

## Speakers

Oriental Land Co., Ltd.

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This presentation is divided into two parts: Policies and Plan.



# Medium-Term Plan Innovate OLC 2010 ~Policies~

**Yoshiro Fukushima**  
Representative Director, President and COO

Innovate OLC 2010

## Overview of Results for the Fiscal Year Ended March 31, 2007

### Consolidated Results

	3/07 Results (¥ Billion)	3/06 Results (¥ Billion)	Change (¥ Billion)	Change (%)
Revenues	344.0	332.8	11.1	3.4
Theme Parks	289.1	276.2	12.8	4.7
Commercial Facilities	23.1	22.7	0.4	1.8
Retail Business	17.8	21.4	(3.6)	(16.8)
Other Businesses	13.8	12.3	1.5	12.3
Operating Income	34.1	30.6	3.5	11.5
Theme Parks	31.4	26.2	5.2	19.8
Commercial Facilities	1.0	1.9	(0.9)	(47.9)
Retail Business	(1.0)	0.9	(1.9)	—
Other Businesses	2.3	1.1	1.1	98.0
Ordinary Income	30.1	26.6	3.5	13.1
Extraordinary Income	0.1	—	0.1	—
Extraordinary Loss	1.5	0.2	1.2	530.1
Net Income	16.3	15.7	0.6	3.9

#### Theme Park Business: Robust

- ◆ Attendance  
Record attendance driven by Tokyo DisneySea 5th Anniversary events and the opening of "Tower of Terror," helped by a warm winter.  
**3/07: 25.81 mil. Guests ← 3/06: 24.76 mil. guests (+1.05 million, +4.2%)**
- ◆ Revenues per guest  
Increase due to factors including ticket price revision in September  
**3/07: ¥9,309 ← 3/06: ¥9,220 (+¥89, +1.0%)**

#### Retail Business: Downward Trend Abating

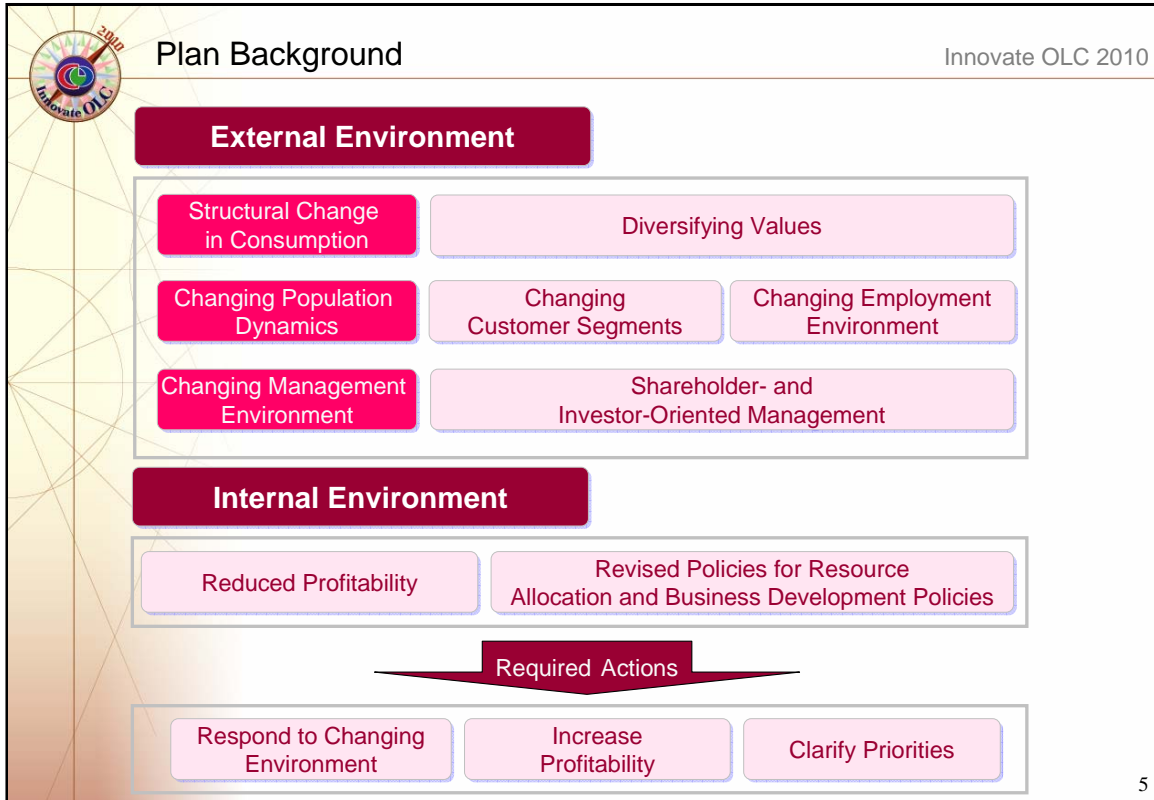
- ◆ Significant downward trend in revenues and income continued from the start of the fiscal year due to factors such as fewer customers visiting stores.
- ◆ Cooperation with Revamp Corp., a turnaround support firm, from December and sweeping improvements caused the downward trend to begin abating in the second half.
- ◆ Revenues of ¥17.8 billion, an operating loss of ¥1.0 billion, and about ¥0.7 billion extraordinary loss in connection with restructuring.

