% of our skier visits, while In-State guests comprised approximately 43% of our skier visits, which compa approximately 58% and 42%, respectively, for the 2009/2010 ski season and 57% and 43%, respectively, for the 2008/2009 season (excluding Northstar-at-Tahoe for each of the current and prior ski seasons).

Destination guests generally purchase our higher-priced lift ticket products and utilize more ancillary services such as ski sc dining and retail/rental, as well as lodging at or around our resorts. Destination guest visitation is less likely to be impacted changes in the weather, but can be more impacted by adverse economic conditions or the global geopolitical climate. In-Sta tend to be more value-oriented and weather sensitive. We offer a variety of season pass products for all of our ski resorts, m towards both Destination and In-State guests. Our season pass product offerings range from providing access to a combinat resorts to our Epic Season Pass that allows pass holders unlimited and unrestricted access to all six of our ski resorts. Our se pass products provide a value option to our guests, which in turn assists us in developing a loyal base of customers who co ski at our resorts generally in advance of the ski season and typically ski more days each season at our resorts than those gu do not buy season passes. As such, our season pass program drives strong customer loyalty; mitigates exposure to many we sensitive guests; and generates additional ancillary spending. In addition, our season pass products attract new guests to our

All of our

31

season pass products, including the Epic Season Pass, are sold predominately prior to the start of the ski season. Season pas revenue, although primarily collected prior to the ski season, is recognized in the Consolidated Statement of Operations rata the ski season. For the 2010/2011, 2009/2010 and 2008/2009 ski seasons approximately 35%, 35% and 34%, respectively, 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 li Forest Service fees, credit card fees, retail/rental cost of sales and labor, ski school labor and dining operations; as such, pro margins can fluctuate greatly 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 RockRe 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 cou

The performance of lodging properties (including managed condominium rooms) at or around our ski resorts, and CME, is aligned with the performance of the Mountain segment and generally experiences similar seasonal trends, particularly with visitation by Destination guests, and represented approximately 69%, 67% and 68% of Lodging segment revenue (excludin Lodging segment revenue associated with reimbursement of payroll costs) for Fiscal 2011, Fiscal 2010 and Fiscal 2009, respectively. Management primarily focuses on Lodging net revenue excluding payroll cost reimbursement and Lodging op expense excluding reimbursed payroll costs (which are not measures of financial performance under GAAP) as the reimbu are made based upon the costs incurred with no added margin, as such the revenue and corresponding expense have no effe Lodging Reported EBITDA which we use to evaluate Lodging segment performance. Revenue of the Lodging segment dur first and fourth fiscal quarters is generated primarily by the operations of GTLC (as GTLC s operating season generally oc mid-May to mid-October), golf operations and seasonally low operations from our other owned and managed properties an businesses.

Real Estate Segment

The Real Estate segment owns and develops real estate in and around our resort communities and primarily engages in vert development of projects. Currently, the principal activities of our Real Estate segment include the marketing and selling of remaining condominium units that are available for sale, planning for future real estate development projects, including zon acquisition of applicable permits, and the purchase of selected strategic land parcels for future development. Revenue from development projects is not recognized until closing of individual units within a project, which occurs after substantial com the project. We attempt to mitigate the risk of vertical development by often utilizing guaranteed maximum price constructi contracts (although certain construction costs may not be covered by contractual limitations), pre-selling a portion of the pr requiring significant non-refundable deposits, and potentially obtaining non-recourse financing for certain projects (althoug two major vertical development projects have not incurred any such direct third party financing). Additionally, our real esta development projects most often result in the creation of certain resort assets that provide additional benefit to the Mountai Lodging segments. Our revenue from the Real Estate segment, and associated expense, can fluctuate significantly based up timing of closings and the type of real estate being sold, causing volatility in the Real Estate segment s operating results fr 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 10-K. We have identified the following important factors (as well as uncertainties associated with such factors) that could i future financial performance:

Although we experienced improved operating results for Fiscal 2011 compared to Fiscal 2010 and 2009 in our Mountain and Lodging segments in part due to increased pricing and increased visitation for the 2010/2011 ski season, as well as an increase in overall guest spend on ancillary services, uncertainties still exist around the current general economic environment. Conditions currently present or recently present in the economic environment including high unemployment, relatively low consumer confidence, financial instability in the global markets, including any impact from the downgrade of credit ratings assigned to obligations of the United States, and weakness in the overall real estate market could potentially have negative effects on the travel and leisure industry. Given the current uncertainties around global economic trends, we cannot predict what impact this will have on overall travel and leisure or more specifically, on our guest visitation, guest spending or other related trends for the upcoming 2011/2012 ski season. During the most recent recession, our 2008/2009 ski season was impacted by lower visitation, reduced guest spend on ancillary services and closer in booking trends for guest reservations.

The timing and amount of snowfall can have an impact on Mountain and Lodging revenue particularly in regards visits and the duration and frequency of guest visitation. To help mitigate this impact, we sell a variety of season products prior to the beginning of the season to In-State guests and Destination guests. Additionally, we have inv snowmaking upgrades in an effort to address the inconsistency of early season snowfall where possible. For the 2010/2011 ski season we experienced significantly above average early season snowfall compared to significantl average early season snowfall for the previous two ski seasons, which we believe had a positive impact on early visitation.

Our season pass products provide a value option to our guests which in turn creates a guest commitment predom prior to the start of the ski season, resulting in a more stabilized stream of lift revenue for us. In March 2011, we our pre-season pass sales program for the 2011/2012 ski season. Through September 20, 2011 our season pass sa the 2011/2012 ski season were up approximately 9% in sales dollars and 1% in units as compared to season pass through the similar period of the 2010/2011 ski season, including Northstar-at-Tahoe season pass sales for both p We cannot predict if this trend will continue through the fall 2011 season pass sales campaign or the impact that pass sales may have on total lift revenue or ETP for the 2011/2012 ski season.

In Fiscal 2011, our lift ticket revenue was favorably impacted by price increases that were implemented during th 2010/2011 ski season. Prices for the 2011/2012 ski season have not yet been finalized; and as such, there can be assurances as to the level of price increases, if any, which will occur and the impact that pricing may have on vis revenue.

Real estate Reported EBITDA is highly dependent on, among other things, the timing of closings on real estate h sale, which determines when revenue and associated cost of sales is recognized. Changes to the anticipated timin of closing on one or more real estate projects, or unit closings within a real estate project, could materially impac Estate Reported EBITDA for a particular quarter or fiscal year. During the first quarter of Fiscal 2011, we receiv certificate of occupancy for The Ritz-Carlton Residences, Vail and we have closed on 71 units in Fiscal 2011 (w additional units having closed subsequent to July 31, 2011). Additionally, we have closed on four units at One Sk Place (which was completed in the fourth quarter of fiscal 2010) in Fiscal 2011 (40 units closed in total including that closed in fiscal 2010). We currently have on a combined basis 92 units available for sale at The Ritz-Carlton Residences, Vail, One Ski Hill Place in Breckenridge and Crystal Peak Lodge at Breckenridge. We have increase associated with selling and closing units in these projects as a result of the continued instability in the credit mark slowdown in the overall real estate market. Buyers have been or may be unable to close on units in part due to a in funds available to buyers and/or decreases in mortgage availability. We cannot predict the ultimate number of we will sell, the ultimate price we will receive, or when the units will sell, although we currently believe the selli process will take multiple years. Additionally, if a prolonged weakness in the real estate market or general econo conditions were to occur we may have to adjust our anticipated selling prices in an effort to sell and close on uni available for sale. However, our risk associated with adjusting selling prices to levels that may not be acceptable partially mitigated by the fact that do generate cash flow from placing unsold units into our rental program until selling prices are at acceptable levels to us. Furthermore, if the current weakness in the real estate market were to for multiple years thus requiring us to sell remaining units below recent pricing levels (including any sales conce and discounts) for the remaining inventory of units at The Ritz-Carlton Residences, Vail or One Ski Hill Place in Breckenridge, it may result in an impairment charge on one or both projects (see Critical Accounting Policies in section of this Form 10-K).

We had $70.1 million in cash and cash equivalents as of July 31, 2011 as well as $332.9 million available under revolver component of our Credit Agreement (which represents the total commitment of $400.0 million less cert of credit outstanding of $67.1 million), which was amended and restated on January 25, 2011. Key modifications Credit Agreement included, among other things, the extension of the maturity on the revolving Credit Agreemen February 2012 to January 2016; the expansion of baskets for improved flexibility in our ability to incur debt and acquisitions, investments and distributions; and the elimination of certain financial covenants. In addition, on Ap 2011, we completed an offering for $390 million of 6.50% Senior Subordinated Notes due 2019 (the 6.50% No proceeds of which, along with available cash resources, were used to purchase the outstanding $390 million prin amount of 6.75% Senior Subordinated Notes due 2014 (the 6.75% Notes) and pay related premiums, fees and The 6.50% Notes have a fixed annual interest rate of 6.50% and will mature May 1, 2019 with no principal paym until maturity. Additionally, we believe the 6.50% Notes will allow for substantially increased flexibility in our a

make acquisitions, investments and distributions and incur debt. The above, combined with the completion of ou
estate projects where the proceeds from future real estate closings on The Ritz-Carlton Residences, Vail, One Sk
Place in Breckenridge and Crystal Peak Lodge at Breckenridge are expected to significantly exceed future carryi
has and is anticipated to provide us with significant liquidity which will allow us to consider strategic investmen
including future acquisitions and other forms of providing return to our shareholders. We cannot predict that any
initiatives undertaken will achieve the anticipated results.

On June 7, 2011, the Company s Board of Directors approved the commencement of a regular quarterly cash di our common stock at an annual rate estimated to be $0.60 per share (or $21.6 million annually based upon shares outstanding as of July 31, 2011), subject to quarterly declaration, with the first quarterly dividend of $0.15 per sh on July 18, 2011. This dividend was funded through available cash on hand. Subject to the discretion of the Boar Directors and subject to applicable law, we anticipate paying regular quarterly dividends on our common stock f foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then availa anticipated cash needs, overall financial condition, Credit Agreement restrictions, future prospects for earnings a flows, as well as other factors considered relevant by our Board of Directors.

Under GAAP we test goodwill and indefinite lived intangible assets for impairment annually as well as on an int basis to the extent factors or indicators become apparent that could reduce the fair value of our goodwill or indef lived intangible assets below book value and we evaluate long-lived assets for potential impairment whenever ev change in circumstances indicate that the carrying amount of an asset may not be recoverable. We evaluate the recoverability of our goodwill by estimating the future discounted cash flows of our reporting units and terminal the businesses using projected future levels of income as well as business trends, prospects and market and econ conditions. We evaluate the recoverability of indefinite-lived intangible assets using the income approach based estimated future revenue streams, and we evaluate long-lived assets based upon estimated undiscounted future ca Our Fiscal 2011 annual impairment test did not result in a goodwill or indefinite-lived intangible asset impairme Critical Accounting Policies in this section of this Form 10-K). However, if a more severe prolonged weakness i economic conditions were to occur it could cause less than expected growth and/or reduction in terminal values a flows and could result in an impairment charge attributable to certain goodwill, indefinite lived intangible assets long-lived assets (particularly related to our Lodging operations), negatively impacting our results of operations stockholders equity.

Results of Operations

Summary

Shown below is a summary of operating results for Fiscal 2011, Fiscal 2010 and Fiscal 2009 (in thousands):

	Year Ended July 31,		
	2011	**2010**	**2009**
Mountain Reported EBITDA	$ 213,167	$ 184,036	$ 164,389
Lodging Reported EBITDA	8,755	2,392	6,759
Resort Reported EBITDA	221,922	186,428	171,148
Real Estate Reported EBITDA	(5,035)	(4,308)	44,080
Income before provision for income taxes	55,520	53,797	81,196
Net income attributable to Vail Resorts, Inc.	$ 34,489	$ 30,385	$ 48,950

Mountain Segment

Mountain segment operating results for Fiscal 2011, Fiscal 2010 and Fiscal 2009 are presented by category as follows (in th except ETP):

	Year Ended July 31,			Percentage Increase/(Decrease)	
	2011	**2010**	**2009**	**2011/2010**	**2010/2009**
Net Mountain revenue:					
Lift tickets	$ 342,514	$ 289,289	$ 276,542	18.4 %	4.6 %
Ski school	83,818	70,694	65,336	18.6 %	8.2 %
Dining	68,052	53,322	52,259	27.6 %	2.0 %
Retail/rental	174,339	154,846	147,415	12.6 %	5.0 %
Other	83,468	70,344	73,045	18.7 %	(3.7)%
Total Mountain net revenue	$ 752,191	$ 638,495	$ 614,597	17.8 %	3.9 %

Mountain operating expense:					
Labor and labor-related benefits	$ 198,659	$ 166,378	$ 165,550	19.4 %	0.5 %
Retail cost of sales	71,961	65,545	66,022	9.8 %	(0.7)%
Resort related fees	39,476	35,431	33,102	11.4 %	7.0 %
General and administrative	104,848	88,705	83,117	18.2 %	6.7 %
Other	125,422	99,958	103,234	25.5 %	(3.2)%
Total Mountain operating expense	$ 540,366	$ 456,017	$ 451,025	18.5 %	1.1 %
Mountain equity investment income, net	1,342	1,558	817	(13.9)%	90.7 %
Mountain Reported EBITDA	$ 213,167	$ 184,036	$ 164,389	15.8 %	12.0 %
Total skier visits	6,991	6,010	5,864	16.3 %	2.5 %
ETP	$ 48.99	$ 48.13	$ 47.16	1.8 %	2.1 %

Mountain Reported EBITDA includes $7.1 million, $5.3 million and $4.8 million of stock-based compensation expense fo 2011, Fiscal 2010 and Fiscal 2009, respectively.

Fiscal 2011 compared to Fiscal 2010

Total Mountain net revenue increased $113.7 million, or 17.8%, in Fiscal 2011 compared to Fiscal 2010, with Fiscal 2011 i $64.4 million of revenue from Northstar-at-Tahoe, which was acquired in October 2010. Excluding the impact of the acqui Northstar-at-Tahoe, total Mountain net revenue would have increased $49.3 million or 7.7%. Lift revenue increased $53.2 or 18.4%, for Fiscal 2011 compared to Fiscal 2010, due to a $34.2 million, or 18.1%, increase in lift revenue excluding sea revenue and a $19.0 million, or 18.9%, increase in season pass revenue. A large portion of this increase is attributable to th acquisition of Northstar-at-Tahoe. Excluding Northstar-at-Tahoe, lift revenue increased $22.4 million, or 7.7%, compared t same period in the prior year, due to a $13.2 million, or 7.0%, increase in lift revenue excluding season passes and a $9.2 m 9.2%, increase in season pass revenue. Total skier visitation was up 16.3% and excluding Northstar-at-Tahoe, skier visitati 4.1%, which significantly exceeded skier visitation growth for the U.S. ski industry as a whole, which was up 0.6%, and vi for all resorts in the Rocky Mountain and Pacific Southwest regions, which were up 1.7% and down 7.1%, respectively, de regions in the U.S. generally having strong snowfall in the current year, including at our resorts. Vail Mountain and Keysto particular showed large increases in visitation in Fiscal 2011, Vail Mountain benefiting from recent capital investments ma on Vail Mountain and in base areas, including an improved lodging bed base, and Keystone benefiting from a broadened fa focused marketing initiative. All resorts were unfavorably impacted by the timing of the Easter holiday which was in late A the current fiscal year, versus early April in the prior fiscal year. In addition, our Heavenly resort was impacted by higher th average resort closures due to severe weather in the current fiscal year. ETP, excluding season pass holders and Northstar-a increased $5.31, or 8.3%, due primarily to price increases implemented during the current fiscal year. Total ETP, excluding Northstar-at-Tahoe, increased $1.70, or 3.5%, also due primarily to price increases implemented during the current fiscal y partially offset by higher average visitation by our season pass holders in the current fiscal year.

Ski school revenue increased $13.1 million, or 18.6%, in Fiscal 2011 compared to Fiscal 2010 with the current year benefit the acquisition of Northstar-at-Tahoe. Excluding Northstar-at-Tahoe, ski school revenue increased $5.5 million, or 7.8%, w benefited from a 4.1% increase in skier visitation and a 3.6% increase in yield per skier visit due to higher guest spend. Din revenue increased $14.7 million, or 27.6%, which also benefited from the acquisition of Northstar-at-Tahoe in Fiscal 2011. Excluding Northstar-at-Tahoe, dining revenues increased $6.1 million, or 11.5%, which is primarily attributable to the incr skier visitation and a 5.8% increase in yield per skier visit for on-mountain dining, as well as the addition of two new on-m dining venues. The increases in both ski school and dining revenue were achieved despite the negative impact of the late Ea holiday in the current fiscal year.

Retail/rental operations increased $19.5 million, or 12.6%, in Fiscal 2011 compared to Fiscal 2010, which includes $9.0 mi incremental revenue from Northstar-at-Tahoe in the current fiscal year. Excluding Northstar-at-Tahoe, retail/rental increase million, or 6.8%, which was driven primarily by higher revenues at our Colorado front range stores and Any Mountain stor San Francisco bay area) which combined increased by approximately 8.1% as compared to the prior year. Additionally, ou mountain resort stores, especially at Vail and Beaver Creek, experienced an increase in revenue primarily driven by retail s to higher skier visitation although these increases were tapered by the late Easter holiday in Fiscal 2011.

Other revenue mainly consists of private club revenue (which includes both club dues and amortization of initiation fees), s visitation and other mountain activities revenue, marketing and internet advertising revenue, commercial leasing revenue, e housing revenue, municipal services revenue and other recreation activity revenue. For Fiscal 2011, other revenue increase

million, or 18.7%, compared to Fiscal 2010, which includes $8.3 million of incremental revenue from Northstar-at-Tahoe. I Northstar-at-Tahoe, other revenue increased $4.8 million, or 6.8%, primarily due to an increase in internet advertising due t acquisition of Mountain News Corporation in May 2010, higher strategic alliance marketing revenue as well as increased su activities revenue primarily at Breckenridge, which is partially due to the addition of an alpine coaster, partially offset by a in municipal services revenue (primarily transportation services provided on behalf of certain municipalities).

Operating expense increased $84.3 million, or 18.5%, for Fiscal 2011 compared to Fiscal 2010, which includes $53.9 milli expenses (including $4.1 million of acquisition related costs included in general and administrative expense) in the current year associated with Northstar-at-Tahoe. Excluding these expenses, operating expense increased $30.5 million, or 6.7%, fo 2011 compared to Fiscal 2010, due in part to higher labor and labor-related benefits which increased $15.9 million, or 9.5% Fiscal 2011 compared to Fiscal 2010. Overall, operating expenses including labor were impacted by a 3.6% increase in the of operating days during the 2010/2011 ski season primarily due to the late Easter holiday as discussed above, combined w opening ski terrain earlier due to above average early season snowfall. Labor and labor-related benefits in the current year w higher due to the full year impact of the prior year s partial wage reinstatement and our matching component of the 401(k) more normal level of wage increases, partially offset by a decrease in workers compensation costs of $1.5 million due to fe claims and average cost per claim. Additionally, labor costs were impacted by an increase in staffing levels due to an increa demand for ancillary services primarily in ski school, dining and retail/rental operations. Retail cost of sales was relatively excluding Northstar-at-Tahoe, primarily due to improved gross margins. Additionally, resort related fees (including Forest fees, other resort-related fees, credit card fees and commissions) increased $3.0 million, or 8.3%, excluding Northstar-at-Ta compared to Fiscal 2010, due to overall increases in revenue upon which those fees are based and general and administrativ expenses increased $6.0 million, or 6.8%, excluding Northstar-at-Tahoe, primarily due to expenses associated with the oper Mountain News Corporation acquired in May 2010 and increased marketing expenditures. Other expense increased $5.1 m 5.1%, excluding Northstar-at-Tahoe, in Fiscal 2011 primarily due to increased food and beverage cost of sales due to an inc dining revenue and higher fuel and supplies expenses.

