

**Teleconference Overview of Results for the  
Third Quarter of the Fiscal Year Ending March 31, 2010:  
Questions and Answers**

Conference Date: Thursday, February 4, 2010
OLC Presenters: Akiyoshi Yokota, Executive Director and Officer; and Koichi Ueda, IR Group Manager (moderator)

The following is a summary of the main questions and answers from the teleconference on the results of the third quarter.

- Q1: It seems that the results for the hotel business segment were above the projections released in November but below those for the same period in the previous fiscal year. So, what are your plans to boost growth in this segment?
- A1: The actual results for the hotel business segment were slightly above the projections released in November. The results during the first quarter remained below the level planned because of the tough external environment, which was impacted by factors including novel influenza A (H1N1) and a decline in the room rates of other hotels, in addition to the fact that it was the year after the 25th Anniversary. While maintaining the charge per room for the three Disney hotels in order to sustain the brand image, we will strive to further enhance the attractiveness of and increase the occupancy rates for these hotels by launching initiatives linked to the theme parks. Even though it is difficult to jump back to the level reached during the previous fiscal year, the 25th Anniversary, we believe that we will be able to sustain the charge per room and secure a certain level of occupancy rates for the years to come by maintaining our previous measures and taking advantage of future anniversary events and so on.
- Q2: I understand that the theatrical business has been affected by the economic downturn. So, what are your plans to boost growth in that area?
- A2: The theatrical business has struggled a little. Although there are several factors behind this, the biggest issue is related to the recognition of “ZED.” We think that another issue is the fact that our current review of such elements as prices and seating positions has not been recognized. In addition to an effort to further improve recognition in the future, we are planning to eliminate a factor that may detract from the experience for guests who have to travel a long distance by eliminating intervals between the shows.
- Q3: With the relaxation of the issuing of tourism visas for individual visitors from China and the projects to expand Haneda and Narita airports scheduled in the future, I think that the number of foreign tourists visiting Japan will improve. Given these circumstances, I would like to hear about the current status as well as your plans for taking advantage of the situation in order to increase the number of overseas guests from

the next fiscal year onward.

A3: The total number of overseas travelers visiting Japan has decreased compared to the previous fiscal year due to various factors, including the economic downturn, novel influenza A (H1N1), and the appreciation of the yen. The number of overseas visitors started to recover around November last year. The situation surrounding the number of overseas guests at theme parks has also started to change in line with such circumstantial changes. We expect the market for overseas guests to grow further in the future with the scheduled relaxation of tourist visas for individual visitors from China, the expansion of airports, etc. We are planning to further improve our theme parks to attract an increased number of overseas guests by making the signs in foreign languages more visible in order to ensure that overseas guests will not suffer any inconvenience. From a sales perspective, we are making preparations to attract more guests from China by efforts that include strengthened collaboration with Chinese agents.

Q4: How do you see the business performance in the next fiscal year?

A4: As we have been able to successfully attract guests in accordance with our current plan, we have set our target for theme park attendance for the next fiscal year at 26 million guests, which is in line with our medium-term management plan. During the next fiscal year, we are planning to launch a new attraction, "Mickey's PhilharMagic," in the fourth quarter, in addition to a new "Easter-themed" event planned for the spring.

Q5: You mentioned an increase in ticket prices in some media interviews. Are you actually planning to increase ticket prices?

A5: Even though some media reported on the revision of ticket prices, what we actually talked about was our general business model in which we recoup our investments in attractions by revising ticket prices. We did not mean that we would increase our ticket prices in the near future.

However, since we have been continuing our efforts to enhance the attractiveness of our theme parks, we may consider revising our ticket prices if the timing is right, that is, at a time when the economy recovers and our guests are ready to accept an increase in ticket prices.

Q6: As you are selling the retail business segment, can we assume that the elimination of all the sales from the retail business segment will lead to a decrease in sales during the next fiscal year?

A6: That is correct.

Q7: Are there any increased expenses expected during the fourth quarter compared with the same period in previous years?

A7: As far as expenses are concerned, we do not expect anything unusual for this fiscal year since the deferred

expenses to be incurred during the fourth quarter and preceding expenses for the next fiscal year are both at the level of several hundred million yen.

Q8: I understand that the opening of Hong Kong Disneyland had no impact, but what are your thoughts on Shanghai Disneyland as a competitor? Or do you have any expectations from the perspective of synergy?

A8: We see positive impacts for us, rather than competition. As people in China still have limited exposure to Disney, we can expect an increase in awareness once Shanghai Disneyland is opened. In addition, we believe that we can expect positive effects for various reasons, including the fact that Tokyo has DisneySea, the only theme park of its kind in the world, the city of Tokyo itself is a very popular tourist destination, and the Japanese government has been reinforcing its efforts to increase the number of overseas tourists visiting Japan. Even though we cannot talk about specific synergies at this stage, we are keen to work on the things we can do to generate such effects.

Q9: It seems that lately you have improved your capacity to attract more guests with attractions and events. I understand that 26 million is the target for the time being for theme park attendance during the next fiscal year. Is there any possibility that you will revise this target upward in the future?

A9: Because the next fiscal year happens to be the year before the Tokyo DisneySea 10th Anniversary, we would like to focus on improving our system in order to be able to accept more guests by launching new attractions and increasing capacity. In addition, we are planning to hold a new Easter-themed event in the spring. If the event goes well, we would like to continue it in the following years. Furthermore, as we are planning to launch “Fantasmic!” during the Tokyo DisneySea 10th Anniversary year, the next fiscal year for us will be a year of preparation in many ways.

As the plan for theme park attendance for the next fiscal year is currently being prepared, we cannot mention specific figures here, but we regard the next fiscal year as an important year for us.

Q10: When will you announce the new medium-term management plan? Will the plan include an improvement of capital efficiency as one of its themes?

A10: We are planning to make an announcement on that at the same time as the full-year earnings announcement scheduled for May. The improvement of capital efficiency is an issue we are fully aware of.

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