Before explaining OLC's medium-term plan, I would like to briefly discuss the results for the fiscal year ended March 31, 2007.

**Theme Park Business:** Total attendance of the two theme parks increased 1.05 million (+4.2 percent) year on year to an all-time high of 25.81 million as a result of events commemorating Tokyo DisneySea's 5th anniversary and the enthusiastically received opening of the new attraction "Tower of Terror" with help from the warm winter. Moreover, revenues per guest increased ¥89 (+1.0 percent) year on year to ¥9,309 due to factors including the impact of a ticket price revision. As a result, revenues in the theme park segment increased ¥12.8 billion (+4.7 percent) year on year to ¥289.1 billion, and operating income increased ¥5.2 billion (+19.8 percent) year on year to ¥31.4 billion.

**Retail Business:** The OLC Group began cooperating with Revamp Corp., a corporate turnaround support firm, in December 2006 because of a significant downward trend in revenues and income from the start of the fiscal year due to factors such as fewer customers visiting stores. We implemented sweeping improvements that caused the downward trend to begin abating in the second half. Revenues decreased ¥3.6 billion (-16.8 percent) year on year to ¥17.8 billion and operating loss totaled ¥1.0 billion, as we recorded about ¥0.7 billion extraordinary loss in connection with restructuring.

**Consolidated Results:** Consequently, both revenues and income increased. Consolidated revenues increased ¥11.1 billion (+3.4 percent) year on year to ¥344.0 billion, operating income increased ¥3.5 billion (+11.5 percent) year on year to ¥34.1 billion. The operating margin rose 0.7 percentage points year on year to 9.9 percent.