Mountain equity investment income primarily includes our share of income from the operations of a real estate brokerage jo venture. The decrease in equity investment income for Fiscal 2011 compared to Fiscal 2010 is primarily due to decreased commissions earned by the brokerage compared to Fiscal 2010.

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%, incr lift revenue excluding season passes and a $6.1 million, or 6.5%, increase in season pass revenue. The increase in lift reven excluding season passes was driven by a 3.3% increase in visitation excluding season pass holders coupled with a 0.4% inc ETP excluding pass products. The increase in season pass revenue was due to an increase in season pass units sold, as well year-over-year price increases in season pass products. Total skier visitation increased 2.5% led by our Heavenly resort whi experienced a 10.7% increase in visitation while overall visitation for our four Colorado resorts (excluding Heavenly) incre 1.2%. Our four Colorado resorts were negatively impacted by significantly below average snowfall, particularly in the early up to mid-January 2010, but experienced increased visitation during the second half of the 2009/2010 ski season particularl the spring break and Easter holiday periods which primarily contributed to the overall increase in skier visits in Colorado fo 2009/2010 ski season compared to the 2008/2009 ski season. Visitation by season pass holders increased by approximately with average visits per season pass holders declining approximately 4.8%, or approximately one half a day less skied per se 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% increa yield per skier visit as both group and private lessons benefited from higher guest spend and were also favorably impacted b programs offered in ski school during the 2009/2010 ski season. Dining revenue increased $1.1 million, or 2.0%, in Fiscal 2 compared to Fiscal 2009, primarily due to improved dining revenue for the 2009/2010 ski season compared to the 2008/200 season as on-mountain dining realized an increase in the average revenue per transaction of approximately 3.6%, although operations were negatively impacted in the first half of the 2009/2010 ski season by the significantly lower than average ea 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 volume Vail, Beaver Creek and Breckenridge mountain resort stores and San Francisco Bay area stores as retail/rental revenue incr 8.1% for the 2009/2010 ski season compared to the 2008/2009 ski season. This increase was partially offset by declines in r sales for both the first and fourth quarters of Fiscal 2010 of 4.0% and 2.1%, respectively, compared to the same periods in t year due primarily to a decline in sales volumes at mountain resort stores not proximate to our ski resorts. Retail/rental reve particularly strong in the second half of the 2009/2010 ski season which was bolstered by increased visitation to our resorts higher guest spend.

Other revenue mainly consisted of private club revenue (which includes both club dues and amortization of initiation fees), visitation and other mountain activities revenue, strategic alliance and other marketing revenue, commercial leasing revenu employee housing revenue, municipal services revenue and other recreation activity revenue. For Fiscal 2010 other revenue decreased $2.7 million, or 3.7%, compared to Fiscal 2009, primarily due to a decrease in employee housing revenue, strateg 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 Mou Club in November 2008, increased commercial leasing revenue and higher on-mountain summer activities related revenue Colorado resorts, particularly at Breckenridge as Fiscal 2009 s on-mountain summer activities were negatively impacted b construction activities.

Operating expense increased $5.0 million, or 1.1%, for Fiscal 2010 compared to Fiscal 2009. This increase was primarily d an increase in labor and labor-related benefits expense of $0.8 million, or 0.5%, due to increased employee incentive compe expense mostly offset by a company-wide wage reduction plan implemented in April 2009 (which was partially reinstated i 2010) and the suspension of the matching contribution to our 401(k) program in January 2009 (of which the 401(k) matchin program was partially reinstated in April 2010); a $2.3 million, or 7.0%, increase in resort related fees associated with high Mountain net revenue, including Forest Service fees which are calculated on a graduated scale based on revenue levels achi resort, and a $5.6 million, or 6.7%, increase in general and administrative expenses primarily due to higher allocated corpor including increased employee incentive compensation expense, employee medical costs and legal expenses when compared 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 i expenses due primarily to lower operating supply costs resulting from improved procurement practices in addition to lower 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 jo venture. The increase in equity investment income for Fiscal 2010 compared to Fiscal 2009 is primarily due to a decline in and legal costs, partially offset by decreased commissions earned by the brokerage due to a lower level of real estate closur primarily on multi-unit projects compared to Fiscal 2009.

Lodging Segment

Lodging segment operating results for Fiscal 2011, Fiscal 2010 and Fiscal 2009 are presented by category as follows (in tho except ADR and RevPAR):

	Year Ended July 31,			Percentage Increase/(Decrease)	
	2011	2010	2009	2011/2010	2010/2009
Lodging net revenue:					
Owned hotel rooms	$ 43,327	$ 41,479	$ 43,153	4.5 %	(3.9)%
Managed condominium rooms	39,239	32,074	34,571	22.3 %	(7.2)%
Dining	29,885	27,235	30,195	9.7 %	(9.8)%
Transportation	19,810	19,026	17,975	4.1 %	5.8 %
Golf	14,461	13,769	15,000	5.0 %	(8.2)%
Other	39,301	35,547	35,347	10.6 %	0.6 %
	186,023	169,130	176,241	10.0 %	(4.0)%
Payroll cost reimbursement	28,635	26,171	27,365	9.4 %	(4.4)%
Total Lodging net revenue	$ 214,658	$ 195,301	$ 203,606	9.9 %	(4.1)%
Lodging operating expense:					
Labor and labor-related benefits	$ 86,584	$ 78,698	$ 81,290	10.0 %	(3.2)%
General and administrative	31,265	29,361	27,823	6.5 %	5.5 %
Other	59,419	58,679	60,369	1.3 %	(2.8)%
	177,268	166,738	169,482	6.3 %	(1.6)%
Reimbursed payroll costs	28,635	26,171	27,365	9.4 %	(4.4)%
Total Lodging operating expense	$ 205,903	$ 192,909	$ 196,847	6.7 %	(2.0)%

Lodging Reported EBITDA	$	8,755	$	2,392	$	6,759	266.0 %	(64.6)%

Owned hotel statistics:						
ADR	$ 194.35	$ 190.93	$ 183.59	1.8 %	4.0 %
RevPar	$ 112.95	$ 104.90	$ 107.06	7.7 %	(2.0)%
Managed condominium statistics:					
ADR	$ 296.64	$ 291.18	$ 273.38	1.9 %	6.5 %
RevPar	$ 83.89	$ 77.76	$ 84.50	7.9 %	(8.0)%
Owned hotel and managed condominium statistics (combined):					
ADR	$ 243.85	$ 235.02	$ 225.12	3.8 %	4.4 %
RevPar	$ 93.82	$ 88.14	$ 93.10	6.4 %	(5.3)%

Lodging Reported EBITDA includes $2.1 million, $2.0 million and $1.8 million of stock-based compensation expense for I 2011, Fiscal 2010 and Fiscal 2009, respectively.

Fiscal 2011 compared to Fiscal 2010

Revenue from owned hotel rooms increased $1.8 million, or 4.5%, for Fiscal 2011 compared to Fiscal 2010 which was driv increase in occupancy of 3.2 percentage points due to higher group business and transient guest visitation primarily at prope proximate to our resorts as a result of increased skier visitation as discussed in the Mountain segment of this management discussion and analysis. GTLC room revenue for Fiscal 2011 was relatively flat compared to Fiscal 2010 as occupancy was negatively impacted in the fourth quarter of Fiscal 2011 compared to the same period in the prior year due to unfavorable w conditions in May and June 2011 resulting in a decline in revenue of $0.5 million. Revenue from managed condominium ro increased $7.2 million, or 22.3%, for Fiscal 2011 compared to the Fiscal 2010, and was primarily due to the addition of ma condominium rooms in the Lake Tahoe region, which generated $3.8 million in revenue and the addition of managed condo rooms at One Ski Hill Place in Breckenridge which generated $1.5 million in revenue. Excluding the additional managed condominium rooms in the Lake Tahoe region and One Ski Hill Place in Breckenridge, revenue from managed condominiu increased by $1.9 million, or 5.9%, primarily due to an increase in group business at our Keystone resort and transient gues visitation at our other managed condominiums proximate to our ski resorts.

Dining revenue for Fiscal 2011 increased $2.7 million, or 9.7%, as compared to Fiscal 2010, due to increased group visitati primarily at our Keystone resort ($0.9 million increase in revenue), the addition of a new restaurant located at One Ski Hill Breckenridge, and as a result of a restaurant that was closed for renovation for a portion of the prior year at the Arrabelle at Square. GTLC dining revenue was relatively flat during Fiscal 2011 compared to Fiscal 2010 as revenues were negatively i by lower occupancy as discussed above. Transportation revenues increased $0.8 million, or 4.1%, primarily due to an incre passengers of 5.0% driven by increased visitation to our Colorado based resorts. Golf revenues increased $0.7 million, or 5 Fiscal 2011 compared to Fiscal 2010, primarily due to the addition of a golf course at Northstar-at-Tahoe in Fiscal 2011 an increase of 3.9% in the number of golf rounds played at our other golf courses. Other revenue increased $3.8 million, or 10 Fiscal 2011 compared to Fiscal 2010 primarily due to an increase in management fee revenue from managed hotel properti including new managed properties in the Caribbean, higher commissions earned from reservations booked through our cent reservation system and an increase in conference services provided to our group business.

Operating expense (excluding reimbursed payroll costs) increased $10.5 million, or 6.3%, for Fiscal 2011 compared to Fisc Operating expense in the current year benefited from the receipt of $2.9 million, net of legal expenses for the settlement of damages related to the CME acquisition (included as a credit in other expense). Excluding the impact of the CME settlemen operating expense increased $13.5 million, or 8.1%, during Fiscal 2011, compared to the same period in the prior year. Lab labor-related benefits increased $7.9 million, or 10.0%, for Fiscal 2011 compared to Fiscal 2010. Labor and labor-related b increased primarily due to higher staffing levels associated with increased occupancy and labor associated with the additior managed condominiums in the Lake Tahoe region and at One Ski Hill Place in Breckenridge, the full year impact of the pri partial wage reinstatement and our matching component of the 401(k) plan, as well as a more normal level of wage increase Fiscal 2011. General and administrative expense increased $1.9 million, or 6.5%, primarily due to an increase in central res costs, and the Lodging segment component of corporate costs including labor, labor-related benefits and marketing. Other e excluding the CME settlement, increased $3.7 million, or 6.2%, primarily due to increased fuel costs, as well as other varia operating costs associated with increased occupancy and volume including higher food and beverage cost of sales, credit ca and other operating expense.

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

Fiscal 2010 compared to Fiscal 2009

Total Lodging net revenue (excluding payroll cost reimbursement) for Fiscal 2010 decreased $7.1 million, or 4.0%, compar Fiscal 2009. We acquired CME on November 1, 2008, and as a result Lodging net revenue for Fiscal 2009 includes only ni months of operations for CME. Excluding the impact of CME revenue for the first quarter of Fiscal 2010, total Lodging net 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 de occupancy of 3.4 percentage points partially offset by an increase in ADR of 4.0%. The decrease in occupancy was primari declines in occupancy at our Keystone lodging properties of 11.5 percentage points. This decrease was partially offset by a percentage point increase in occupancy at our other lodging properties proximate to our ski resorts (excluding Keystone lod properties) during the second half of the 2009/2010 ski season due to increased visitation particularly during the spring brea Easter holiday periods as discussed in the Mountain segment of this management s discussion and analysis for Fiscal 2010 to Fiscal 2009 and an increase in occupancy at GTLC of 10.8 percentage points in the fourth quarter of Fiscal 2010 compar fourth quarter of Fiscal 2009 driven by an increase in both transient and group room nights (GTLC s room revenue increas million in the fourth quarter of Fiscal 2010 compared to the fourth quarter of Fiscal 2009). Revenue from managed condom 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 decline group and transient room nights primarily at our Keystone resort.

Dining revenue for Fiscal 2010 decreased $3.0 million, or 9.8%, compared to Fiscal 2009, primarily due to a decline in gro visitation primarily at our Keystone resort. This decline was partially offset by an increase in dining revenue of $0.7 millio 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 operation CME included in Fiscal 2010 compared to only nine months of operations for CME in Fiscal 2009. Golf revenues decrease million, or 8.2%, for Fiscal 2010 compared to Fiscal 2009, primarily resulting from a 12.6% decrease in the number of golf played.

Operating expense (excluding reimbursed payroll costs) decreased $2.7 million, or 1.6%, for Fiscal 2010 compared to Fisca Due to the acquisition of CME on November 1, 2008, operating expenses for Fiscal 2010 included twelve months of CME expenses compared to only nine months of CME operating expenses for Fiscal 2009. Excluding the impact of CME operati expenses for the first quarter of Fiscal 2010 of $2.7 million, operating expenses decreased $5.5 million, or 3.2%, primarily (i) a decrease in labor and labor-related benefits of $4.3 million, or 5.3%, primarily due to lower staffing levels associated v decreased occupancy and the impacts of cost reduction initiatives including a company-wide wage reduction plan impleme April 2009 (which was partially reinstated in April 2010) and the suspension of the matching contribution to our 401(k) pro January 2009 (of which the 401(k) matching program was partially reinstated in April 2010) and (ii) a decrease in other exp $2.7 million, or 4.5%, primarily due to decreased variable operating costs associated with lower revenue including lower fo beverage cost of sales and a decrease in operating supplies and repairs and maintenance. The above decreases were partiall by an increase in general and administrative expense of $1.5 million, or 5.5%, primarily due to higher Lodging segment co of corporate costs including increased employee incentive compensation expense, employee medical costs and legal expens

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

Real Estate Segment

Real Estate segment operating results for Fiscal 2011, Fiscal 2010 and Fiscal 2009 are presented by category as follows (in thousands):

	Year Ended july 31,			Percentage Increase/(Decrease)	
	2011	2010	2009	2011/2010	2010/20
Total Real Estate net revenue	$ 200,197	$ 61,007	$ 186,150	228.2 %	(67.2
Real Estate operating expense:					
Cost of sales (including sales commissions)	178,295	46,397	111,669	284.3 %	(58.4
Other	26,937	25,005	30,401	7.7 %	(17.7
Total Real Estate operating expense	205,232	71,402	142,070	187.4 %	(49.7
Gain on sale of real property		6,087		(100.0)%	
Real Estate Reported EBITDA	$ (5,035)	$ (4,308)	$ 44,080	(16.9)%	(109.8

Real Estate Reported EBITDA includes $3.3 million, $4.5 million and $4.1 million of stock-based compensation expense fo 2011, Fiscal 2010 and Fiscal 2009, respectively.

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

Fiscal 2011

Real Estate segment net revenue for Fiscal 2011 was driven primarily by the closing of 71 condominium units (45 units sol Ritz-Carlton Development Company and 26 units sold to individuals) at The Ritz-Carlton Residences, Vail ($186.4 million revenue with an average selling price per unit of $2.6 million and an average price per square foot of $1,216). The Ritz-Car Residences, Vail average price per square foot is driven by The Ritz-Carlton brand, its premier Lionshead location at the ba Vail, its proximity to the Eagle Bahn gondola and the comprehensive and exclusive amenities related to the project. Additio during Fiscal 2011, we recognized $7.8 million of revenue related to deposits from buyers who defaulted on units under co The Ritz-Carlton Residences, Vail and we closed on four condominium units at One Ski Hill Place ($4.3 million of revenue average selling price per unit of $1.1 million and an average price per square foot of $982). The One Ski Hill Place average 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.

Operating expense for Fiscal 2011 included cost of sales of $171.1 million primarily resulting from the closing of 71 condo units at The Ritz-Carlton Residences, Vail (average cost per square foot of $1,090) and from the closing of four condomini at One Ski Hill Place (average cost per square foot of $769). The cost per square foot for The Ritz-Carlton Residences, Vai reflective of the high-end features and amenities associated with a Ritz-Carlton project compared to other Vail properties a construction costs associated with mountain resort development. The cost per square foot for One Ski Hill Place is reflectiv high-end features and amenities associated with this project compared to other Breckenridge properties and high constructi associated with mountain resort development. Additionally, sales commissions of approximately $7.2 million were incurre commensurate with revenue recognized. Other operating expense of $26.9 million (including $3.3 million of stock-based compensation expense) was primarily comprised of general and administrative costs which include marketing expense for t estate available for sale (including those units that have not yet closed), carrying costs for units available for sale and overh such as labor and labor-related benefits and the Real Estate segment component of corporate costs.

Fiscal 2010

Real Estate segment net revenue for Fiscal 2010 was driven primarily by the closing of 36 condominium units at One Ski H ($50.7 million of revenue with an average selling price per unit of $1.4 million and an average price per square foot of $1,2 17 affordable housing units associated with the JHG&TC development ($3.1 million of revenue with an average selling pri unit of $0.2 million and an average price per square foot of $188). The One Ski Hill Place average price per square foot wa by its premier ski-in/ski-out location at the base of Peak 8 in Breckenridge, its close proximity to the BreckConnect gondol other lifts and the comprehensive offering of amenities resulting from this project. Additionally, during Fiscal 2010 we rec $5.2 million of revenue related to deposits from buyers who defaulted on units under contract at One Ski Hill Place, and re 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 Arro 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 un Ski Hill Place (average cost per square foot of $971) and $3.1 million resulting from the closing of 17 affordable housing u

associated with the JHG&TC development (average cost per square foot of $188, net of impairment charges taken in previo
periods). The cost per square foot for One Ski Hill Place is reflective of the high-end features and amenities associated with
project compared to other Breckenridge properties and high construction costs associated with mountain resort developmen

Additionally, sales commissions of approximately $3.6 million were incurred commensurate with revenue recognized. Oth operating expense of $25.0 million (including $4.5 million of stock-based compensation expense) was primarily comprised general and administrative costs which includes marketing expense for the real estate projects under development (includin that have not yet closed), overhead costs, such as labor and labor-related benefits and the Real Estate segment component o 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 million of revenue with an average selling price per unit of $13.9 million and an average price per square foot of $2,860), 4 residences at Crystal Peak Lodge ($54.9 million of revenue with an average selling price per unit of $1.3 million and an av price per square foot of $1,038) and two units at the Arrabelle ($16.7 million of revenue with an average selling price per u $8.4 million and an average price per square foot of $1,623). The higher average price per square foot for the Chalet units w driven by their premier location at the base of Vail mountain in Vail Village and the fact that this development consisted of exclusive chalets. The Arrabelle average price per square foot is driven by its ski-in/ski-out location in Vail, and the compr offering of amenities resulting from this project. The Crystal Peak Lodge average price per square foot though significantly than the Vail project real estate sales, is significantly higher than historical Breckenridge project real estate sales and is prin driven by its ski-in/ski-out location at the base of Peak 7 in Breckenridge and close proximity to the BreckConnect Gondol

Operating expense for Fiscal 2009 included cost of sales of $101.1 million commensurate with revenue recognized, primar 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 resid Crystal Peak Lodge ($34.2 million in cost of sales with an average cost per square foot of $654) and two units at the Arrabe ($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 an units is reflective of the high-end features and amenities associated with these projects and the relatively high construction associated with mountain resort development. The cost per square foot for Crystal Peak Lodge is reflective of its less comp design features and fewer amenities associated with this project relative to the Arrabelle and Chalet units. Additionally, sal commissions of approximately $10.6 million were incurred commensurate with revenue recognized. Other operating expen $30.4 million (including $4.1 million of stock-based compensation expense) was primarily comprised of general and admi costs which include marketing expenses for the major real estate projects under development (including those that have not closed), overhead costs such as labor and labor-related benefits and the Real Estate segment component of corporate costs. addition, included in other segment operating expense for Fiscal 2009, we recorded $2.8 million of estimated costs in exces anticipated sales proceeds for an affordable housing commitment resulting from the cancellation of a contract by a third pa developer related to our JHG&TC development.

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 both Fiscal 2011 and Fiscal 2010 increased prin to the impact of an increase in the fixed asset base from the placing in service of significant resort assets over the last three which included, among other assets, assets associated with the acquisition of Northstar-at-Tahoe and One Ski Hill Place, in Breckenridge and multiple gondolas and lifts within the last three years.

Net (income) loss attributable to noncontrolling interests, net. Net income attributable to noncontrolling interests for Fiscal decreased $5.5 million compared to Fiscal 2010 due to our acquisition of the remaining 30.7% noncontrolling interest in S April 30, 2010. Net income attributable to noncontrolling interests increased by $3.8 million in Fiscal 2010 compared to Fi primarily due to the timing of the acquisition of the remaining interest in SSV at the end of the third fiscal quarter of Fiscal the fourth fiscal quarter operations of SSV are historically a loss period.

Asset impairment charge. We previously extended a $2.6 million note receivable, including accrued interest, to an entity th a hotel in which we manage. This entity was in default on certain debt held by the entity and the third party owners of the e were unable to reach an agreement to restructure the debt with their creditor, as a result, the creditor foreclosed on the hote 2011. As such, we have recorded an asset impairment charge of $2.6 million in our Consolidated Statements of Operations 2011.

Loss on extinguishment of debt. In April 2011, we completed an offering for $390 million of 6.50% Notes, the proceeds of along with available cash resources, were used to retire the outstanding $390 million principal amount of 6.75% Notes and related call premiums, issuance costs, transaction and legal fees. Total costs to retire the 6.75% Notes and issuance costs fo 6.50% Notes were $15.7 million, of which $8.3 million were recorded as deferred financing costs and $7.4 million was rec loss on extinguishment. Additionally, included in the loss on extinguishment is a write off of a portion of unamortized debt costs and legal fees associated with the 6.75% Notes.

Interest expense, net. Interest expense increased for Fiscal 2011 compared to Fiscal 2010 and is primarily due to the signifi reduction in the capitalization of interest on self-funded real estate projects in Fiscal 2011, as all real estate projects under development have reached completion. The reduction in interest expense for Fiscal 2010 compared to Fiscal 2009 is primar an increase in capitalized interest on self-funded real estate projects. Capitalized interest was $0.6 million, $16.3 million an million for Fiscal 2011, Fiscal 2010 and Fiscal 2009, respectively.

Income taxes. Our effective tax rate was 38.0%, 33.5% and 37.7% in Fiscal 2011, Fiscal 2010 and Fiscal 2009, respectively 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 from the consolidated pre-tax income and the amount of net income attributable to noncontrolling interests. The lower effe rate for Fiscal 2010 is largely driven by the higher net income attributable to noncontrolling interests recorded in Fiscal 201 Additionally, the income tax provision recorded for Fiscal 2011 reflects a $0.7 million income tax benefit due to a reversal income tax contingency resulting from the expiration of the statue of limitations. In Fiscal 2010, the tax provision reflected million income tax benefit due to a reversal of an income tax contingency resulting from the expiration of the statue of limi

In 2005, we amended previously filed tax returns (for the tax years from 1997 through 2002) in an effort to remove restricti Section 382 of the Internal Revenue Code on approximately $73.8 million of NOLs relating to fresh start accounting from reorganization in 1992. As a result, we requested a refund related to the amended returns in the amount of $6.2 million and 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 restriction on the NOLs. We appealed the examiner s disallowance of the NOLs to the Office of Appeals. In December 20 Office of Appeals denied our appeal, as well as a request for mediation. We disagreed with the IRS interpretation disallowi utilization of the NOLs and in August 2009, filed a complaint in the United States District Court for the District of Colorad recovery of $6.2 million in over payments that were previously denied by the IRS, plus interest. On July 1, 2011, the Distri granted us summary judgment, concluding that the IRS s decision disallowing the utilization of the NOLs was inappropria sole issue now before the District Court is the amount of the tax refund to which we are entitled. The IRS is entitled to appe decision of the District Court to grant the motion for summary judgment and we do not know whether the IRS will do so or does appeal, whether the appeal would be successful. We are also a party to two related tax proceedings in the United State Court regarding calculation of NOL carryover deductions for tax years 2006, 2007 and 2008. The two proceedings involve substantially the same issues as the litigation in the District Court wherein we disagree with the IRS as to the utilization of With respect to the case involving the 2006 tax year, a trial date has been set for November 2011, but we expect that the ca stayed pending final resolution of the District Court case, which as described above, now only involves the determination o refund to which we are entitled. Similarly, while no trial date has been set, we expect that we will stipulate with the IRS tha involving tax years 2007 and 2008 be stayed until the District Court proceeding is resolved. Since the legal proceeding surr the utilization of the NOLs have not been fully resolved, including a determination of the amount of refund and the possibil the District Court s ruling may be appealed by the IRS, there remains considerable uncertainty of what portion, if any, of t will be realized, and as such, we have not reflected any of the benefits of the utilization of the NOLs within our financial statements. However, the range of potential reversal of other long-term liabilities and accrued interest and penalties that wo recorded as a benefit to the Company s income tax provision is between zero and $27.6 million.

Reconciliation of Non-GAAP Measures

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

	Year Ended July 31,		
	2011	**2010**	**2009**
Mountain Reported EBITDA	$ 213,167	$ 184,036	$ 164,389
Lodging Reported EBITDA	8,755	2,392	6,759
Resort Reported EBITDA	221,922	186,428	171,148
Real Estate Reported EBITDA	(5,035)	(4,308)	44,080
Total Reported EBITDA	216,887	182,120	215,228
Depreciation and amortization	(117,957)	(110,638)	(107,213)
Loss on disposal of fixed assets, net	(555)	(615)	(1,064)
Investment income, net	719	445	1,793

Interest expense, net	(33,641)	(17,515)	(27,548)
Asset impairment charge	(2,561)		
Loss on extinguishment of debt	(7,372)		
Income before provision for income taxes	55,520	53,797	81,196
Provision for income taxes	(21,098)	(18,022)	(30,644)
Net income	34,422	35,775	50,552
Net loss (income) attributable to noncontrolling interests	67	(5,390)	(1,602)
Net income attributable to Vail Resorts, Inc.	$ 34,489	$ 30,385	$ 48,950

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

	July 31,	
	2011	**2010**
Long-term debt	$ 490,698	$ 524,842
Long-term debt due within one year	1,045	1,869
Total debt	491,743	526,711
Less: cash and cash equivalents	70,143	14,745
Net Debt	$ 421,600	$ 511,966

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 y compared to our second and third fiscal quarter ends 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 in in real estate development projects. We had $70.1 million of cash and cash equivalents as of July 31, 2011, compared to $1 million as of July 31, 2010. We generated $267.3 million of cash from operating activities during Fiscal 2011 compared to million and $134.3 million generated during Fiscal 2010 and Fiscal 2009, respectively. We currently anticipate that Resort EBITDA will continue to provide a significant source of future operating cash flows combined with proceeds from the rem inventory of real estate available for sale from the completed Ritz-Carlton Residences, Vail and One Ski Hill Place at Brecl projects.

In addition to our $70.1 million of cash and cash equivalents at July 31, 2011, we have available $332.9 million under our C Agreement (which represents the total commitment of $400.0 million less certain letters of credit outstanding of $67.1 milli which was amended and restated on January 25, 2011. Key modifications to the Credit Agreement included, among other th extension of the maturity on the revolving credit facility from February 2012 to January 2016; the expansion of baskets for flexibility in our ability to incur debt and make acquisitions, investments and distributions; and the elimination of certain fi covenants. We believe the Credit Agreement, which matures in 2016, provides adequate flexibility and is priced favorably new borrowings currently being priced at LIBOR plus 1.50%.

In addition, on April 25, 2011, we completed an offering for $390 million of 6.50% Notes, the proceeds of which, along wi available cash resources, were used to purchase the outstanding $390 million principal amount of 6.75% Notes and pay rela premiums, fees and expenses. The 6.75% Notes were completely retired as of July 31, 2011. The 6.50% Notes have a fixed interest rate of 6.50% and will mature May 1, 2019 with no principal payments due until maturity. We believe the 6.50% N allow for substantially increased flexibility in our ability to incur debt and make acquisitions, investments and distributions

Fiscal 2011 compared to Fiscal 2010

We generated $267.3 million of cash from operating activities in Fiscal 2011, an increase of $231.3 million when comparec $36.0 million of cash generated in Fiscal 2010. The increase in operating cash flows was partially a result of an increase in number of real estate closings that occurred in Fiscal 2011 which generated $166.0 million in net proceeds (net of sales commissions) compared to $43.7 million generated in net proceeds (net of sales commissions) in Fiscal 2010. Additionally investments in real estate decreased $141.5 million in Fiscal 2011 compared to Fiscal 2010 as our real estate projects under development reached completion. Additionally, improvements in our resort operations, including from Northstar-at-Tahoe was acquired in October 2010, resulted in an increase in Resort Reported EBITDA of $35.5 million in Fiscal 2011 compare Fiscal 2010. Partially offsetting the above items were an increase in the change in accounts receivable and inventory of $10 partially due to the Northstar-at-Tahoe acquisition and a decrease in the change in accounts payable and accrued liabilities million primarily due to a reduction in real estate development payables.

43

Cash used in investing activities increased by $74.6 million in Fiscal 2011 compared to Fiscal 2010, due to the acquisition o
Northstar-at-Tahoe in October 2010 for $60.5 million (net of cash assumed), an increase in resort capital expenditures of $2
million in Fiscal 2011, and the prior year cash receipt of $8.9 million primarily related to a land parcel we sold in Fiscal 20
which was partially offset by the acquisition of Mountain News Corporation for $15.9 million in Fiscal 2010.

Cash used in financing activities increased $46.8 million in Fiscal 2011 compared to Fiscal 2010. The increase in cash used
financing cash flows was primarily due to the repayment of $35.0 million outstanding under the Credit Agreement in Fiscal
payment of financing costs associated with the offering of the 6.50% Notes and retirement of the 6.75% Notes and the ame
restated Credit Agreement of $12.4 million, and cash dividends on common stock of $5.4 million in Fiscal 2011. The above
partially offset by the acquisition of the remaining noncontrolling interest in SSV in the prior year for $31.0 million on Apr
2010 and the repurchase of common stock for $15.0 million in Fiscal 2010.

Fiscal 2010 compared to Fiscal 2009

We generated $36.0 million of cash from operating activities in Fiscal 2010, a decrease of $98.3 million when compared to
$134.3 million of cash generated in Fiscal 2009. The decline in operating cash flows was primarily a result of increased rea
closings that occurred in Fiscal 2009, which generated $126.9 million in proceeds (net of sales commissions) compared to r
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 de
cash provided by operating activities for Fiscal 2010 compared to Fiscal 2009 was the receipt of $40.8 million of private cl
initiation fees for the Vail Mountain Club in Fiscal 2009 and a reduction in restricted cash of $47.6 million in the Fiscal 20
became available for general purpose use due to the payoff of our non-recourse real estate financing. Partially offsetting the
items were improved operating cash flows from our resort operations of approximately $15.3 million, a decrease in income
payments of $30.1 million and a decrease in the change in accounts receivable of $13.5 and an increase in the change in ac
payable and accrued liabilities 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 re
capital expenditures of $37.5 million, the acquisition of CME for $38.2 million in Fiscal 2009 and the cash receipt of $8.9 r
primarily related to a land parcel we sold during Fiscal 2010, partially offset by the acquisition of Mountain News for $15.9
in Fiscal 2010.

Cash used in financing activities decreased $75.7 million in Fiscal 2010 compared to Fiscal 2009 resulting from an increase
borrowings under the Credit Agreement of $35.0 million, the payoff of our non-recourse real estate financings and schedule
maturity of $58.4 million and $15.0 million, respectively in Fiscal 2009 and a decrease in repurchases of our common stock
million during Fiscal 2010. Partially offsetting the above items was the acquisition of the remaining noncontrolling interest
for $31.0 million on April 30, 2010.

Significant Uses of Cash

Our cash uses currently include providing for operating expenditures and capital expenditures for assets to be used in opera
to a substantially lesser degree remaining expenditures on completed real estate projects and future development projects.

We have historically invested significant cash in capital expenditures for our resort operations, and we expect to continue to
the future. Current capital expenditure levels will primarily include investments that allow us to maintain our high quality s
as well as certain incremental discretionary improvements at our six ski resorts, our retail/rental business as well as through
owned lodging properties. Additionally, with the acquisition of Northstar-at-Tahoe to our ski resort portfolio, we are invest
significantly in this resort property in the near term to enhance the guest experience. We evaluate additional discretionary c
improvements based on an expected level of return on investment. We currently anticipate we will spend approximately $8
to $98 million of resort capital expenditures for calendar year 2011 excluding Northstar-at-Tahoe, and an additional $28 mi
$32 million related to Northstar-at-Tahoe. Included in these capital expenditures are approximately $40 million to $44 mill
excluding Northstar-at-Tahoe, and an additional $4 million to $6 million related to Northstar-at-Tahoe, which are necessary
maintain appearance and level of service appropriate to our resort operations, including routine replacement of snow groom
equipment and rental fleet equipment. Approximately $33 million was spent for capital expenditures, including Northstar-a
in calendar year 2011 as of July 31, 2011, leaving approximately $83 million to $97 million to spend in the remainder of ca
year 2011. Discretionary expenditures for calendar 2011 include a new high speed chairlift to serve Beaver Creek mountain
on-mountain

fine dining restaurant at Vail; development of significant new functionality for Epic Mix for use at all six of our resorts; ren at certain owned lodging properties; expansion of terrain at Northstar-at-Tahoe, including a new high speed chairlift; a new on-mountain dining venue at Northstar-at-Tahoe and renovation of the commercial village at Northstar-at-Tahoe to bring in tenant mix. We currently plan to utilize cash on hand, borrowings available under our Credit Agreement and/or cash flow g from future operations to provide the cash necessary to execute our capital plans. Additionally, we do not expect to make an significant income tax payments for the remainder of calendar year 2011 due to accelerated tax deductions on capital expen that are expected to be placed in service by calendar year end 2011 combined with estimated tax losses generated from ope through calendar year end (the Company files its tax returns on a calendar year basis), subject to a settlement of the dispute IRS over the utilization of NOLs previously discussed.

Principal payments on the vast majority of our long-term debt ($487.9 million of the total $491.7 million debt outstanding a July 31, 2011) are not due until fiscal 2019 and beyond. As of July 31, 2011 and 2010, total long-term debt (including long debt due within one year) was $491.7 million and $526.7 million, respectively, with the decrease at July 31, 2011 being pri due to decreased net borrowings under the Credit Agreement. Net Debt (defined as long-term debt plus long-term debt due one year less cash and cash equivalents) decreased from $512.0 million as of July 31, 2010 to $421.6 million as of July 31, primarily to the increase in cash and cash equivalents and decreased net borrowings under our Credit Agreement.

Our debt service requirements can be impacted by changing interest rates as we had $52.6 million of variable-rate debt outs as of July 31, 2011. A 100-basis point change in LIBOR would cause our annual interest payments to change by approxima million. The fluctuation in our debt service requirements, in addition to interest rate changes, may be impacted by future bo under our Credit Agreement or other alternative financing arrangements we may enter into. Our long term liquidity needs a dependent upon operating results that impact the borrowing capacity under the Credit Agreement, which can be mitigated b adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. V respond to liquidity impacts of changes in the business and economic environment by managing our capital expenditures an timing of new real estate development activity.

On March 9, 2006, our Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July approved an increase of our common stock repurchase authorization by an additional 3,000,000 shares. During Fiscal 2011 not repurchase any shares of our common stock. Since inception of this stock repurchase plan through July 31, 2011, we ha repurchased 4,264,804 shares at a cost of approximately $162.8 million. As of July 31, 2011, 1,735,196 shares remained av repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase prog be held as treasury shares and may be used for the issuance of shares under our employee share award plan. Acquisitions u stock repurchase program may be made from time to time at prevailing prices as permitted by applicable laws, and subject conditions and other factors. The timing as well as the number of shares that may be repurchased under the program will de a number of factors, including our future financial performance, our available cash resources and competing uses for cash t arise in the future, the restrictions in our Credit Agreement and the Indenture, dated as of April 25, 2011 among us, the gua therein and The Bank of New York Mellon Trust Company, N.A. as Trustee (Indenture), governing the 6.50% Notes, pr prices of our common stock and the number of shares that become available for sale at prices that we believe are attractive. stock repurchase program may be discontinued at any time and is not expected to have a significant impact on our capitaliz

On June 7, 2011, our Board of Directors approved the commencement of a regular quarterly cash dividend on our common an annual rate estimated to be $0.60 per share (or $21.6 million annually based upon shares outstanding as of July 31, 2011 to quarterly declaration, with the first quarterly dividend of $0.15 per share paid on July 18, 2011. This dividend was funde available cash on hand. Subject to the discretion of our Board of Directors and subject to applicable law, we anticipate payi regular quarterly dividends on our common stock for the foreseeable future. The amount, if any, of the dividends to be paid future will depend upon our then available cash, anticipated cash needs, overall financial condition, Credit Agreement restr future prospects for earnings and cash flows, as well as other factors considered relevant by our Board of Directors.