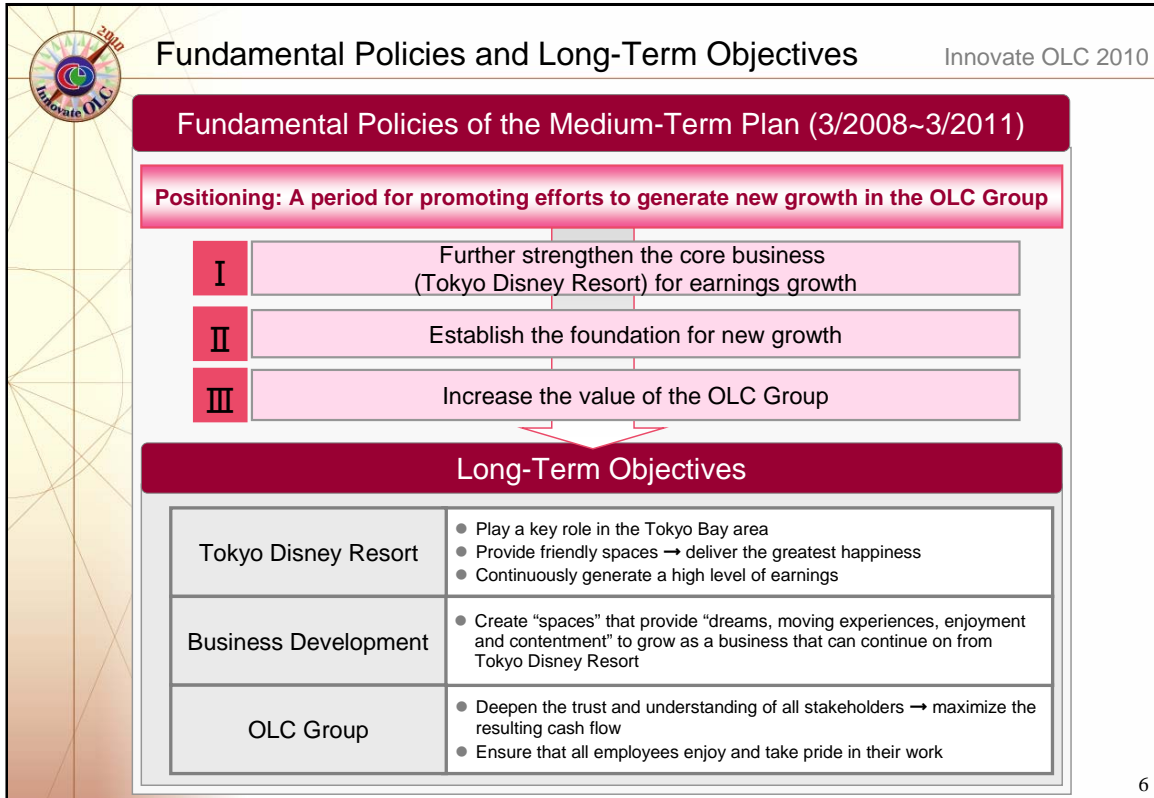


First I will explain the background to our medium-term plan.

**External Environment:** Amid structural change in consumption, changing population dynamics, and a changing management environment, values with respect to various types of leisure are diversifying. Guests are changing because of Japan's low birthrate and aging society, and the employment environment is also undergoing a transformation. There is also a greater focus on shareholder- and investor-oriented management.

**Internal Environment:** Consolidated net income decreased over the three years ended March 2006. During that period, we recognized the need to revise our resource allocation and business development policies.

These issues defined the changes we had to make as a company, and were the starting points for the medium-term plan.



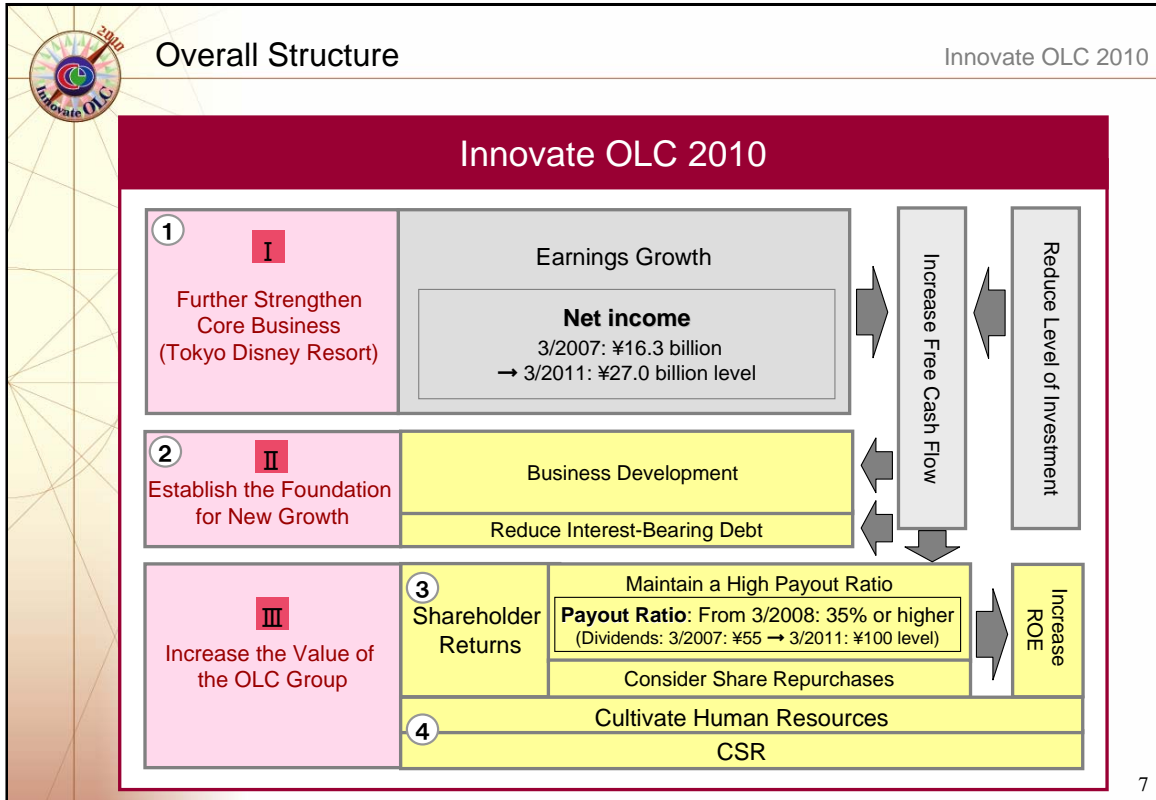
Next I will explain the fundamental policies of the medium-term plan and long-term objectives.