Covenants and Limitations

We must abide by certain restrictive financial covenants under our Credit Agreement and the Indenture. The most restrictiv covenants include the following Credit Agreement covenants: Net Funded Debt to Adjusted EBITDA ratio and the Interest Coverage ratio (each as defined in the Credit Agreement). In addition, our financing arrangements, including the Indenture, ability to make certain restricted payments, pay dividends on or redeem or repurchase stock, enter into certain investments, certain affiliate transfers and may limit our ability to enter into certain mergers, consolidations or sales of assets and incur c indebtedness. Our borrowing availability under the Credit Agreement is primarily determined by the Net Funded Debt to A 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, 2011. We expect that w meet all applicable financial maintenance covenants in our Credit Agreement, including the Net Funded Debt to Adjusted E ratio throughout the year ending July 31, 2012. However, there can be no assurance that we will meet such financial covena such covenants are not met, we would be required to seek a waiver or amendment from the banks participating in the Credi Agreement. There can be no assurance that such waiver or amendment would be granted, which could have a material adve 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 suc agreements, construction agreements in conjunction with our development activities and lease agreements. Debt obligations total $491.7 million as of July 31, 2011, are recognized as liabilities in our Consolidated Balance Sheet. Obligations under construction contracts are not recognized as liabilities in our Consolidated Balance Sheet until services and/or goods are rec which is in accordance with GAAP. Additionally, operating lease and service contract obligations, which total $298.3 milli July 31, 2011, are not recognized as liabilities in our Consolidated Balance Sheet, which is in accordance with GAAP. A su of our contractual obligations as of July 31, 2011 is as follows (in thousands):

					Payments Due by Period				
				Fiscal		**2-3**		**4-5**		**More tha**
Contractual Obligations		**Total**		**2012**		**years**		**years**		**5 years**
Long-Term Debt [1]	$	491,743	$	1,045	$	1,458	$	777	$	488,
Fixed Rate Interest [1]		231,002		28,951		57,025		56,977		88,
Operating Leases and Service Contracts		298,304		31,665		51,750		45,372		169,
Purchase Obligations [2]		254,332		215,339		37,590		157		1,
Total Contractual Cash Obligations	$	1,275,381	$	277,000	$	147,823	$	103,283	$	747,

(1) The fixed-rate interest payments, as well as long-term debt payments, included in the table above assume that all fi debt outstanding as of July 31, 2011 will be held to maturity. Interest payments associated with variable-rate debt have not included in the table. Assuming that the amounts outstanding under variable-rate long-term debt as of July 31, 2011 are he maturity, and utilizing interest rates in effect at July 31, 2011, our annual interest payments (including commitment fees an credit fees) on variable rate long-term debt as of July 31, 2011 is anticipated to be approximately $1.1 million for Fiscal 20 million for Fiscal 2013 and $1.0 million for at least each of the next three years subsequent to Fiscal 2013. The future annu interest obligations noted herein are estimated only in relation to debt outstanding as of July 31, 2011, and do not reflect in obligations on potential future debt.

(2) Purchase obligations primarily include amounts which are classified as trade payables, real estate development pa accrued payroll and benefits, accrued fees and assessments, accrued taxes (including taxes for uncertain tax positions) on Consolidated Balance Sheet as of July 31, 2011 and other commitments for goods and services not yet received, including construction contracts not included on our Consolidated Balance Sheet as of July 31, 2011 in accordance with GAAP.

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 accountin and to make judgments and estimates affecting the application of those accounting policies. In applying our accounting pol 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 inv most complex or subjective decisions or assessments. We also have other policies considered key accounting policies; how these policies do not meet the definition of critical accounting policies because they do not generally require us to make est

judgments that are complex or subjective. We have reviewed these critical accounting policies and related disclosures with
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 ind parcels of real estate, when specific identification of costs cannot be reasonably determined. Additionally, the determinatio of sales associated with our mixed-use real estate development projects may include estimates for the fair value of resort de assets which are removed from project costs and separately capitalized and depreciated over their useful life.

Judgments and Uncertainties

Changes to either the relative sales values of the components of a project, which may include resort depreciable assets, or t 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 estimate for the resort depreciable assets component of a project and a 10% change in remaining costs complete a project for which real estate sales and related cost of sales were recorded in Fiscal 2011 would have changed the margin recognized by our Real Estate segment by approximately $4.3 million for Fiscal 2011.

Real Estate Held for Sale and Investment

Description

We evaluate each real estate project on at least a quarterly basis to determine if indicators of potential impairment exist. Im indicators are assessed separately for each real estate project and include, but are not limited to: current economic condition local real estate market and the number and type of real estate units we have available for sale, expected selling prices, net on units closed in recent months and projected margins on remaining units that are available for sale. A real estate project i considered impaired when its carrying value is greater than the undiscounted future net cash flows the project is expected to generate.

Judgments and Uncertainties

We determine the estimated cash flows by project starting with the current listing price of all units remaining to be sold by which is then reduced by 1) an estimate for sales discounts and concessions anticipated to be given to buyers over the rema estimated sales period that takes into consideration the current economic environment, local real estate market and the type estate we have held for sale; 2) marketing fees paid in conjunction with units to be sold, as applicable; 3) estimated sales commissions and other closing costs including title, transfer and escrow fees, and 4) estimated net carrying costs until units the sum of all which is compared to the carrying value for each individual real estate project.

Effect if Actual Results Differ From Assumptions

Based upon the analysis performed throughout Fiscal 2011, the estimated future cash flows of our real estate projects were of their respective carrying values and as such no impairment charge has been recognized. Cash flows require considerable and are sensitive to changes in underlying assumptions and factors such as the ultimate selling prices of individual units wi project and the estimated absorption period in which units are expected to be sold. As a result, there can be no assurance th estimates and assumptions made for purposes of our impairment analysis will prove to be an accurate prediction of the futu example, as of July 31, 2011, if our anticipated net cash proceeds (after sales concessions, discounts, selling and closing co the remaining inventory of condominium units at The Ritz-Carlton Residences, Vail and One Ski Hill Place in Breckenridg decline by 5% compared to our current estimates we may be required to record an impairment charge on one or both of thes projects.

Goodwill and Intangible Assets

Description

The carrying value of goodwill and indefinite-lived intangible assets are evaluated for possible impairment on an annual ba
between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a r
unit or indefinite-lived intangible asset below its carrying value. Other intangible assets are evaluated for impairment when

evidence that events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. W required to determine goodwill impairment using a two-step process. The first step is used to identify potential impairment comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its f the second step of the impairment test is performed to measure the amount of impairment loss, if any. If the carrying amoun reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount eq 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 los 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 identifica reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and determi the fair value of reporting units and indefinite-lived intangible assets. We determine the estimated fair value of our reportin using a discounted cash flow analysis. The estimated fair value of indefinite-lived intangible assets is primarily determined income approach based upon estimated future revenue streams. These analyses require significant judgments, including est of future cash flows, which is dependent on internal forecasts, available industry/market data (to the extent available), estim the long-term rate of growth for our business including expectations and assumptions regarding the impact of the timing an 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 estim assumptions could materially affect the determination of fair value and impairment for each reporting unit and indefinite-liv intangible asset. We evaluate our reporting units on an annual basis and allocate goodwill to our reporting units based on th 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 tested for impairment at least annually as of May 1st of each year. Based annual impairment test performed during the fourth fiscal quarter of Fiscal 2011 the estimated fair value of our reporting un indefinite-lived intangible assets were in excess of their respective carrying values and as such no impairment of goodwill o indefinite lived intangible assets existed and the second step of the goodwill impairment test was not required. However, we determined that certain reporting units within our Lodging segment ($59.8 million of goodwill as of July 31, 2011) were at failing step one of the goodwill impairment test, with the fair value of each of the reporting units estimated at approximatel excess of their carrying values and therefore are at risk for a future impairment in the event of significant unfavorable chang forecasted cash flows, terminal value multiples and/or weighted-average cost of capital utilized in the discounted cash flow

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment t 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 values of our Lodging segment re units may include such items as: (i) a prolonged weakness in the general economic conditions in which the reporting units o and therefore negatively impacting group and transient room nights and ADR; (ii) an economic recovery that significantly d from our assumptions in timing and/or degree; and (iii) volatility in the equity and debt markets which could result in a high discount rate.

While historical performance and current expectations have resulted in fair values of our reporting units in excess of carryin if our assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future. However 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 and judgments occur in the calculation of tax credits and deductions and in the calculation of certain tax assets and liabilitie arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well interest and penalties relating to uncertain tax positions. The calculation of our tax liabilities involves dealing with uncertai the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is mor than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. Th step

48

requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upo settlement. It is inherently difficult and subjective to estimate such amounts, as this requires us to determine the probability various possible outcomes. This evaluation is based on factors including, but not limited to, changes in facts or circumstanc changes in tax law, effectively settled issues under audit and new audit activity. A significant amount of time may pass befo 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 ta contingencies, actual results could differ, and we may be exposed to increases or decreases in those reserves and tax provisi could be material.

An unfavorable tax settlement could require the use of cash and could possibly result in an increased tax expense and effect rate in the year of resolution. A favorable tax settlement could possibly result in a reduction in our tax expense, effective ta income taxes payable, other long-term liabilities and/or adjustments to our deferred tax assets and deferred tax liabilities in 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 ma become obsolete or require replacement before the end of their useful life in which the remaining book value would be writ 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 us 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 b exposed to increased expense related to depreciable assets disposed of, removed or taken out of service prior to its originall 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 $12.0 million for Fiscal 2011.

New Accounting Standards

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

Inflation

Although we cannot accurately determine the precise effect of inflation on our operations, management does not believe inf has had a material effect on the results of operations in the last three fiscal years. When the costs of operating resorts increa generally have been able to pass the increase on to our customers. However, there can be no assurance that increases in labo 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 o lodging operations are substantially lower and historically result in losses from late spring to late fall. Conversely, peak ope seasons for GTLC, certain managed hotel properties and our golf courses occur during the summer months while the winte results in operating losses. Revenue and profits generated by GTLC s summer operations, management fees from certain n hotel properties, certain other lodging properties and golf operations are not nearly sufficient to fully offset our off-season l from our mountain and other lodging operations. During Fiscal 2011, 81.5% of total combined Mountain and Lodging segr revenue (excluding Lodging segment revenue associated with reimbursement of payroll costs) was earned during the secon third fiscal quarters. Therefore, the operating results for any three-month period are not necessarily indicative of the results be achieved for any subsequent quarter or for a full year (see Note 15, Selected Quarterly Financial Data (unaudited), of the 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 indebtedness. At July 31, 2011, we had $52.6 million of variable rate indebtedness, representing approximately 10.7% of o debt outstanding, at an average interest rate during Fiscal 2011 of 0.4%. Based on variable-rate borrowings outstanding as o July 31, 2011, a 100-basis point (or 1.0%) change in LIBOR would result in our annual interest payments changing by $0.5 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, 2011, 2010 and 2009

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:

Management s Report on Internal Control over Financial Reporting

Management of Vail Resorts, Inc. (the Company) is responsible for establishing and maintaining adequate internal contr financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. The C internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial rep and the preparation of financial statements for external purposes in accordance with generally accepted accounting principl 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 that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the polici procedures may deteriorate.

Management, including the Company s Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of Company s internal control over financial reporting as of July 31, 2011. In making this assessment, management used the established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadw Commission. Based on this assessment, management concluded that, as of July 31, 2011, the Company s internal control o financial reporting was effective.

The Company s independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation rep Company s internal control over financial reporting as of July 31, 2011, as stated in the Report of Independent Registered 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 financial position of Vail Resorts, Inc. and its subsidiaries at July 31, 2011 and 2010, and the results of their operations and cash flows for each of the three years in the period ended July 31, 2011 in conformity with accounting principles generally in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying ind presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolida financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over f reporting as of July 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Comm Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these fin statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its as of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on In Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial st schedule, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misst and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the fina 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 financia statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of interna over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operati effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as w considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the r of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepte accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the ass company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial sta in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being m in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance rega prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a ma 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 of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado

September 21, 2011

Vail Resorts, Inc.

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	July 31, 2011	2
Assets		
Current assets:		
Cash and cash equivalents	$ 70,143	$
Restricted cash	12,438	
Trade receivables, net of allowances of $3,423 and $2,259, respectively	58,529	
Inventories, net of reserves of $1,552 and $1,452, respectively	54,007	
Deferred income taxes (Note 11)	29,167	
Other current assets	21,340	
Total current assets	245,624	
Property, plant and equipment, net (Note 6)	1,021,736	1,
Real estate held for sale and investment	273,663	
Deferred charges and other assets	41,036	
Notes receivable	5,021	
Goodwill, net (Note 6)	268,058	
Intangible assets, net (Note 6)	91,098	
Total assets	$ 1,946,236	$ 1,
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	$ 221,359	$
Income taxes payable	20,778	
Long-term debt due within one year (Note 4)	1,045	
Total current liabilities	243,182	
Long-term debt (Note 4)	490,698	
Other long-term liabilities (Note 6)	235,429	
Deferred income taxes (Note 11)	133,208	
Commitments and contingencies (Note 13)		
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 40,334,973 and 40,173,891 shares issued, respectively	403	
Additional paid-in capital	575,689	
Retained earnings	416,458	
Treasury stock, at cost; 4,264,804 shares (Note 16)	(162,827)	(
Total Vail Resorts, Inc. stockholders equity	829,723	
Noncontrolling interests	13,996	
Total stockholders equity	843,719	
Total liabilities and stockholders equity	$ 1,946,236	$ 1,

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,		
	2011	**2010**	**20**
Net revenue:			
Mountain	$ 752,191	$ 638,495	$
Lodging	214,658	195,301	
Real estate	200,197	61,007	
Total net revenue	1,167,046	894,803	1,
Segment operating expense (exclusive of depreciation and amortization shown separately below):			
Mountain	540,366	456,017	
Lodging	205,903	192,909	
Real estate	205,232	71,402	
Total segment operating expense	951,501	720,328	
Other operating (expense) income:			
Depreciation and amortization	(117,957)	(110,638)	(
Loss on disposal of fixed assets, net	(555)	(615)	
Asset impairment charge (Note 8)	(2,561)	--	
Gain on sale of real property	--	6,087	
Income from operations	94,472	69,309	
Mountain equity investment income, net	1,342	1,558	
Investment income, net	719	445	
Interest expense, net	(33,641)	(17,515)	
Loss on extinguishment of debt (Note 4)	(7,372)	--	
Income before provision for income taxes	55,520	53,797	
Provision for income taxes (Note 11)	(21,098)	(18,022)	
Net income	$ 34,422	$ 35,775	$
Net loss (income) attributable to noncontrolling interests	67	(5,390)	
Net income attributable to Vail Resorts, Inc.	$ 34,489	$ 30,385	$
Per share amounts (Note 3):			
Basic net income per share attributable to Vail Resorts, Inc.	$ 0.96	$ 0.84	$
Diluted net income per share attributable to Vail Resorts, Inc.	$ 0.94	$ 0.83	$
Cash dividends declared per share	$ 0.15	$ --	$

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	St
	Shares	**Amount**						
Balance, July 31, 2008	39,926,496	$ 399	$ 545,773	$ 295,925	$ (125,461)	$ 716,636	$ 8,848	$
Net income	--	--	--	48,950	--	48,950	1,602	
Stock-based compensation (Note 17)	--	--	10,741	--	--	10,741	--	
Issuance of shares under share award plan net of shares withheld for taxes (Note 17)	123,492	1	(550)	--	--	(549)	--	
Tax expense from share award plan	--	--	(236)	--	--	(236)	--	
Repurchases of common stock (Note 16)	--	--	--	--	(22,367)	(22,367)	--	
Adjustment to redemption value of redeemable noncontrolling interest (Note 10)	--	--	--	12,120	--	12,120	5,652	
Noncontrolling interest distributions, net	--	--	--	--	--	--	(691)	
Balance, July 31, 2009	40,049,988	400	555,728	356,995	(147,828)	765,295	15,411	
Net income	--	--	--	30,385	--	30,385	5,390	
Stock-based compensation (Note 17)	--	--	11,843	--	--	11,843	--	
Issuance of shares under share award plan net of shares withheld for taxes (Note 17)	123,903	1	(1,139)	--	--	(1,138)	--	
Tax expense from share award plan	--	--	(40)	--	--	(40)	--	
Repurchases of common stock (Note 16)	--	--	--	--	(14,999)	(14,999)	--	

Adjustment to redemption value of redeemable noncontrolling interest (Note 10)	--		--		--		--		--		--		(10,338)	
Noncontrolling interest contributions, net	--		--		--		--		--		--		3,268	
Acquisition of noncontrolling interest, net of deferred taxes (Note 10)	--		--		(2,576)		--		--		(2,576)		(114)	
Balance, July 31, 2010	40,173,891		401		563,816		387,380		(162,827)		788,770		13,617	
Net income (loss)	--		--		--		34,489		--		34,489		(67)	
Stock-based compensation (Note 17)	--		--		12,493		--		--		12,493		--	
Issuance of shares under share award plan net of shares withheld for taxes (Note 17)	161,082		2		(681)		--		--		(679)		--	
Tax benefit from share award plan	--		--		61		--		--		61		--	
Dividends	--		--		--		(5,411)		--		(5,411)		--	
Noncontrolling interest contributions, net	--		--		--		--		--		--		446	
Balance, July 31, 2011	40,334,973	$	403	$	575,689	$	416,458	$	(162,827)	$	829,723	$	13,996	$

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,		
	2011	**2010**	
Cash flows from operating activities:			
Net income	$ 34,422	$ 35,775	$
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	117,957	110,638	
Cost of real estate sales	168,267	42,821	
Stock-based compensation expense	12,493	11,843	
Deferred income taxes, net	32,194	(4,427)	
Gain on sale of real property	--	(6,087)	
Asset impairment charge	2,561	--	
Loss on extinguishment of debt	7,372	--	
Other non-cash income, net	(8,571)	(7,533)	
Changes in assets and liabilities:			
Restricted cash	(424)	(769)	
Accounts receivable, net	(1,638)	5,687	
Inventories, net	(2,758)	652	
Investments in real estate	(24,920)	(166,446)	(
Accounts payable and accrued liabilities	(23,223)	(12,547)	
Income taxes payable	(12,495)	26,625	
Deferred real estate deposits	(32,139)	(11,573)	
Private club deferred initiation fees and deposits	5,996	2,399	
Other assets and liabilities, net	(7,807)	8,892	
Net cash provided by operating activities	267,287	35,950	
Cash flows from investing activities:			
Capital expenditures	(95,640)	(68,957)	(
Acquisition of businesses	(62,344)	(15,870)	
Cash received from sale of real property	--	8,920	
Other investing activities, net	(204)	(7,645)	
Net cash used in investing activities	(158,188)	(83,552)	(
Cash flows from financing activities:			
Proceeds from borrowings under the 6.50% Notes	390,000	--	
Payments of tender of 6.75% Notes	(390,000)	--	
Payment of financing costs	(12,400)	--	
Acquisition of noncontrolling interest	--	(31,000)	
Repurchases of common stock	--	(14,999)	
Proceeds from borrowings under non-recourse real estate financings	--	--	
Payments of non-recourse real estate financings	--	--	
Proceeds from borrowings under other long-term debt	189,000	140,962	
Payments of other long-term debt	(226,861)	(106,309)	
Dividends paid	(5,411)	--	
Other financing activities, net	1,971	4,395	
Net cash used in financing activities	(53,701)	(6,951)	
Net increase (decrease) in cash and cash equivalents	55,398	(54,553)	
Cash and cash equivalents:			
Beginning of period	14,745	69,298	
End of period	$ 70,143	$ 14,745	$
Cash paid for interest, net of amounts capitalized	$ 35,826	$ 14,968	$
Taxes paid (refunded), net	$ 1,355	$ (4,694)	$

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 vari subsidiaries. Vail Resorts and its subsidiaries (collectively, the Company) currently operate in three business segments: Lodging and Real Estate. In the Mountain segment, the Company operates six world-class ski resort properties at the Vail, Breckenridge, Keystone and Beaver Creek mountain resorts in Colorado and the Heavenly and Northstar-at-Tahoe mountai in the Lake Tahoe area of California and Nevada, as well as ancillary services, primarily including ski school, dining and re operations. These resorts (with the exception of Northstar-at-Tahoe) operate primarily on Federal land under the terms of S Use Permits granted by the USDA Forest Service (the Forest Service). In the Lodging segment, the Company owns and/ a collection of luxury hotels under its RockResorts brand, as well as other strategic lodging properties and a large number o condominiums located in proximity to the Company s ski resorts, the Grand Teton Lodge Company (GTLC), which op destination resorts at Grand Teton National Park (under a National Park Service concessionaire contract), Colorado Mount Express (CME), a resort ground transportation company, and golf courses. Vail Resorts Development Company (VRD wholly-owned subsidiary, conducts the operations of the Company s Real Estate segment, which owns and develops real e and around the Company s resort communities. The Company s mountain business and its lodging properties at or around Company s ski resorts are seasonal in nature with peak operating seasons from mid-November through mid-April. The Co operations at GTLC and its golf courses generally operate from mid-May through mid-October. The Company also has non owned investments in various other entities, some of which are consolidated (see Note 8, Variable Interest Entities).