**Medium-Term Plan Positioning:** The four years of this plan are positioned as a period for promoting efforts to generate new growth in the OLC Group.

**Three Pillars:** Our medium-term plan has three pillars:

- I. Further strengthen the core business (Tokyo Disney Resort) for earnings growth
- II. Establish the foundation for new growth
- III. Increase the value of the OLC Group

**Long-Term Objectives:** We decided on our direction toward the form we want to take over the long term from the perspective of the Tokyo Disney Resort, business development and the OLC Group.



Now let's turn to the overall structure of the medium-term plan.

**Overall Structure of the Medium-Term Plan:** Further strengthening the core Tokyo Disney Resort business will generate earnings growth. At the same time, we will reduce the level of investment, thus increasing free cash flow. We will deploy the increased free cash flow to fund stockholder returns and build the foundation for new growth.

I will discuss items 1 through 4 starting from page 9.



## Targets for the Fiscal Year Ending March 31, 2011

Innovate OLC 2010

Target	Year ending March 31, 2011	Year ended March 31, 2007	
Net income	<b>¥27.0 billion level</b>	¥16.3 billion	<b>Average annual growth rate at 13% level</b> Steady revenue growth, increased operating margin
Payout ratio	<b>35% or higher (Dividends: ¥100 level)</b>	Dividends: ¥55	<b>Emphasize direct stockholder returns</b> Implement from the fiscal year ending March 31, 2008
Guidelines	Year ending March 31, 2011	Year ended March 31, 2007	
Revenues	¥380.0 billion level	¥344.0 billion	Average annual growth rate at 2% level Steady growth from responding to the changing environment
Operating income	¥45.0 billion level	¥34.1 billion	Average annual growth rate at 7% level
Operating margin	12% level	9.9%	Improve profitability with greater cost efficiency
Theme park attendance	26.00 million guests level	25.81 million guests	Improve park quality and clarify targets
Capital expenditures	¥40.0 billion level	¥54.8 billion	Reduce level of investment
ROE	6% level	4.3%	Increase earnings and emphasize direct stockholder returns

\*Assumption: The OLC Group currently has no plans to make large-scale investments in business development.

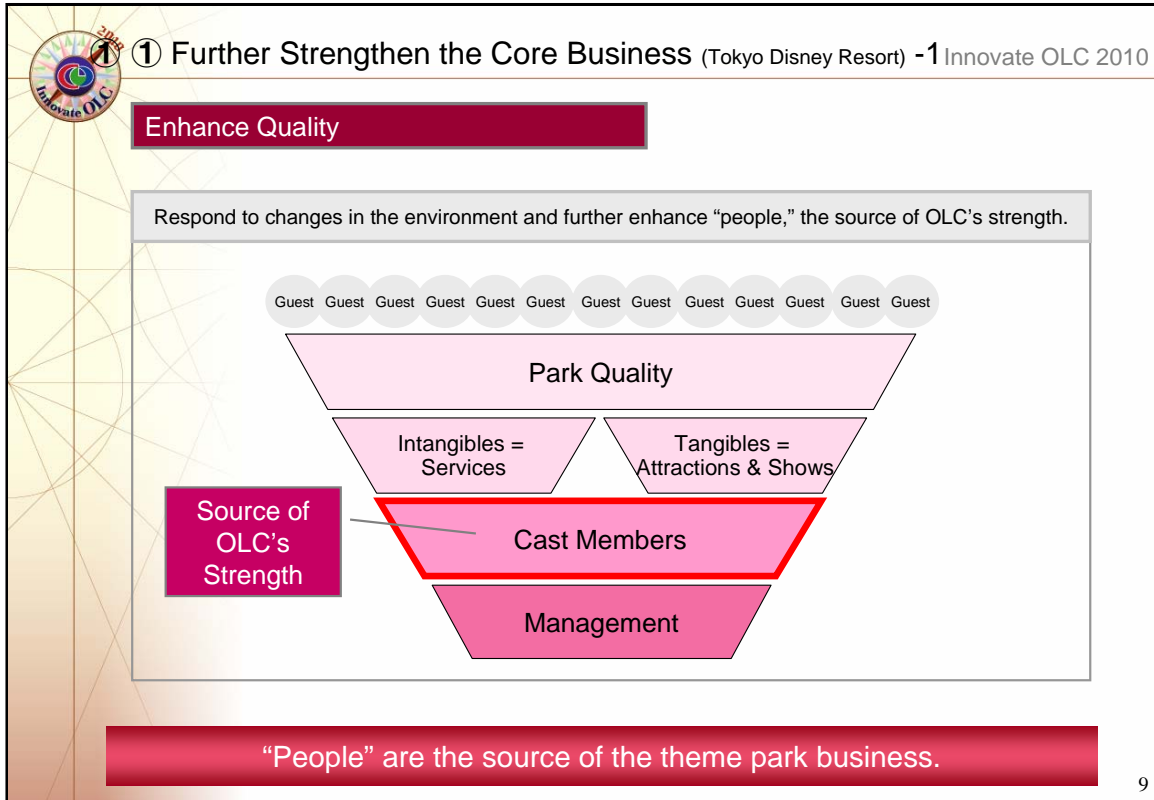
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We have determined the numerical targets we want to achieve over the next four years.

**Consolidated Net Income at the ¥27.0 Billion Level:** We have set consolidated net income at the ¥27.0 billion level as a numerical target we aim to achieve in the fiscal year ending March 2011. This will mean an average annual growth rate at the 13 percent level, which we will achieve through steady growth in revenues and a higher operating margin.

**Consolidated Payout Ratio of 35 Percent or Higher:** In keeping with our stated policy of emphasizing direct returns for stockholders and investors, we want to achieve a consolidated payout ratio of 35 percent or higher. We will implement this policy from the fiscal year ending March 2008.

The amounts shown in the Guidelines section at the bottom half of the page represent our assumptions in setting these targets.




I will now discuss the first pillar of our plan, “Further Strengthen the Core Business (Tokyo Disney Resort).”

We believe that further strengthening the OLC Group’s core Tokyo Disney Resort business is the primary issue in generating earnings growth. The two key points in strengthening this business are to “enhance quality” and “clarify targets.”

First I will explain what we mean by “enhance quality.”

The OLC Group’s strength in “theme park quality” is derived from putting together its powerfully competitive “tangibles” and “intangibles.” Both are indispensable to achieving an unparalleled advantage, and “people” support both. In other words, “people” are the source of the OLC Group’s strength.

Substantial changes are taking place in the employment environment. We will continue to enhance this source of our strength by properly responding to environmental changes.


**① Further Strengthen the Core Business** (Tokyo Disney Resort) -2 Innovate OLC 2010

**Enhance Quality**

Raise employee satisfaction

Strengthen management capabilities

+

Respond to changes in the employment environment

Work to keep cast members

Secure cast members employment

Raise employee satisfaction

- Creating an environment where cast members enjoy providing services is critical for increasing customer satisfaction → Employee satisfaction is key
- Further strengthen management capabilities to improve employee satisfaction

Respond to changes in the employment environment

- Work to keep cast members
  - : Establish a PDCA cycle using new methods for surveying service levels
  - : Structure a career support system and a benefits system that responds to changes in the environment; provide employees with worthwhile work
- Secure cast members employment
  - : Hiring activities that accommodate diversifying human resources


**Consistently secure required cast members on both a quantitative and qualitative basis.**

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“People” are the source of the OLC Group’s strength, and the majority of our people are our cast members. We need to raise employee satisfaction and respond to changes in the employment environment to strengthen our cast members.

**Raise Employee Satisfaction:** We need to further raise the value of the theme park experience of our guests to enhance customer satisfaction. In doing so, it is important for our cast members to provide hospitality with “heart-to-heart communication between guests and cast members.” We therefore need to raise employee satisfaction to create an environment where cast members enjoy providing services. This requires that we further strengthen our management capabilities.

**Respond to Changes in the Employment Environment:** Moreover, by working to keep cast members we will raise labor productivity because we will raise the level of proficiency. At the same time, we will also secure the number of people we need to hire, which will respond to changes in the employment environment brought on by the low birthrate and aging society.