2. Summary of Significant Accounting Policies

Principles of Consolidation-- The accompanying Consolidated Financial Statements include the accounts of the Company, majority-owned subsidiaries and all variable interest entities for which the Company is the primary beneficiary. Investment which the Company does not have a controlling interest or is not the primary beneficiary are accounted for under the equity 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 date of purchase to be cash equivalents.

Restricted Cash-- Restricted cash primarily represents 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 or services. The Company generally charges interest on past due accounts at a rate of 18% per annum. The allowance for do accounts is based on a specific reserve analysis and on a percentage of accounts receivable, and takes into consideration su as historical write-offs, the economic climate and other factors that could affect collectability. Write-offs are evaluated on a case basis.

Inventories-- The Company s inventories consist primarily of purchased retail goods, food and beverage items and spare p Inventories are stated at the lower of cost or fair value, determined using primarily an average weighted cost method. The C 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 maintenance are expensed as incurred. Expenditures that improve the functionality of the related asset or extend the useful capitalized. When property, plant and equipment is retired or otherwise disposed of, the related gain or loss is included in o 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 more than $1.0 million. The Company records capitalized interest once construction activities commence and capitalized $0 million, $1.1 million and $0.8 million of interest on non-real estate projects during the years ended July 31, 2011, 2010 and respectively.

The Company has certain assets being used in resort operations that were constructed as amenities in conjunction with real development and included in project costs and expensed as the real estate was sold. Accordingly, there is no carrying value depreciation expense related to these assets in the Company s Consolidated Financial Statements. These assets were prima in service from 1995 to 1997 with an original cost of approximately $33.0 million and an average estimated useful life of 1

Real Estate Held for Sale and Investment-- The Company capitalizes as real estate held for sale and investment the original acquisition cost, direct construction and development costs, property taxes, interest recorded on costs related to real estate u development and other related costs, including costs that will be capitalized as resort depreciable assets associated with mix real estate development projects for which the Company cannot specifically identify the components at the time of incurrin cash outflows until the property reaches its intended use. Additionally, the Company records depreciation on completed condominium units that are placed in rental programs until such units are sold. Sales and marketing expenses are charged a income in the period incurred. Sales commission expenses are charged against income in the period that the related revenue real estate sales is recorded. The Company records capitalized interest once construction activities commence and real estat deposits have been utilized in construction. Interest capitalized on real estate development projects during the years ended J 2011, 2010 and 2009 was $0.5 million, $15.1 million and $6.8 million, respectively.

Deferred Financing Costs-- Certain costs incurred with the issuance of debt securities are capitalized and included in defer charges and other assets, net of accumulated amortization. Amortization is charged to interest expense over the respective t 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 o businesses acquired in purchase transactions. The Company s major intangible asset classes are trademarks, water rights, c lists, property management contracts, Forest Service permits and excess reorganization value. Goodwill and certain indefin intangible assets, including trademarks, water rights and excess reorganization value, are not amortized, but are subject to a annual impairment testing. The Company tests annually (or more often, if necessary) for impairment as of May 1. Amortiza 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 assets with their carrying values (including goo other intangibles) for each reporting unit. If the carrying amount of the assets exceed its fair value, an impairment will be re in an amount equal to that excess. If the carrying amount of the assets does not exceed the fair value, no impairment is reco The Company determines the estimated fair value of its reporting units using a discounted cash flow analysis. The fair valu indefinite-lived intangible assets is estimated using an income approach. The Company determined that there was no impai goodwill or intangible assets during the years ended July 31, 2011, 2010 and 2009

Long-lived Assets-- The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If of the expected cash flows, on an undiscounted basis, is less than the carrying amount of the asset, an impairment loss is rec as the amount by which the carrying amount of the asset exceeds its fair value. The Company does not believe any events o in circumstances indicating an impairment of the carrying amount of a long-lived asset occurred during the years ended Jul 2011, 2010 and 2009. See Note 8, Variable Interest Entities, for impairment charge recorded on a note receivable.

Revenue Recognition-- The following describes the composition of revenues for the Company:

Mountain revenue is derived from a wide variety of sources, including, among other things, sales of lift tickets (i season passes), ski school operations, dining operations, retail sales, equipment rentals, private ski club amortize initiation fees and dues, marketing and internet advertising, commercial leasing, employee housing, and municip services, and are recognized as products are delivered or services are performed.

Lodging revenue is derived from a wide variety of sources, including, among other things, hotel operations, dining operations, property management services, managed hotel property payroll cost reimbursements, private golf club amortized initiation fees and dues, transportation services and golf course greens fees, and are recognized as products are delivered or services are performed.

Revenues from private club initiation fees are primarily recognized over the estimated life of the club facilities o
straight-line basis upon inception of the club. As of July 31, 2011, the weighted average remaining period over w
private club initiation fees will be recognized is approximately 22 years. Certain club initiation fees are refundab
years after the date of acceptance of a member. Under these memberships, the difference between the amount pa
member and the present value of the refund obligation is recorded as deferred initiation fee revenue in the Comp
Consolidated Balance Sheets and recognized as revenue on a straight-line basis over 30 years. The present value
refund obligation is recorded as an initiation deposit liability and accretes over the nonrefundable term using the
interest method. The accretion is included in interest expense.

Real estate revenue primarily includes the sale of condominium/townhome units and land parcels (including rela
improvements). Recognition of revenue from all condominium/townhome unit sales are recorded using the full a
method and occurs only upon the following: (i) substantial completion of the entire development project, (ii) rec
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, sales proceeds (including any dep
previously received), and (iv) transfer of ownership. The percentage-of-completion method is used for sales of la
parcels where the Company has a commitment to complete certain improvements or amenities (i.e. access roads,
and site improvements) at the time of consummation of the sales transaction. For the years ended July 31, 2011 a
the Company did not record any revenue earned under the percentage of completion method. The Company reco
revenue under the percentage-of-completion method of approximately $1.5 million for the year ended July 31, 20

Revision of Payroll Cost Reimbursement from Managed Hotel Properties-- Revenue from reimbursement of payroll costs r
payroll costs of managed hotel properties where the Company is the employer. The reimbursements are based upon the cos
incurred with no added margin; therefore, these revenues and corresponding expenses have no net effect on the Company s
income or net income. The Company previously reported payroll cost reimbursement from managed hotel properties net of
reimbursed payroll costs; however, as the Company is the employer at certain managed hotel properties, and thus the prima
obligor, these amounts should be reported gross. The Company determined that the impact of these revisions were not mate
Consolidated Statements of Operations to all applicable prior interim and annual periods. For the year ended July 31, 2011,
and expenses relating to reimbursed payroll costs were $28.6 million. For the years ended July 31, 2010 and 2009, the Com
revised its presentation of these reimbursed payroll costs from a net presentation to a gross presentation in its Consolidated
Statements of Operations to conform to its current year presentation. The effect of this change increased Lodging net reven
years ended July 31, 2010 and 2009 from $169.1 million and $176.2 million, respectively (as previously reported in the pri
Annual Report on Form 10-K) to $195.3 million and $203.6 million, respectively, with a corresponding increase in the Lod
operating expense for the years ended July 31, 2010 and 2009 from $166.7 million and $169.5 million, respectively (as pre
reported in the prior year s Annual Report on Form 10-K) to $192.9 million and $196.9 million, respectively. Additionally
previously reported quarterly financial data for Fiscal 2011 and Fiscal 2010 as presented in Note 15, Selected Quarterly Fin
Data (unaudited), and the information for the years ended July 31, 2010 and 2009 as presented in Note 14, Segment Inform
Note 19, Guarantor Subsidiaries and Non-Guarantor Subsidiaries have been revised to reflect these revisions.

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 trans
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 ba
current estimates and are reported as a change in estimate in the current period. Additionally, for the year ended July 31, 20
Company recorded a $2.8 million charge for an affordable housing commitment related to the Jackson Hole Golf & Tennis
(JHG&TC) development.

Deferred Revenue-- In addition to deferring certain revenue related to private club initiation fees, the Company records def
revenue related to the sale of season ski passes. The number of season pass holder visits is estimated based on historical dat
deferred revenue is recognized throughout the season based on this estimate, or on a straight-line basis if usage patterns can
determined based on available historical data.

Reserve Estimates-- The Company uses estimates to record reserves for certain liabilities, including medical claims, worker
compensation, third-party loss contingencies, liabilities for the completion of real estate sold by the Company, property tax
loyalty reward programs among other items. The Company estimates the potential costs related to these liabilities that will
incurred and records that amount as a liability in its consolidated financial statements. These estimates are reviewed and adj
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 ye
July 31, 2011, 2010 and 2009 was $20.3 million, $18.8 million and $17.9 million, respectively. Prepaid advertising costs as

July 31, 2011 and 2010 was $0.2 million and $0.3 million, respectively and is reported within other current assets in the Consolidated Balance Sheets.

Income Taxes-- The Company s provision for income taxes is based on current pre-tax income, changes in deferred tax ass liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets and liabilities are recorded for estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in accompanying Consolidated Balance Sheets and for operating loss and tax credit carryforwards. The change in deferred tax and liabilities for the period measures the deferred tax provision or benefit for the period. Effects of changes in enacted tax 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 tha some or all of the deferred tax assets will not be realized. The Company recognizes liabilities for uncertain tax positions bas two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evid indicates that it is more-likely-than-not to be sustained, on audit, including resolution of related appeals or litigation proc any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than likely of being realized upon ultimate settlement (see Note 11, Income Taxes, for more information).

Fair Value of Financial Instruments-- The recorded amounts for cash and cash equivalents, receivables, other current assets accounts payable and accrued liabilities approximate fair value due to their short-term nature. The fair value of amounts ou under the Employee Housing Bonds (as defined in Note 4, Long-Term Debt) approximate book value due to the variable na the interest rate associated with that debt. The fair value of the 6.50% Senior Subordinated Notes due 2019 (6.50% Notes 6.75% Senior Subordinated Notes (6.75% Notes) (Note 4, Long-Term Debt) are based on quoted market prices. The fair Company s Industrial Development Bonds and other long-term debt (Note 4, Long-Term Debt) have been estimated using cash flow analyses based on current borrowing rates for debt with similar remaining maturities and ratings. The estimated f of the 6.50% Notes, 6.75% Notes, Industrial Development Bonds and other long-term debt as of July 31, 2011 and 2010 is below (in thousands):

	July 31, 2011		July 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.50% Notes	$ 390,000	$ 397,800	$ --	$ --
6.75% Notes	$ --	$ --	$ 390,000	$ 394,875
Industrial Development Bonds	$ 41,200	$ 47,581	$ 42,700	$ 48,756
Other long-term debt	$ 7,968	$ 8,320	$ 6,436	$ 6,342

Stock-Based Compensation-- Stock-based compensation expense is measured at the grant date based upon the fair value of portion of the award that is ultimately expected to vest and is recognized as expense over the applicable vesting period of th generally using the straight-line method (see Note 17, Stock Compensation Plan for more information). The following table total stock-based compensation expense for the years ended July 31, 2011, 2010 and 2009 included in the Consolidated Sta of Operations (in thousands):

	Year Ended July 31,		
	2011	2010	2009
Mountain operating expense	$ 7,140	$ 5,332	$ 4,834
Lodging operating expense	2,088	2,010	1,778
Real estate operating expense	3,265	4,501	4,129
Pre-tax stock-based compensation expense	12,493	11,843	10,741
Less: benefit for income taxes	4,738	4,481	4,071
Net stock-based compensation expense	$ 7,755	$ 7,362	$ 6,670

Concentration of Credit Risk-- The Company s financial instruments that are exposed to concentrations of credit risk consi primarily of cash and cash equivalents and restricted cash. The Company places its cash and temporary cash investments in quality credit institutions, but these investments may be in excess of FDIC insurance limits. The Company does not enter in financial instruments for hedging, trading or speculative purposes. Concentration of credit risk with respect to trade and not receivables is limited due to the wide variety of customers and markets in which the Company transacts business, as well as dispersion across many geographical areas. The Company performs ongoing credit evaluations of its customers and general 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 th
States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of
liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue an
expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards-- In June 2009, the FASB issued guidance which is included in Accounting Standards Codificat
(ASC) 810, Consolidation which amends the consolidation guidance for variable interest entities. Under this new star
must perform a qualitative assessment in determining the primary beneficiary of a variable interest entity which includes, a
other things, consideration as to whether a variable interest holder has the power to direct the activities that most significan
the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits o
variable interest entity that could potentially be significant to the variable interest entity. This standard was effective for the
Company beginning August 1, 2010. The adoption of this accounting standard did not have a material impact on the Compa
financial position or results of operations.

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-13, Multiple-Deliverables Revenue A
(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 multipl
deliverables. This new standard requires entities to allocate revenue in arrangements with multiple deliverables using estim
selling prices and eliminates the use of the residual method. The provisions of this new standard were effective for the Com
beginning August 1, 2010. The adoption of this accounting standard did not have a material impact on the Company s fina
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 sto
by the weighted-average shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or othe
contracts to issue common stock were exercised, resulting in the issuance of shares of common stock that would then share
earnings of the Company. Presented below is basic and diluted EPS for the years ended July 31, 2011, 2010 and 2009 (in th
except per share amounts):

	Year Ended July 31,				
	2011		2010		2009
	Basic	Diluted	Basic	Diluted	Basic
Net income per share:					
Net income attributable to Vail Resorts, Inc.	$ 34,489	$ 34,489	$ 30,385	$ 30,385	$ 48,950
Weighted-average shares outstanding	36,009	36,009	36,212	36,212	36,546
Effect of dilutive securities	--	745	--	519	--
Total shares	36,009	36,754	36,212	36,731	36,546
Net income per share attributable to Vail Resorts, Inc.	$ 0.96	$ 0.94	$ 0.84	$ 0.83	$ 1.34

The number of shares issuable on the exercise of share based awards that were excluded from the calculation of diluted net
per share because the effect of their inclusion would have been anti-dilutive totaled 57,000, 22,000 and 795,000 for the yea
July 31, 2011, 2010 and 2009, respectively.

On June 7, 2011 the Company s Board of Directors approved the commencement of a regular quarterly cash dividend on c
common stock at an annual rate estimated to be $0.60 per share, subject to quarterly declaration. During the three months e
July 31, 2011, the Company paid cash dividends of $0.15 per share ($5.4 million in the aggregate). On September 20, 2011
Company s Board of Directors approved a quarterly cash dividend of $0.15 per share payable on October 27, 2011 to stock
record as of October 12, 2011.

4. Long-Term Debt

Long-term debt as of July 31, 2011 and 2010 is summarized as follows (in thousands):

	Fiscal Year Maturity (a)	July 31, 2011	July 31, 2010
Credit Facility Revolver (b)	2016	$ --	$ 35,000
Industrial Development Bonds (c)	2020	41,200	42,700
Employee Housing Bonds (d)	2027-2039	52,575	52,575
6.50% Notes (e)	2019	390,000	--
6.75% Notes (e)	--	--	390,000
Other (f)	2012-2029	7,968	6,436
Total debt		491,743	526,711
Less: Current maturities (g)		1,045	1,869
Long-term debt		$ 490,698	$ 524,842

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

(b) On January 25, 2011, The Vail Corporation (the Vail Corp), a wholly-owned subsidiary of the Company, amende restated its senior credit facility (the Credit Facility). Key modifications to the Credit Facility included, among oth the extension of the maturity on the revolving credit facility from February 2012 to January 2016; increased grid pric interest rate margins (as of July 31, 2011, under the Credit Facility, at LIBOR plus 1.25%) and commitment fees (as July 31, 2011, under the Credit Facility, at 0.25%); the expansion of baskets related to the Company s ability to incu make acquisitions, investments and distributions; and the elimination of certain financial covenants.

The Credit Facility is governed by the Fifth Amended and Restated Credit Agreement (Credit Agreement) between Vail of America, N.A., as administrative agent, U.S. Bank National Association and Wells Fargo Bank, National Association as co-syndication agents, JPMorgan Chase Bank, N.A. and Deutsche Bank Securities Inc. as Co-Documentation Agents and th Lenders party thereto, and consists of a $400 million revolving credit facility. The Company s 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 cap of the Company and substantially all of its subsidiaries. The proceeds of loans made under the Credit Agreement may be us fund the Company s working capital needs, capital expenditures, acquisitions, investments and other general corporate pur including the issuance of letters of credit. The Credit Agreement matures January 25, 2016. Borrowings under the Credit A bear interest annually at a rate of (i) LIBOR plus a margin or (ii) the Agent s prime lending rate. Interest rate margins may based upon the ratio of the Company s Net Funded Debt to Adjusted EBITDA (as such terms are defined in the Credit Agr on a trailing four-quarter 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, times the daily amount by which the Credit Agr commitment exceeds the total of outstanding loans and outstanding letters of credit. The unused amounts are accessible to t that the Net Funded Debt to Adjusted EBITDA ratio does not exceed the maximum ratio allowed at quarter-ends and the A EBITDA to interest on Funded Debt (as defined in the Credit Agreement) ratio does not fall below the minimum ratio allov quarter-ends. The Credit Agreement provides for affirmative and negative covenants that restrict, among other things, the C ability to incur indebtedness, dispose of assets, make capital expenditures, make distributions and make investments. In adc Credit Agreement includes the following restrictive financial covenants: Net Funded Debt to Adjusted EBITDA ratio and A EBITDA to interest on Funded Debt ratio.

On April 13, 2011, Vail Corp entered into the First Amendment (the First Amendment) to its Credit Agreement. The Fir Amendment amended certain of the negative covenants in the Credit Agreement, including providing for increased capacity investments in similar businesses, increased capacity for debt incurrence, and permitting distributions of the proceeds of sal certain real estate developments. The First Amendment became effective upon the closing of the 6.50% Notes on April 25,

(c) The Company has outstanding $41.2 million of industrial development bonds, which were issued by Eagle County, C (the Eagle County Bonds) and mature, subject to prior redemption, on August 1, 2019. These bonds accrue interes 6.95% per annum, with interest being payable semi-annually on February 1 and August 1. The promissory note with to the Eagle County Bonds between Eagle County and the Company is collateralized by the Forest Service permits fo and Beaver Creek.

(d) The Company has recorded for financial reporting purposes the outstanding debt of four Employee Housing Entities
Employee Housing Entity and collectively the Employee Housing Entities): Breckenridge Terrace, Tarnes, BC
Tenderfoot. The proceeds of the Employee Housing Bonds were used to develop apartment complexes designated pr
for use by the Company s seasonal employees at its mountain resorts. The Employee Housing Bonds are variable ra
interest-only instruments with interest rates tied to LIBOR plus 0% to 0.05% (0.19% to 0.24% as of July 31, 2011).

Interest on the Employee Housing Bonds is paid monthly in arrears and the interest rate is adjusted weekly. No princ payments are due on the Employee Housing Bonds until maturity. Each Employee Housing Entity s bonds were issu series. The bonds for each Employee Housing Entity are backed by letters of credit issued under the Credit Facility. below presents the principal amounts outstanding for the Employee Housing Bonds as of July 31, 2011 (in thousands

	Maturity (a)	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) On April 25, 2011, the Company completed an offering for $390 million of 6.50% Notes the proceeds of which, alon available cash resources, were used to purchase the outstanding $390 million principal amount of the 6.75% Notes ar related premiums, fees and expenses. The 6.50% Notes have a fixed annual interest rate of 6.50% and will mature M 2019 with no principal payments due until maturity. The Company has certain early redemption options under the te 6.50% Notes. The premium for early redemption of the 6.50% Notes ranges from 4.875% to 0%, depending on the d redemption. The 6.50% Notes are subordinated to certain of the Company s debts, including the Credit Agreement, subordinated to certain of the Company s future debts. The Company s payment obligations under the 6.50% Notes and severally guaranteed by substantially all of the Company s current and future domestic subsidiaries. The indentu governing the 6.50% Notes contains restrictive covenants, which, among other things, limit the ability of Vail Resort Restricted Subsidiaries (as defined in the Indenture) to (i) borrow money or sell preferred stock, (ii) create liens, (iii) 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 paym the Company, (vii) enter into transactions with affiliates, (viii) issue guarantees of debt and (ix) sell assets or merge companies. Pursuant to the registration rights agreement executed as part of the offering of the 6.50% Notes, the Co agreed to file an exchange offer registered under the Securities Act on or prior to 210 days after the closing of the of with such registration statement being declared effective on or prior to 270 days after the closing of the offering, and exchange the notes for a new issue of substantially identical debt securities and guarantees. If the Company fails to s obligations under the registration rights agreement, it will be required to pay additional interest to the holders of the

The Company purchased the 6.75% Notes for a call price of 101.125% of the principal balance due to the early redemption on extinguishment of debt in the amount of $7.4 million was recorded during the year ended July 31, 2011 in connection w transaction. The 6.75% Notes were completely retired as of July 31, 2011.

(f) Other obligations primarily consist of a $5.8 million note outstanding to the Colorado Water Conservation Board, wh matures on September 16, 2028, and capital leases totaling $2.2 million. Other obligations, including the Colorado W Conservation Board note and the capital leases, bear interest at rates ranging from 1.0% to 6.0% and have maturities from in the year ending July 31, 2012 to the year ending July 31, 2029.

(g) Current maturities represent principal payments due in the next 12 months.

Aggregate maturities for debt outstanding as of July 31, 2011 reflected by fiscal year are as follows (in thousands):

	Total
2012	$ 1,045
2013	949
2014	509
2015	533
2016	244
Thereafter	488,463
Total debt	$ 491,743

F-14

The Company recorded gross interest expense of $34.2 million, $33.8 million and $35.2 million for the years ended July 31 2010 and 2009, respectively, of which $1.7 million, $1.6 million and $2.0 million was amortization of deferred financing co Company capitalized $0.6 million, $16.3 million and $7.6 million of interest during the years ended July 31, 2011, 2010 an respectively. The Company was in compliance with all of its financial and operating covenants required to be maintained u debt instruments for all periods presented.

5. Acquisitions

Northstar-at-Tahoe

On October 25, 2010, the Company acquired for cash 100% of the capital stock of BCRP Inc. and the membership interest Northstar Group Commercial Properties LLC (together, with their subsidiaries Northstar-at-Tahoe) that operate the Northstar-at-Tahoe mountain resort in North Lake Tahoe, California from Booth Creek Resort Properties LLC and other se total consideration of $60.5 million, net of cash acquired. Northstar-at-Tahoe is a year round mountain resort providing a comprehensive offering of recreational activities, including both snow sports and summer activities. Additionally, Northstar-at-Tahoe operates a base area village at the resort, including the subleasing of commercial retail space and condo property management.

The following summarizes the preliminary estimated fair values of the identifiable assets acquired and liabilities assumed a acquisition date (in thousands).

	Estimates of Acquisition Date Fair Value
Accounts receivable	$ 2,499
Inventory	1,894
Other assets	1,422
Property, plant and equipment	9,612
Deferred income tax assets, net	15,429
Intangible assets	2,470
Goodwill	85,446
Total identifiable assets acquired	$ 118,772
Accounts payable and accrued liabilities	$ 6,671
Deferred revenue	5,281
Capital lease obligations	2,892
Unfavorable lease obligations, net	43,400
Total liabilities assumed	$ 58,244
Total purchase price	$ 60,528

The operations of Northstar-at-Tahoe are conducted on land and with operating assets owned by CNL Lifestyle Properties, primarily under operating lease agreements which were assumed by the Company. Under the terms of the leases, the Comp estimates that it will be required to pay above market rates in the aggregate through the remainder of the initial lease term e fiscal 2027. The Company has recorded a net unfavorable lease obligation for these leases that will be amortized as an adju lease expense over the remaining initial lease term.

The excess of the purchase price over the aggregate fair values of assets acquired and liabilities assumed was recorded as g The goodwill recognized is attributable primarily to expected synergies, the assembled workforce of Northstar-at-Tahoe an factors. None of the goodwill is expected to be deductible for income tax purposes. The intangible assets have a weighted-a amortization period of 4.6 years. The operating results of Northstar-at-Tahoe have contributed $67.9 million of net revenue year ended July 31, 2011. Additionally, the Company has recognized $4.1 million of acquisition related expenses in the Consolidated Statements of Operations for the year ended July 31, 2011.

The following presents the unaudited pro forma consolidated financial information of the Company as if the acquisition of Northstar-at-Tahoe was completed on August 1, 2009. The following unaudited pro forma financial information includes adjustments for (i) depreciation and interest expense for capital leases on acquired property, plant and equipment and amort intangible assets recorded at the date of acquisition; (ii) straight-line expense recognition of minimum future lease payment the date of acquisition, including the amortization of the net unfavorable lease obligations; and (iii) acquisition related costs

unaudited pro forma financial information is presented for informational purposes only and does not purport to be indicativ
results of future operations or the results that would have occurred had the acquisition taken place on August 1, 2009 (in the
except per share amounts).

		Year Ended July 31,		
		2011		2010
Pro forma net revenue	$	1,171,459	$	959,453
Pro forma net income attributable to Vail Resorts, Inc.	$	33,231	$	34,485
Pro forma basic net income per share attributable to Vail Resorts, Inc.	$	0.92	$	0.95
Pro forma diluted net income per share attributable to Vail Resorts, Inc.	$	0.90	$	0.94

Mountain News Corporation

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

Colorado Mountain Express

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

6. Supplementary Balance Sheet Information

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

	July 31,	
	2011	2010
Land and land improvements	$ 271,742	$ 270,382
Buildings and building improvements	801,582	769,382
Machinery and equipment	539,983	512,144
Furniture and fixtures	215,862	198,566
Software	64,408	56,498
Vehicles	40,627	35,447
Construction in progress	34,638	31,197
Gross property, plant and equipment	1,968,842	1,873,616
Accumulated depreciation	(947,106)	(846,226)
Property, plant and equipment, net	$ 1,021,736	$ 1,027,390

Depreciation expense for the years ended July 31, 2011, 2010 and 2009 totaled $116.3 million, $109.8 million and $106.6 r respectively.

The composition of goodwill and intangible assets follows (in thousands):

	July 31, 2011	July 31, 2010
Goodwill		
Goodwill	$ 285,412	$ 198,439
Accumulated amortization	(17,354)	(17,354)
Goodwill, net	268,058	181,085
Indefinite lived intangible assets		
Gross indefinite-lived intangible assets	105,838	105,838
Accumulated amortization	(24,713)	(24,713)
Indefinite-lived intangible assets, net	81,125	81,125
Amortizable intangible assets		
Gross amortizable intangible assets	51,850	48,326
Accumulated amortization	(41,877)	(40,178)
Amortizable intangible assets, net	9,973	8,148
Total gross intangible assets	157,688	154,164
Total accumulated amortization	(66,590)	(64,891)
Total intangible assets, net	$ 91,098	$ 89,273

Amortization expense for intangible assets subject to amortization for the years ended July 31, 2011, 2010 and 2009 totaled million, $0.8 million and $0.6 million, respectively, and is estimated to be approximately $1.2 million annually, on average next five fiscal years.

The changes in the net carrying amount of goodwill allocated between the Company s segments for the years ended July 3 and 2010 are as follows (in thousands):

	Mountain	Lodging	Goodwill, net
Balance at July 31, 2009	$ 107,722	$ 60,228	$ 167,950
Acquisition	12,893	242	13,135
Balance at July 31, 2010	120,615	60,470	181,085
Acquisitions	86,973	--	86,973
Balance at July 31, 2011	$ 207,588	$ 60,470	$ 268,058

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

	July 31, 2011	July 31, 2010
Trade payables	$ 55,456	$ 47,554
Real estate development payables	3,360	31,203
Deferred revenue	66,044	53,298
Deferred real estate and other deposits	11,741	42,891
Accrued salaries, wages and deferred compensation	26,350	21,425
Accrued benefits	22,107	23,547
Accrued interest	8,511	13,939
Other accruals	27,790	21,469
Total accounts payable and accrued liabilities	$ 221,359	$ 255,326

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

	July 31,	
	2011	2010
Private club deferred initiation fee revenue and deposits	$ 146,065	$ 148,184
Unfavorable lease obligation, net	38,729	--
Other long-term liabilities	50,635	48,976
Total other long-term liabilities	$ 235,429	$ 197,160

7. Investments in Affiliates

The Company held the following investments in equity method affiliates as of July 31, 2011:

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 $6.7 million and $6.2 million as of July 31, 2011 and respectively, classified as deferred charges and other assets in the accompanying Consolidated Balance Sheets. The amo retained earnings that represent undistributed earnings of 50-percent-or-less-owned entities accounted for by the equity met $3.5 million and $3.0 million as of July 31, 2011 and 2010, respectively. During the years ended July 31, 2011, 2010 and 2 distributions in the amounts of $1.0 million, $3.2 million and $1.7 million, respectively, were received from equity method

8. Variable Interest Entities

The Company is the primary beneficiary of the Employee Housing Entities, which are Variable Interest Entities (VIEs), consolidated them in its Consolidated Financial Statements. As a group, as of July 31, 2011, the Employee Housing Entitie total assets of $33.6 million (primarily recorded in property, plant and equipment, net) and total liabilities of $62.7 million recorded in long-term debt as Employee Housing Bonds). The Company has issued under its Credit Agreement $53.4 m of credit related to Employee Housing Bonds. The letters of credit would be triggered in the event that one of the entities de 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 Company currently leases substantially all of that space. APII had total assets of $4.6 million (primarily recorded in propert and equipment) and no debt as of July 31, 2011.

The Company, through various lodging subsidiaries, manages hotels in which the Company has no ownership interest in th that own such hotels. The Company previously extended a $2.0 million note receivable to one of these entities at the time th acquired the hotel property that the Company managed. This entity was formed by unrelated third parties to acquire, own, c and realize the value in a resort hotel property. This entity was in default on certain debt held by the entity and the third par of the entity were unable to reach an agreement to restructure the debt with their creditor, as a result, the creditor foreclosed hotel in June 2011. As such, the Company recorded an asset impairment charge of $2.6 million (including accrued interest note receivable) in the Consolidated Statements of Operations during the year ended July 31, 2011. The Company had prev concluded that the note receivable along with the management agreement were significant variable interest in the entity tha hotel.

9. Fair Value Measurements

The FASB issued fair value guidance that establishes how reporting entities should measure fair value for measurement anc disclosure purposes. The guidance establishes a common definition of fair value applicable to all assets and liabilities meas fair value and prioritizes the inputs into valuation techniques used to measure fair value. Accordingly, the Company uses va techniques which maximize the use of observable inputs and minimize the use of unobservable inputs when determining fa 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 asset liabilities;

Level 2: Inputs include quoted prices for similar assets and liabilities in active and inactive markets or that are observable fo 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 measur
value are immaterial) (in thousands):

	Fair Value Measurement as of July 31		
Description	Balance at July 31, 2011	Level 1	Level 2
US Treasury	$ 8,381	$ 8,381	$ --
Certificates of Deposit	$ 2,490	$ --	$ 2,490

	Fair Value Measurement as of July 31		
Description	Balance at July 31, 2010	Level 1	Level 2
Money Market	$ 399	$ 399	$ --
US Treasury	$ 8,297	$ 8,297	$ --
Certificates of Deposit	$ 300	$ --	$ 300

The Company s cash equivalents include money market funds (Level 1) and certificates of deposit (Level 2) which are me
utilizing quoted market prices or pricing models whereby all significant inputs are either observable or corroborated by obs
market data.

10. Redeemable Noncontrolling Interest

On April 23, 2010, the Company entered into a transfer agreement with GSSI LLC (GSSI), the noncontrolling interest h
SSV, to acquire all of GSSI s remaining 30.7% ownership interest in SSV for a negotiated price of $31.0 million. The purc
GSSI s interest in SSV was completed on April 30, 2010, resulting in the Company holding 100% interest in SSV. As a re
agreement, equity-noncontrolling interest and redeemable noncontrolling interest related to SSV was eliminated. The purch
in excess of the carrying value of the noncontrolling interest of approximately $2.6 million (net of deferred taxes) was reco
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.

11. Income Taxes

As of July 31, 2011, 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
Revenue Code. The Company had only been able to use these NOL carryforwards to the extent of approximately $8.0 milli
year through December 31, 2007 (the Section 382 Amount). However, during the year ended July 31, 2005, the Compan
previously filed tax returns (for tax years 1997-2002) in an effort to remove the restrictions under Section 382 of the Interna
Revenue Code on approximately $73.8 million of NOL carryforwards to reduce future taxable income. As a result, the Com
requested a refund related to the amended returns in the amount of $6.2 million and has reduced its federal tax liability in th
of $19.6 million in subsequent returns. These NOL carryforwards relate to fresh start accounting from the Company s reor
in 1992. During the year ended July 31, 2006, the Internal Revenue Service (IRS) completed its examination of the Com
position in these amended returns and disallowed the Company s request for refund and its position to remove the restrictio
Section 382 of the Internal Revenue Code. Consequently, the accompanying financial statements and table of deferred item
components of the tax provision have only recognized benefits related to the NOL carryforwards to the extent of the Sectio
Amount reported in its tax returns prior to its amendments. The Company appealed the examiner s disallowance of these N

carryforwards to the Office of Appeals. In December 2008, the Office of Appeals denied the Company s appeal, as well as for mediation. The Company disagreed with the IRS interpretation disallowing the utilization of the NOL s and in August Company filed a complaint in the United States District Court for the District of Colorado against the United States of Ame seeking a refund of approximately $6.2 million in Federal income taxes paid. On July 1, 2011, the District Court granted th Company summary judgment, concluding that the IRS s decision disallowing the utilization of the NOLs was inappropriat issue now before the District Court is the amount of the tax refund to which the Company is entitled. The IRS is entitled to the decision of the District Court to grant the motion for summary judgment and we do not know whether the IRS will do s does appeal, whether the appeal would be successful. The Company is also a party to two related tax proceedings in the Un States Tax Court regarding calculation of NOL carryover deductions for tax years 2006, 2007 and 2008. The two proceedin involve substantially the same issues as the litigation in the District Court wherein the Company disagrees with the IRS as t utilization of NOLs. With respect to the case involving the 2006 tax year, a trial date has been set for November 2011, but t Company expects that the case will be stayed pending final resolution of the District Court case, which as described above, involves the determination of the tax refund to which the Company is entitled. Similarly, while no trial date has been set, th Company expects that it will stipulate with the IRS that the case involving tax years 2007 and 2008 be stayed until the Distr proceeding is resolved. Since the legal proceeding surrounding the utilization of the NOLs have not been fully resolved, inc determination of the amount of refund and the possibility that the District Court s ruling may be appealed by the IRS, there considerable uncertainty of what portion, if any, of the NOLs will be realized, and as such, the Company has not reflected a benefits of the utilization of the restricted NOLs within its financial statements. However, the range of potential reversal of long-term liabilities and accrued interest and penalties that would be recorded as a benefit to the Company s income tax pr between zero and $27.6 million.

The Company has state NOL carryforwards (primarily California) totaling $30.0 million of which approximately $4.9 milli acquired with the acquisition of Northstar-at-Tahoe during the year ended July 31, 2011 and which expire by the year endin July 31, 2031. As of July 31, 2011, the Company has recorded a valuation allowance of $1.6 million, primarily on Californ carryforwards generated in prior years, as the Company has determined that it is more likely than not that these NOL carryf will not be realized.