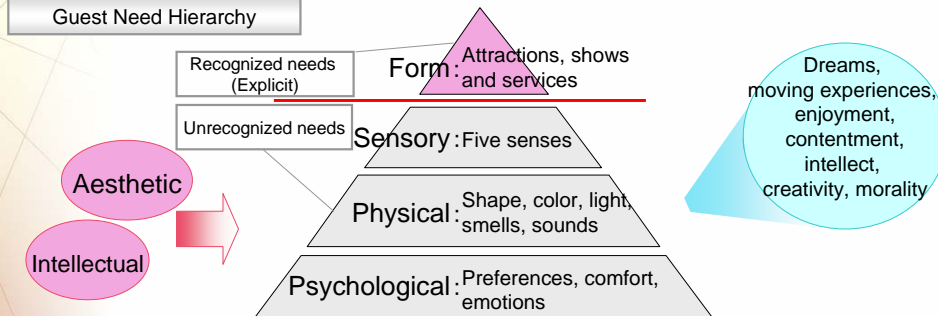

**① Further Strengthen the Core Business (Tokyo Disney Resort) -3 Innovate OLC 2010**

**Enhance Quality**

Further enhance guest orientation throughout the theme parks

- Understand “the opinions of guests” and eliminate negative elements
  - : Reduce congestion at the physical and psychological levels
  - : Protect against weather-related factors such as rain and heat that reduce the value of the guest experience
- Respond to latent and implicit needs that guests themselves may not be aware of
  - : Create new experiential value

**Guest Need Hierarchy**



**Provide services that raise the value of the guest experience.**

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In addition, we will work to further strengthen our guest orientation and respond to guests’ diversifying values to enhance quality.

**Understand the Opinions of Guests and Eliminate Negative Elements:**

We have implemented a new survey method that allows us to get even closer to our guests’ true opinions, and we are working throughout our theme parks to eliminate elements that result in guest dissatisfaction.

**Satisfy Latent and Implicit Needs that Guests Themselves may not be**

**Aware of :** This diagram categorizes, recognized guest needs and implicit guest needs in four levels. The point of this diagram is that surface issues expressed in physical form are only the tip of the iceberg; the majority are latent. Examples of the latent issues in the lower part of the diagram might include a nebulous desire to visit a place that is comfortable on a visceral level. For these latent needs that guests themselves may not be aware of, we will provide aesthetic, intellectual and other offerings that are related to providing guests with deeply satisfying dreams, moving experiences, enjoyment and contentment, as well as intellect, creativity, and morality. Thus by responding to unseen, latent desires, we will constantly create new value that continuously enhances our strengths.



① Further Strengthen the Core Business (Tokyo Disney Resort) -4 Innovate OLC 2010

**Enhance Quality**

Upgrade tangibles

- :Tokyo DisneySea “Sinbad’s Storybook Voyage” Renewal Open (From March 2007)
- :Tokyo Disneyland Electrical Parade Dreamlights Renewal (From March 2007)
- Year Ending March 2008
  - :Tokyo Disneyland “Space Mountain” Renewal (From April 2007)
  - :Tokyo Disneyland “Pirates of the Caribbean” Renewal (From July 2007)
- Year Ending March 2009
  - Tokyo Disney Resort 25th Anniversary
  - Tokyo Disneyland Hotel
  - Dedicated Theater for Cirque du Soleil
- Year Ending March 2010
  - Tokyo Disneyland New Attraction
    - : Experience the world of the Disney/Pixar movie “*Monsters, Inc.*”
    - : Total investment of about ¥10 billion (including an attached retail store)

**Raise the quality of both tangibles and intangibles to build an unparalleled advantage.**

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Along with the intangibles I discussed, we are constantly enhancing tangibles.

We are enhancing theme park quality with an emphasis on adding new appeal to existing attractions and shows, including the following:

**In March 2007:**

Tokyo DisneySea: “Sinbad’s Storybook Voyage” Renewal Open  
 Tokyo Disney Land: “Tokyo Disneyland Electrical Parade Dream Lights” Renewal

**Year Ending March 2008:**

Tokyo Disneyland: “Space Mountain” Renewal  
 Tokyo Disneyland: “Pirates of the Caribbean” Renewal

We will then significantly increase the overall appeal of the Tokyo Disney Resort, including the following:

**Year Ending March 2009:**

Tokyo Disney Resort 25th Anniversary  
 Tokyo Disneyland Hotel  
 Dedicated theater for Cirque de Soleil

**Year Ending March 2010:**

Tokyo Disneyland: Installation of a new attraction that will allow guests to experience the world of the Disney/Pixar movie *Monsters, Inc.*

We will enhance the quality in terms of both tangibles and intangibles to build an unparalleled advantage.

① Further Strengthen the Core Business (Tokyo Disney Resort) -5 Innovate OLC 2010

**Clarify Targets**

- Segment the Family demographic, our main target, according to the age of children
- Cultivate new markets such as the New Aging\* demographic (see diagram below).
- Attract more groups, overnight stays and other guests that will visit regardless of external factors such as the weather.

\* **The New Aging Demographic** People in this demographic focused on their children when they previously visited as families. With their children now grown, they can focus on themselves when they visit.

Gradually increase attendance levels in stages by delivering value that meets the needs of each target segment.

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The second key point in further strengthening the Tokyo Disney Resort is to “clarify targets.”

**Segment the Family Demographic:** As we have in the past, we will continue to segment the Family demographic, our main target, according to the age of children and we will strengthen our efforts in the respective segments.

**Cultivate New Markets:** In addition, we will cultivate the New Aging demographic as a new market. People in this demographic were a core guest segment when they had children and visited as families. With their children now grown, they can focus on themselves when they visit.

**Attract More Guests Who will Visit Regardless of External Factors:** In addition, we will enhance various efforts to increase the number of guests who are likely to visit regardless of external factors such as the weather, including groups and overnight stays and other guests.

Through these measures, we aim to provide value that meets the needs of each target segment to expand our market and gradually increase attendance levels in stages.



## ② Establish the Foundation for New Growth

Innovate OLC 2010

### Formulate Business Development Policies

- Continue on from Tokyo Disney Resort to develop as a business that creates “spaces” that provide “dreams, moving experiences, enjoyment and contentment.”
  - : Deliver unique value by creating spaces that engender communication among people
  - : Place priority on business development in Japan
  - : Aggressively form strategic alliances with other companies
- OLC is now energetically examining joint business development with The Walt Disney Company.
  - : “An urban entertainment facility” is now at the feasibility study stage.
  - Indoor entertainment facility with uniquely Disney productions
  - Studying the opening of the facility in a major urban area other than the Kanto region during or after the year ending March 2011
- In addition to the above, OLC is promoting research into future development in its “Fill Your Heart with Energy and Happiness” business domain.

### Refine the Business Development Decision-Making Process

- Determine evaluation standards according to business objectives and implement cost and benefit analysis
- Refine methods for evaluating businesses once they are created and quickly revise plans in accordance with the resulting evaluations.

### Reduce Interest-Bearing Debt

- Reduce interest-bearing debt to secure capital reserves for investment in new growth.

Determine businesses to continue on from Tokyo Disney Resort by March 31, 2011.

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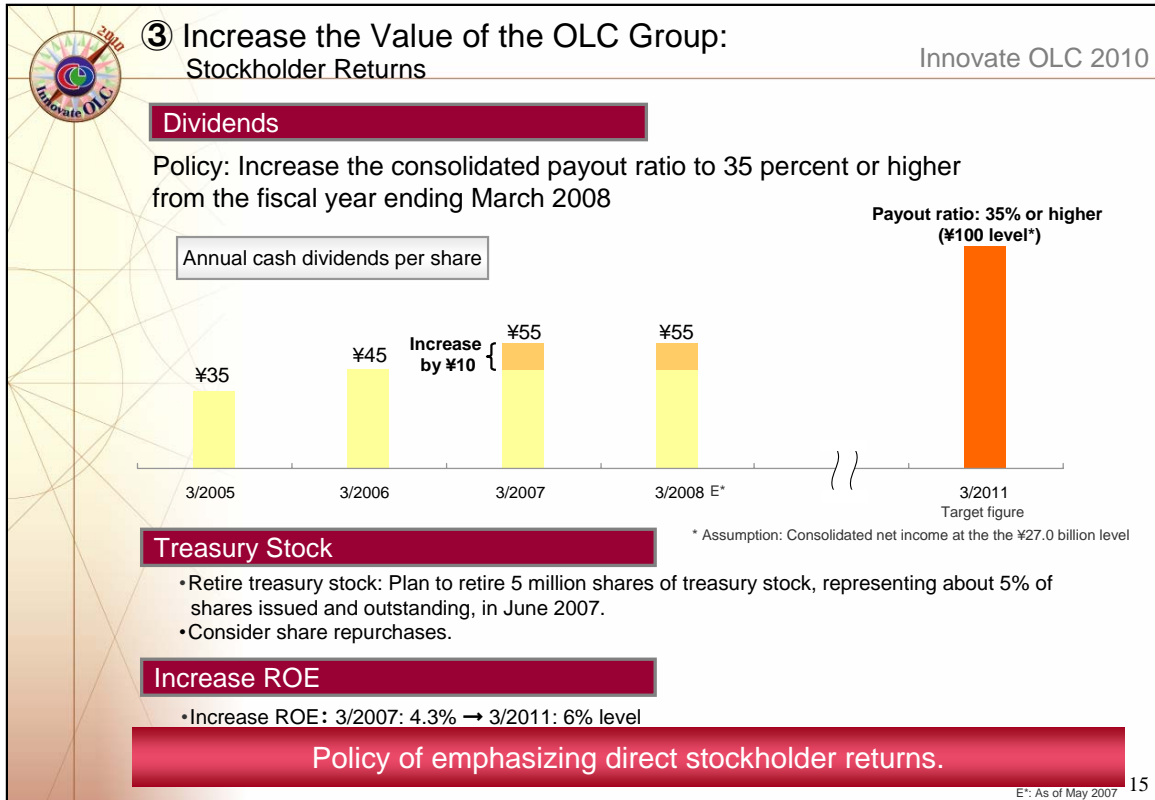
Next I would like to cover the second pillar, “Establish the Foundation for New Growth.”