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

	July 31,	
	2011	**2010**
Deferred income tax liabilities:		
Fixed assets	$ 131,024	$ 109,921
Intangible assets	34,350	31,825
Real estate and other investments	5,326	--
Total	170,700	141,746
Deferred income tax assets:		
Deferred membership revenue	22,668	26,282
Real estate and other investments	2,124	5,041
Deferred compensation and other accrued liabilities	10,093	10,902
Stock-based compensation	13,436	10,366
Unfavorable lease obligation, net	15,754	--
Net operating loss carryforwards other tax credits	2,187	2,041
Other, net	1,985	1,612
Total	68,247	56,244
Valuation allowance for deferred income taxes	(1,588)	(1,588)
Deferred income tax assets, net of valuation allowance	66,659	54,656
Net deferred income tax liability	$ 104,041	$ 87,090

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

	July 31,	
	2011	**2010**
Net current deferred income tax asset	$ 29,167	$ 21,406
Net non-current deferred income tax liability	133,208	108,496

Net deferred income tax liability	$ 104,041	$ 87,090

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

	Year Ended July 31,		
	2011	2010	2009
Current:			
Federal	$ (9,886)	$ 19,661	$ (242)
State	(1,210)	2,788	119
Total current	(11,096)	22,449	(123)
Deferred:			
Federal	28,087	(3,989)	27,358
State	4,107	(438)	3,409
Total deferred	32,194	(4,427)	30,767
Provision for income taxes	$ 21,098	$ 18,022	$ 30,644

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

	Year Ended July 31,		
	2011	2010	2009
At U.S. Federal income tax rate	35.0 %	35.0 %	35.0 %
State income tax, net of Federal benefit	3.1 %	2.8 %	2.8 %
Nondeductible meals or entertainment	0.4 %	0.3 %	0.2 %
Noncontrolling interest	0.1 %	(3.5) %	(0.7) %
General business credits	(1.0) %	(1.1) %	(0.8) %
Other	0.4 %	-- %	1.2 %
	38.0 %	33.5%	37.7 %

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

	Unrecognized Tax Benefits
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
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	(475)
Settlements	--
Balance as of July 31, 2011	$ 26,573

Any unrecognized tax benefits that become more likely than not of being realized that are recorded in other long-term liabi would 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, 2012, subject to resolution of the legal proceedings ass with the utilization of NOL carryforwards as previously discussed. The Company s policy is to accrue income tax related i

penalties, if applicable, within income tax expense. As of July 31, 2011 and 2010, accrued interest and penalties, net of tax,
million and $2.2 million, respectively. For the years ended July 31, 2011, 2010 and 2009, the Company recognized $(0.2) r
$(0.2) million and $0.5 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 complete
examination of the Company s tax returns for tax years 2001 through 2003 and has issued a report of its findings. As discu
above, the examiner s primary finding is the disallowance of the Company s position to remove the restrictions under Sec
the Internal Revenue Code of approximately $73.8 million of NOL carryforwards; however, the Company has filed a comp
Federal court. With the exception of the utilization of NOL carryforwards as discussed above, the Company is no longer su
U.S. Federal examinations for tax years prior to 2006. With few exceptions, the Company is no longer subject to examinati
various state jurisdictions for tax years prior to 2006.

12. 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
formed for the benefit of property owners and certain others in Beaver Creek. The Company has a management agreement
BCRC, renewable for one-year periods, to provide management services on a fixed fee basis. Management fees and reimbu
of operating expenses paid to the Company under its agreement with the BCRC during the years ended July 31, 2011, 2010
2009 totaled $6.9 million, $7.0 million and $8.0 million, respectively.

SSF/VARE is a real estate brokerage with multiple locations in Eagle and Summit Counties, Colorado in which the Compa
50% ownership interest. SSF/VARE has been the broker for several of the Company s developments. The Company recor
estate commissions expense of approximately $3.4 million, $3.5 million and $9.6 million for payments made to SSF/VARE
the years ended July 31, 2011, 2010 and 2009, respectively. In addition, the Company had recorded approximately $2.4 mil
prepaid real estate commissions as of July 31, 2010. SSF/VARE leases space for real estate offices from the Company. The
Company recognized approximately $0.4 million, $0.5 million and $0.5 million in revenue related to these leases for the ye
July 31, 2011, 2010 and 2009, respectively.

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

13. Commitments and Contingencies

Metropolitan Districts

The Company credit-enhances $8.0 million of bonds issued by Holland Creek Metropolitan District (HCMD) through an
million letter of credit issued under the Company s Credit Agreement. HCMD s bonds were issued and used to build infra
associated with the Company s Red Sky Ranch residential development. The Company has agreed to pay capital improver
Red Sky Ranch Metropolitan District (RSRMD) until RSRMD s revenue streams from property taxes are sufficient to r
service requirements under HCMD s bonds, and the Company has recorded a liability of $1.8 million and $1.9 million, pri
within other long-term liabilities in the accompanying Consolidated Balance Sheets as of July 31, 2011 and 2010 with re
estimated present value of future RSRMD capital improvement fees. The Company estimates that it will make capital impr
fee payments under this arrangement through the year ending July 31, 2028.

Guarantees/Indemnifications

As of July 31, 2011, the Company had various other letters of credit in the amount of $59.7 million, consisting primarily of
million in support of the Employee Housing Bonds and $4.3 million for workers compensation and general liability deduc
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 i
certain indemnifications under which it could be required to make payments to third parties upon the occurrence or non-occ
of certain future events. These indemnities include indemnities to licensees in connection with the licensees use of the Co
trademarks and logos, indemnities for liabilities associated with the infringement of other parties technology and software
indemnities related to liabilities associated with the use of easements, indemnities related to employment of contract worke
Company s use of trustees, indemnities related to the Company s use of public lands and environmental indemnifications.
duration of these indemnities generally is indefinite and generally do not limit the future payments the Company could be o
to make.

As permitted under applicable law, the Company and certain of its subsidiaries indemnify their directors and officers over t lifetimes for certain events or occurrences while the officer or director is, or was, serving the Company or its subsidiaries in capacity. The maximum potential amount of future payments the Company could be required to make under these indemnif agreements is unlimited; however, the Company has a director and officer insurance policy that should enable the Company 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 ot guarantees noted above in the accompanying Consolidated Financial Statements, either because the Company has recorded Consolidated Balance Sheets the underlying liability associated with the guarantee, the guarantee is with respect to the Con own performance and is therefore not subject to the measurement requirements as prescribed by GAAP, or because the Con has calculated the fair value of the indemnification or guarantee to be immaterial based upon the current facts and circumsta would trigger a payment under the indemnification clause. In addition, with respect to certain indemnifications it is not pos determine the maximum potential amount of liability under these guarantees due to the unique set of facts and circumstance likely to be involved in each particular claim and indemnification provision. Historically, payments made by the Company 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 t and logos. The Company does not record any product warranty liability with respect to these indemnifications.

Commitments

The operations of Northstar-at-Tahoe are conducted on land and with operating assets owned by CNL Lifestyle Properties, real-estate investment trust, primarily under operating leases which were assumed by the Company. The leases provide for payment of a minimum annual base rent with a rate of 10% increasing to 11% over the lease term which is recognized on a straight-line basis over the initial lease term. In addition, the leases provide for the payment of percentage rent based on a ra 11.5% of certain gross revenues generated at the property over a revenue threshold which is incrementally adjusted annuall initial term of the leases expires in fiscal 2027 and allows for three 10-year extensions at the Company s option.

In addition, the Company has executed as lessee other operating leases for the rental of office and commercial space and en residential units primarily through fiscal 2024. Certain of these leases have renewal terms at the Company s option, escalat 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 improvemen incentives are recorded as leasehold improvements and amortized over the shorter of their economic lives or the term of the For the years ended July 31, 2011, 2010 and 2009, the Company recorded lease expense (including Northstar-at-Tahoe), ex executory costs, related to these agreements of $30.7 million, $22.1 million and $22.4 million, respectively, which is includ accompanying Consolidated Statements of Operations.

Future minimum lease payments under the above leases as of July 31, 2011 are as follows (in thousands):

2012	$	27,627
2013		25,558
2014		24,355
2015		23,625
2016		21,747
Thereafter		169,518
Total	$	292,430

Self Insurance

The Company is self-insured for claims under its health benefit plans and for workers compensation claims, subject to a st 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 actua The amounts related to these claims are included as a component of accrued benefits in accounts payable and accrued liabil Note 6, Supplementary Balance Sheet Information).

Legal

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company l adequate insurance coverage and/or has accrued for loss contingencies for all known matters that are deemed to be probabl and estimable. As of July 31, 2011 and 2010, the accrual for loss contingencies was not material individually and in the agg

14. Segment Information

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

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

Reported EBITDA is not a measure of financial performance under GAAP. Items excluded from Reported EBITDA are sig components in understanding and assessing financial performance. Reported EBITDA should not be considered in isolation alternative to, or substitute for, net income, net change in cash and cash equivalents or other financial statement data presen 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 p 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 segm Mountain Reported EBITDA consists of Mountain net revenue less Mountain operating expense plus or minus Mountain eq investment income or loss. Lodging Reported EBITDA consists of Lodging net revenue less Lodging operating expense. R Reported EBITDA consists of Real Estate net revenue less Real Estate operating expense plus gain on sale of real property. segment expenses include an allocation of corporate administrative expense. Assets are not allocated between segments, or evaluate performance, except as shown in the table below. The accounting policies specific to each segment are the same as 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,		
	2011	2010	2009
Net revenue:			
Lift tickets	$ 342,514	$ 289,289	$ 276,542
Ski school	83,818	70,694	65,336
Dining	68,052	53,322	52,259
Retail/rental	174,339	154,846	147,415
Other	83,468	70,344	73,045
Total Mountain net revenue	752,191	638,495	614,597
Lodging	214,658	195,301	203,606
Resort	966,849	833,796	818,203
Real estate	200,197	61,007	186,150

Total net revenue	$ 1,167,046	$ 894,803	$ 1,004,353
Segment operating expense:			
Mountain	$ 540,366	$ 456,017	$ 451,025
Lodging	205,903	192,909	196,847

F-24

Resort	746,269	648,926	647,872
Real estate	205,232	71,402	142,070
Total segment operating expense	$ 951,501	$ 720,328	$ 789,942
Gain on sale of real property	$ --	$ 6,087	$ --
Mountain equity investment income, net	$ 1,342	$ 1,558	$ 817
Reported EBITDA:			
Mountain	$ 213,167	$ 184,036	$ 164,389
Lodging	8,755	2,392	6,759
Resort	221,922	186,428	171,148
Real estate	(5,035)	(4,308)	44,080
Total Reported EBITDA	$ 216,887	$ 182,120	$ 215,228
Real estate held for sale and investment	$ 273,663	$ 422,164	$ 311,485
Reconciliation to net income attributable to Vail Resorts, Inc.:			
Total Reported EBITDA	$ 216,887	$ 182,120	$ 215,228
Depreciation and amortization	(117,957)	(110,638)	(107,213
Loss on disposal of fixed assets, net	(555)	(615)	(1,064
Asset impairment charge	(2,561)	--	--
Investment income, net	719	445	1,793
Interest expense, net	(33,641)	(17,515)	(27,548
Loss on extinguishment of debt	(7,372)	--	--
Income before provision for income taxes	55,520	53,797	81,196
Provision for income taxes	(21,098)	(18,022)	(30,644
Net income	34,422	35,775	50,552
Net loss (income) attributable to noncontrolling interests	67	(5,390)	(1,602
Net income attributable to Vail Resorts, Inc.	$ 34,489	$ 30,385	$ 48,950

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

			2011		
	Year Ended July 31, 2011	**Quarter Ended July 31, 2011**	**Quarter Ended April 30, 2011**	**Quarter Ended January 31, 2011**	**Q E Oct**
Mountain revenue	$ 752,191	$ 41,717	$ 351,418	$ 318,277	$
Lodging revenue	214,658	54,388	57,477	51,676	
Real estate revenue	200,197	12,568	13,221	25,147	
Total net revenue	1,167,046	108,673	422,116	395,100	
Income (loss) from operations	94,472	(77,828)	139,495	97,061	
Net income (loss)	34,422	(53,935)	76,840	54,577	
Net income (loss) attributable to Vail Resorts, Inc.	$ 34,489	$ (53,906)	$ 76,867	$ 54,551	$
Basic net income (loss) per share attributable to Vail Resorts, Inc.	$ 0.96	$ (1.49)	$ 2.13	$ 1.52	$
Diluted net income (loss) per share attributable to Vail Resorts, Inc.	$ 0.94	$ (1.49)	$ 2.08	$ 1.48	$

	Year Ended July 31, 2010	Quarter Ended July 31, 2010	2010 Quarter Ended April 30, 2010	Quarter Ended January 31, 2010	Qua En Octob 20
Mountain revenue	$ 638,495	$ 36,100	$ 302,213	$ 260,978	$
Lodging revenue	195,301	51,322	51,880	44,802	
Real estate revenue	61,007	56,768	3,164	870	
Total net revenue	894,803	144,190	357,257	306,650	
Income (loss) from operations	69,309	(57,841)	118,323	73,541	(
Net income (loss)	35,775	(42,184)	76,391	45,079	(
Net income (loss) attributable to Vail Resorts, Inc.	$ 30,385	$ (41,921)	$ 72,789	$ 40,690	$ (
Basic net income (loss) per share attributable to Vail Resorts, Inc.	$ 0.84	$ (1.16)	$ 2.01	$ 1.12	$
Diluted net income (loss) per share attributable to Vail Resorts, Inc.	$ 0.83	$ (1.16)	$ 1.98	$ 1.11	$

In the current year, the Company revised its presentation of reimbursed payroll costs from managed hotel properties from a presentation to a gross presentation in its Consolidated Statements of Operations (see Note 2, Summary of Significant Acco Policies). The effect of this change increased Lodging net revenue for the quarters ended April 30, 2011, January 31, 2011, October 31, 2010, from $49.8 million, $44.7 million and $44.4 million, respectively (as previously reported) to $57.5 millio million and $51.1 million, respectively. The effect of this change increased Lodging net revenue for the quarters ended July 2010, April 30, 2010, January 31, 2010, and October 31, 2009, from $44.2 million, $44.9 million, $38.7 million and $41.4 respectively (as previously reported) to $51.3 million, $51.9 million, $44.8 million and $47.3 million, respectively.

16. 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 July 16, 2008 approved an increase of the Company s common stock repurchase authorization by an additional 3,000,000 During the year ended July 31, 2011, the Company did not repurchased any shares of common stock. Since inception of thi repurchase plan through July 31, 2011, the Company has repurchased 4,264,804 shares at a cost of approximately $162.8 m of July 31, 2011, 1,735,196 shares remained available to repurchase under the existing repurchase authorization. Shares of stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of sha the Company s employee share award plan.

17. Stock Compensation Plan

The Company has a share award plan (the Plan) which has been approved by the Company s shareholders. Under the P 7.5 million shares of common stock could be issued in the form of options, stock appreciation rights, restricted shares, restr share units, performance shares, performance share units, dividend equivalents or other share-based awards to employees, or consultants of the Company or its subsidiaries or affiliates. The terms of awards granted under the Plan, including exerci vesting period and life, are set by the Compensation Committee of the Board of Directors. All share-based awards (except restricted shares and restricted share units) granted under the Plan have a life of ten years. Most awards vest ratably over th however, some have been granted with different vesting schedules. To date, no awards have been granted to non-employee those granted to non-employee members of the Board of Directors of the Company and of a consolidated subsidiary) under At July 31, 2011, approximately 3.0 million share-based awards were available to be granted under the Plan.

The fair value of stock-settled stock appreciation rights (SARs) granted in the years ended July 31, 2011, 2010 and 2009 estimated on the date of grant using a lattice-based option valuation model that applies the assumptions noted in the table b lattice-based model considers factors such as exercise behavior, and assumes employees will exercise equity awards at diff times over the contractual life of the equity awards. As a lattice-based model considers these factors, and is more flexible, t Company considers it to be a better method of valuing equity awards than a closed-form Black-Scholes model. Because lat option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Expected volatility is bas historical volatility of the Company s stock. The Company uses historical data to estimate equity award exercises and emp terminations within the valuation model; separate groups of employees that have similar historical exercise behavior are co separately for valuation purposes. The expected term of equity awards granted is derived from the output of the option valu model and represents the period of time that equity awards granted are expected to be outstanding; the range given below r

from certain groups of employees exhibiting different behavior. The risk-free rate for periods within the contractual life of t
award is based on the United States Treasury yield curve in effect at the time of grant.

	Year Ended July 31,		
	2011	**2010**	**2009**
Expected volatility	42.5%	43.3%	37.1-41.0%
Expected dividends	--%	--%	--%
Expected term (average in years)	4.6	4.7	5.4-5.7
Risk-free rate	0.3-4.5%	0.4-4.6%	2.1-4.9%

The Company has estimated forfeiture rates that range from 17.7% to 20.1% based upon the class of employees receiving stock-based compensation in its calculation of stock-based compensation expense for the year ended July 31, 2011. These e are based on historical forfeiture behavior exhibited by employees of the Company.

A summary of aggregate option and SARs award activity under the Plan as of July 31, 2009, 2010 and 2011, and changes d 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 August 1, 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		
Granted	371	37.40		
Exercised	(67)	20.06		
Forfeited or expired	(20)	28.59		
Outstanding at July 31, 2011	2,661	$ 32.02	6.6 years	$ 38,891
Exercisable at July 31, 2011	1,361	$ 34.12	5.2 years	$ 18,172

The weighted-average grant-date fair value of SARs granted during the years ended July 31, 2011, 2010 and 2009 was $13. $13.70 and $10.34, respectively. The total intrinsic value of options and SARs exercised during the years ended July 31, 20 and 2009 was $2.0 million, $0.7 million and $0.3 million, respectively. The Company had 288,000, 241,000 and 315,000 o and SARs that vested during the years ended July 31, 2011, 2010 and 2009, respectively. These awards had a total fair valu million, $0.6 million and $1.5 million at the date of vesting for the years ended July 31, 2011, 2010 and 2009, respectively.

A summary of the status of the Company s nonvested SARs as of July 31, 2011, and changes during the year then ended, i below (in thousands, except fair value amounts):

	Awards	**Weighted-Average Grant-Date Fair Value**
Outstanding at July 31, 2010	1,228	$ 7.37
Granted	371	13.84
Vested	(288)	14.98
Forfeited	(11)	10.95
Nonvested at July 31, 2011	1,300	$ 11.17

A summary of the status of the Company s nonvested restricted share units as of July 31, 2011, and changes during the yea ended, is presented below (in thousands, except fair value amounts):

	Awards	Weighted-Average Grant-Date Fair Value
Outstanding at July 31, 2010	371	$ 30.07
Granted	201	37.03
Vested	(143)	41.22
Forfeited	(21)	27.86
Nonvested at July 31, 2011	408	$ 33.47

The Company granted 201,000 restricted share units during the year ended July 31, 2011 with a weighted-average grant-da value of $37.03. The Company granted 136,000 restricted share units during the year ended July 31, 2010 with a weighted- grant-date fair value of $36.11. The Company granted 397,000 restricted share units during the year ended July 31, 2009 w weighted-average grant-date fair value of $26.83. The Company had 143,000, 135,000 and 137,000 restricted share awards vested during the years ended July 31, 2011, 2010 and 2009, respectively. These awards/units had a total fair value of $5.9 $4.9 million and $3.1 million at the date of vesting for the years ended July 31, 2011, 2010 and 2009, respectively.

As of July 31, 2011, there was $13.1 million of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted under the Plan, of which $8.0 million, $4.4 million and $0.7 million of expense is expe be recognized in the years ending July 31, 2012, 2013 and 2014, respectively, assuming no future share-based awards are g

Cash received from options exercised under all share-based payment arrangements was $1.1 million, $0.5 million and $0.6 for the years ended July 31, 2011, 2010 and 2009, respectively. The tax benefit realized or to be realized for the tax deducti options/SARs exercised and restricted stock awards/units vested was $2.5 million, $2.1 million and $1.6 million for the yea July 31, 2011, 2010 and 2009, respectively.

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

18. Retirement and Profit Sharing Plans

The Company maintains a defined contribution retirement plan (the Retirement Plan), qualified under Section 401(k) of Revenue Code, for its employees. Under this Retirement Plan, employees are eligible to make before-tax contributions on t day of the calendar month following the later of: (i) their employment commencement date or (ii) the date they turn 21. Par may contribute up to 100% of their qualifying annual compensation up to the annual maximum specified by the Internal Re Code. Prior to January 1, 2009, the Company matched an amount equal to 50% of each participant s contribution up to 6% participant s bi-weekly qualifying compensation upon obtaining the later of: (i) 12 consecutive months of employment and service hours or (ii) 1,500 service hours since the employment commencement date. On January 1, 2009, the Company susp 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. 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, 2011, 2010 and 2009 was $1.5 mil million and $1.3 million, respectively.

19. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company s payment obligations under the 6.50% Notes (see Note 4, Long-Term Debt) are fully and unconditionally g on a joint and several, senior subordinated basis by substantially all of the Company s consolidated subsidiaries (including Acquisition, Inc., BCRP, Inc., Booth Creek Ski Holdings, Inc., Trimont Land Company, Northstar Commercial Properties Northstar Group Restaurant Properties LLC (collectively, Northstar-at-Tahoe) which were non-guarantor subsidiaries un 6.75% Notes) (collectively, and excluding Non-Guarantor Subsidiaries (as defined below), the Guarantor Subsidiaries), Eagle Park Reservoir Company, Larkspur Restaurant & Bar, LLC, and certain other insignificant entities (together, the Non-Guarantor Subsidiaries). APII and the Employee Housing Entities are included with the Non-Guarantor Subsidiarie purposes of the consolidated financial information, but are not considered subsidiaries under the indenture governing the 6. Notes.

Presented below is the consolidated financial information of the Parent Company, the Guarantor Subsidiaries and the Non- Subsidiaries. Financial information for the Non-Guarantor Subsidiaries is presented in the column titled Other Subsidiarie sheets are presented as of July 31, 2011 and 2010. Statements of operations and statements of cash flows are presented for t ended July 31, 2011, 2010 and 2009. In the current year, the Company revised its presentation of reimbursed payroll costs f managed hotel properties from a net presentation to a gross presentation in its Consolidated Statements of Operations (see N Summary of Significant Accounting Policies). Total revenue and total operating expense in the statements of operations fo ended July 31, 2010 and 2009 for the Guarantor Subsidiaries presented below have been revised to reflect this presentation

F-28

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

Supplemental Condensed Consolidating Balance Sheet

As of July 31, 2011

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Cons
Current assets:					
Cash and cash equivalents	$ --	$ 63,365	$ 6,778	$ --	$ 7
Restricted cash	--	11,781	657	--	1
Trade receivables, net	--	57,746	783	--	5
Inventories, net	--	53,775	232	--	5
Other current assets	29,167	21,063	277	--	5
Total current assets	29,167	207,730	8,727	--	24
Property, plant and equipment, net	--	972,963	48,773	--	1,02
Real estate held for sale and investment	--	273,663	--	--	27
Goodwill, net	--	268,058	--	--	26
Intangible assets, net	--	72,943	18,155	--	9
Other assets	8,060	33,296	4,701	--	4
Investments in subsidiaries	1,721,269	(3,862)	--	(1,717,407)	
Advances	(349,144)	356,981	(7,837)	--	
Total assets	$ 1,409,352	$ 2,181,772	$ 72,519	$ (1,717,407)	$ 1,94
Current liabilities:					
Accounts payable and accrued liabilities	$ 7,117	$ 211,565	$ 2,677	$ --	$ 22
Income taxes payable	20,778	--	--	--	2
Long-term debt due within one year	--	848	197	--	
Total current liabilities	27,895	212,413	2,874	--	24
Long-term debt	390,000	42,532	58,166	--	49
Other long-term liabilities	28,526	205,558	1,345	--	23
Deferred income taxes	133,208	--	--	--	13
Total Vail Resorts, Inc. stockholders equity	829,723	1,721,269	(3,862)	(1,717,407)	82
Noncontrolling interests	--	--	13,996	--	1
Total stockholders equity	829,723	1,721,269	10,134	(1,717,407)	84
Total liabilities and stockholders equity	$ 1,409,352	$ 2,181,772	$ 72,519	$ (1,717,407)	$ 1,94

F-30

Supplemental Condensed Consolidating Balance Sheet

As of July 31, 2010

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Cons
Current assets:					
Cash and cash equivalents	$ --	$ 11,315	$ 3,430	$ --	$ 1
Restricted cash	--	11,443	391	--	1
Trade receivables, net	--	53,013	609	--	5
Inventories, net	--	48,081	214	--	4
Other current assets	21,448	20,570	231	--	4
Total current assets	21,448	144,422	4,875	--	17
Property, plant and equipment, net	--	990,904	36,486	--	1,02
Real estate held for sale and investment	--	422,164	--	--	42
Goodwill, net	--	181,085	--	--	18
Intangible assets, net	--	71,118	18,155	--	8
Other assets	2,515	24,776	4,861	--	3
Investments in subsidiaries	1,631,824	(16,258)	--	(1,615,566)	
Advances	(294,189)	298,798	(4,609)	--	
Total assets	$ 1,361,598	$ 2,117,009	$ 59,768	$ (1,615,566)	$ 1,92
Current liabilities:					
Accounts payable and accrued liabilities	$ 12,400	$ 240,823	$ 2,103	$ --	$ 25
Income taxes payable	32,729	--	--	--	3
Long-term debt due within one year	--	1,682	187	--	
Total current liabilities	45,129	242,505	2,290	--	28
Long-term debt	390,000	76,479	58,363	--	52
Other long-term liabilities	29,203	166,201	1,756	--	19
Deferred income taxes	108,496	--	--	--	10
Total Vail Resorts, Inc. stockholders equity	788,770	1,631,824	(16,258)	(1,615,566)	78
Noncontrolling interests	--	--	13,617	--	1
Total stockholders equity	788,770	1,631,824	(2,641)	(1,615,566)	80
Total liabilities and stockholders equity	$ 1,361,598	$ 2,117,009	$ 59,768	$ (1,615,566)	$ 1,92

Supplemental Condensed Consolidating Statement of Operations

For the year ended July 31, 2011

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Cons
Total net revenue	$ --	$ 1,166,706	$ 12,212	$ (11,872)	$ 1,
Total operating expense	522	1,070,054	13,718	(11,720)	1,
(Loss) income from operations	(522)	96,652	(1,506)	(152)	
Other (expense) income, net	(34,244)	(4,908)	(1,294)	152	
Equity investment income, net	--	1,342	--	--	
(Loss) income before benefit (provision) for income taxes	(34,766)	93,086	(2,800)	--	
Benefit (provision) for income taxes	14,235	(35,333)	--	--	
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(20,531)	57,753	(2,800)	--	
Equity in income (loss) of consolidated subsidiaries	55,020	(2,733)	--	(52,287)	
Net income (loss)	34,489	55,020	(2,800)	(52,287)	
Net loss attributable to noncontrolling interests	--	--	67	--	
Net income (loss) attributable to Vail Resorts, Inc.	$ 34,489	$ 55,020	$ (2,733)	$ (52,287)	$

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	Cons
Total net revenue	$ --	$ 894,409	$ 11,041	$ (10,647)	$
Total operating expense	792	821,318	13,879	(10,495)	
(Loss) income from operations	(792)	73,091	(2,838)	(152)	
Other (expense) income, net	(27,034)	10,885	(1,073)	152	
Equity investment income, net	--	1,558	--	--	
(Loss) income before benefit (provision) for income taxes	(27,826)	85,534	(3,911)	--	
Benefit (provision) for income taxes	9,457	(27,479)	--	--	
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(18,369)	58,055	(3,911)	--	
Equity in income (loss) of consolidated subsidiaries	48,754	(3,580)	--	(45,174)	
Net income (loss)	30,385	54,475	(3,911)	(45,174)	
Net (income) loss attributable to noncontrolling interests	--	(5,721)	331	--	
Net income (loss) attributable to Vail Resorts, Inc.	$ 30,385	$ 48,754	$ (3,580)	$ (45,174)	$

Supplemental Condensed Consolidating Statement of Operations

For the year ended July 31, 2009

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Cons
Total net revenue	$ --	$ 1,003,079	$ 10,602	$ (9,328)	$ 1,
Total operating expense	498	895,941	10,956	(9,176)	
(Loss) income from operations	(498)	107,138	(354)	(152)	
Other (expense) income, net	(27,035)	3,663	(2,535)	152	
Equity investment income, net	--	817	--	--	
(Loss) income before benefit (provision) for income taxes	(27,533)	111,618	(2,889)	--	
Benefit (provision) for income taxes	10,600	(41,244)	--	--	
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(16,933)	70,374	(2,889)	--	
Equity in income (loss) of consolidated subsidiaries	65,883	(3,364)	--	(62,519)	
Net income (loss)	48,950	67,010	(2,889)	(62,519)	
Net income attributable to noncontrolling interests	--	(1,127)	(475)	--	
Net income (loss) attributable to Vail Resorts, Inc.	$ 48,950	$ 65,883	$ (3,364)	$ (62,519)	$

F-34

Supplemental Condensed Consolidating Statement of Cash Flows

For the year ended July 31, 2011

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Cons
Net cash (used in) provided by operating activities	$ (2,659)	$ 268,602	$ 1,344	$
Cash flows from investing activities:				
Capital expenditures	--	(95,568)	(72)	
Acquisition of businesses	--	(62,344)	--	
Other investing activities, net	--	(204)	--	
Net cash used in investing activities	--	(158,116)	(72)	(
Cash flows from financing activities:				
Proceeds from borrowings under other long-term debt	--	189,000	--	
Payments of other long-term debt	--	(226,674)	(187)	(
Proceeds from borrowings under the 6.50% notes	390,000	--	--	
Payment of tender of 6.75% notes	(390,000)	--	--	(
Payment of financing costs	(9,331)	(3,069)	--	
Dividends paid	(5,411)	--	--	
Other financing activities, net	1,319	(1,055)	1,707	
Advances	16,082	(16,638)	556	
Net cash provided by (used in) financing activities	2,659	(58,436)	2,076	
Net increase in cash and cash equivalents	--	52,050	3,348	
Cash and cash equivalents				
Beginning of period	--	11,315	3,430	
End of period	$ --	$ 63,365	$ 6,778	$

Supplemental Condensed Consolidating Statement of Cash Flows

For the year ended July 31, 2010

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Cons
Net cash provided by (used in) operating activities	$ 4,428	$ 31,943	$ (421)	$
Cash flows from investing activities:				
Capital expenditures	--	(67,544)	(1,413)	
Acquisition of business	2,193	(18,063)	--	
Cash received from sale of real property	--	8,920	--	
Other investing activities, net	--	(145)	(7,500)	
Net cash provided by (used in) investing activities	2,193	(76,832)	(8,913)	
Cash flows from financing activities:				
Acquisition of noncontrolling interest	--	(31,000)	--	
Repurchase of common stock	(14,999)	--	--	
Proceeds from borrowings under other long-term debt	--	140,962	--	
Payments of other long-term debt	--	(106,132)	(177)	(
Other financing activities, net	1,109	(7,042)	10,328	
Advances	7,269	(7,269)	--	
Net cash (used in) provided by financing activities	(6,621)	(10,481)	10,151	
Net (decrease) increase in cash and cash equivalents	--	(55,370)	817	
Cash and cash equivalents				
Beginning of period	--	66,685	2,613	
End of period	$ --	$ 11,315	$ 3,430	$

F-36

Supplemental Condensed Consolidating Statement of Cash Flows

For the year ended July 31, 2009

(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Cons
Net cash (used in) provided by operating activities	$ (11,385)	$ 148,703	$ (3,042)	$
Cash flows from investing activities:				
Capital expenditures	--	(106,145)	(346)	(
Acquisition of business	--	(38,170)	--	
Other investing activities, net	--	36	--	
Net cash used in investing activities	--	(144,279)	(346)	(
Cash flows from financing activities:				
Repurchase of common stock	(22,367)	--	--	
Proceeds from borrowings under non-recourse real estate financings	--	9,013	--	
Payments of Non-Recourse Real Estate Financings	--	(58,407)	--	
Proceeds from borrowings under other long-term debt	--	67,280	--	
Payments of other long-term debt	--	(82,464)	(168)	
Other financing activities, net	742	2,582	1,091	
Advances	33,010	(33,010)	--	
Net cash provided by (used in) financing activities	11,385	(95,006)	923	
Net decrease in cash and cash equivalents	--	(90,582)	(2,465)	
Cash and cash equivalents				
Beginning of period	--	157,267	5,078	
End of period	$ --	$ 66,685	$ 2,613	$

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCI 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 effectiveness of the Company s disclosure controls and procedures as of the end of the period covered by this Form 10-K. disclosure controls and procedures means controls and other procedures established by the Company that are designed to information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, proces summarized and reported within the time periods specified in the SEC s rules and forms. Disclosure controls and procedur without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Act is accumulated and communicated to the Company s management, including i 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 th disclosure controls are effective to provide reasonable assurance that information required to be disclosed by the Company reports that it files or submits under the Act is accumulated and communicated to management, including the CEO and CFO appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that s information is recorded, processed, summarized and reported within the time periods specified by the SEC s rules and forn

The Company, including its CEO and CFO, does not expect that the Company s internal controls and procedures will prev detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not 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 Manag 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 In 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, 2011 t 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 offi
principal financial officer, principal accounting officer or controller, or persons performing similar functions. The code of e
business conduct is posted in the corporate governance section of the Company s website at www.vailresorts.com. The Co
post any waiver to the code of ethics and business conduct granted to any of its officers on its website.

The additional information required by this item is incorporated herein by reference from the Company s definitive proxy
for the 2011 annual meeting of stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated herein by reference from the Company s definitive proxy statement f
2011 annual meeting of stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND REL STOCKHOLDER MATTERS.

The information required by this item is incorporated herein by reference from the Company s definitive proxy statement f
2011 annual meeting of stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENC

The information required by this item is incorporated herein by reference from the Company s definitive proxy statement f
2011 annual meeting of stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is incorporated herein by reference from the Company s definitive proxy statement f
2011 annual meeting of stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT 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	Seque Num Pa
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 ByLaws. (Incorporated by reference to Exhibit 3.1 on Form 8-K of Vail Resorts, Inc. filed on June 10, 2011.)	

Posted Exhibit Number	Description	Seque Num Pa
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. (Incorporated by reference to Exhibit 4.1(i) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2010.)	
4.1(j)	Supplemental Indenture, dated as of November 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. (Incorporated by reference to Exhibit 4.1(j) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2010.)	

Posted Exhibit Number	Description	Seque Num Pa
4.1(k)	Supplemental Indenture, dated as of April 22, 2011 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 4.2 on Form 8-K of Vail Resorts, Inc. filed on April 26, 2011.)	
4.2	Indenture, dated April 25, 2011, by and 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 on Form 8-K of Vail Resorts, Inc. filed on April 26, 2011.)	
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.)	

Posted Exhibit Number	Description	Seque Num Pa
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.)	
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.)	

Posted Exhibit Number	Description	Seque Num Pa
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.)	
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.)	
10.8(f)	Consent, Waiver and Fifth Amendment to Fourth Amended and Restated Credit Agreement, dated as of October 25, 2010, 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 on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2010.)	
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.)	

Posted Exhibit Number	Description	Seque Num Pa
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.)	
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.)	

Posted Exhibit Number	Description	Seque Num Pa
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.)	
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.)	

Posted Exhibit Number	Description	Seque Num Pa
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.)	
10.32(a)	Fifth Amended and Restated Credit Agreement dated as of January 25, 2011 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, JPMorgan Chase Bank, N.A. and Deutsche Bank Securities Inc. as Co-Documentation Agents and the Lenders party thereto. (Incorporated by reference to Exhibit 10.1 on Form 8-K of Vail Resorts, Inc. filed on January 28, 2011.)	
10.32(b)	First Amendment to Fifth Amended and Restated Credit Agreement dated as of April 13, 2011 among The Vail Corporation (d/b/a Vail Associates, Inc.), as borrower, Bank of America, N.A., as Administrative Agent, and the Lenders party thereto. (Incorporated by reference to Exhibit 10.1 on Form 8-K of Vail Resorts, Inc. filed on April 18, 2011.)	
10.33	Registration Rights Agreement, dated April 25, 2011, by and among Vail Resorts, Inc., the Guarantors named therein and the initial purchasers listed therein. (Incorporated by reference to Exhibit 10.1 on Form 8-K of Vail Resorts, Inc. filed on April 26, 2011.)	
21	Subsidiaries of Vail Resorts, Inc.	6
23	Consent of Independent Registered Public Accounting Firm.	7
24	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.	7
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	7
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.	7

Posted Exhibit Number	Description	Seque Num Pa
101***	The following information from the Company s Year End Report on Form 10-K for the year ended July 31, 2011 formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets as of July 31, 2011 and July 31, 2010; (ii) Consolidated Statements of Operations as of July 31, 2011, July 31, 2010 and July 31, 2009; (iii) Consolidated Statements of Stockholders Equity as of July 31, 2011, July 31, 2010 and July 31, 2009 (iv) Consolidated Statements of Cash Flows as of July 31, 2011, July 31, 2010 and July 31, 2009; and (v) Notes to the Consolidated Financial Statements.	

*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 E Commission. Omitted portions have been filed separately with the Commission.

***Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed fo purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections

b) Exhibits

The exhibits filed herewith as indicated in the exhibit list above may be found following the Signatures section of thi

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	Ba
2009				
Inventory Reserves	$ 1,211	$ 2,496	$ (2,252)	$
Valuation Allowance on Income Taxes	1,588			
Trade Receivable Allowances	1,666	2,109	(1,898)	
2010				
Inventory Reserves	1,455	2,310	(2,313)	
Valuation Allowance on Income Taxes	1,588			
Trade Receivable Allowances	$ 1,877	$ 1,328	$ (946)	$
2011				
Inventory Reserves	1,452	2,389	(2,289)	
Valuation Allowance on Income Taxes	1,588			
Trade Receivable Allowances	$ 2,259	$ 2,246	$ (1,082)	$

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused t
to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 22, 2011		Vail Resorts, Inc.
	By:	/s/ Jeffrey W. Jones Jeffrey W. Jones Co-President and Chief Financial Officer (Principal Financial Officer)
Date: September 22, 2011		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 lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stea and all capacities, to sign any or all amendments or supplements to this Form 10-K and to file the same with all exhibits the other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fac agent full power and authority to do and perform each and every act and thing necessary or appropriate to be done with this 10-K and any amendments or supplements hereto, as fully to all intents and purposes as he might or could do in person, her ratifying and confirming all that said attorney-in-fact and agent, or their substitute or substitutes, may lawfully do or cause t done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following pe behalf of the Registrant and in the capacities indicated on September 22, 2011.

/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	Co-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