**Formulate Business Development Policies:** The OLC Group aims to deliver unique value by creating spaces that engender communication among people. We will continue on from Tokyo Disney Resort to develop as a business that creates “spaces” that provide “dreams, moving experiences, enjoyment and contentment” mentioned in our business mission. In new business development, we will follow a policy of placing priority on business in Japan and aggressively forming strategic alliances with other companies. We aim to determine the businesses that will continue on from Tokyo Disney Resort by the fiscal year ending March 2011.

In addition, we are further strengthening our partnership with The Walt Disney Company, including business development in areas related to Disney content, and examining joint business development opportunities. At present, we have entered the feasibility study stage in connection with “an urban entertainment facility” project.

**Refine the Business Development Decision-Making Process:** The OLC Group is refining its decision-making process by determining standards for evaluating the viability of new business, regularly evaluating businesses once they are created, and quickly revising plans.

**Reduce Interest-Bearing Debt:** On the other hand, we will need capital to invest once large-scale business development gets fully under way. We will therefore reduce interest-bearing debt over the next four years to secure capital reserves for investment in new growth.



Next I would like to cover “stockholder returns” as part of the third pillar, “Increase the Value of the OLC Group.”


**Dividends:** The OLC Group currently has no plans to make large-scale investments in business development during the four years ending March 2011 to generate new growth. As a result, we will be able to increase the ratio of cash flow allocated to direct stockholder returns to higher levels than before. Based on this policy, we have set a target of increasing the consolidated payout ratio to 35 percent or higher from the fiscal year ending March 2008.

In the fiscal year ending March 2011, assuming net income of ¥27.0 billion, a payout ratio of 35 percent would therefore result in cash dividends per share at the ¥100 level.

Considering the OLC Group’s strong performance in the fiscal year ended March 2007 and the overall objectives of the new medium-term plan, we decided to increase dividends by ¥10 per share compared to the previous fiscal year.

**Treasury Stock:** The OLC Group plans to retire approximately 5 million shares of treasury stock valued at about ¥30.0 billion in June 2007 in keeping with our stated policy of emphasizing direct shareholder returns. We are also considering share repurchases in the future.

**Increase ROE:** We aim to increase return on equity (ROE) as a result of earnings growth and direct stockholder returns. Our guideline figure is at the 6 percent level for the year ending March 2011.

 ④ Increase the Value of the OLC Group:  
Cultivate Human Resources and CSR Innovate OLC 2010


**Cultivate Human Resources**

- People who are the focus of each of the OLC Group's business
- People who are competitive inside and outside the company
- People who can effectively employ their creative capabilities

**CSR**

Promote CSR linked to strengthening core businesses and social contribution.

- Emphasize corporate ethics
- Initiatives where we can best deploy our strengths
  - **Family Ties**
    - Provide the times and places for family happiness
    - Promote intergenerational communication
  - **Learning**
    - Formats that engender joy in working
    - Formats that engender empathy
    - Formats that engender curiosity and creativity
- Increase employee pride in and empathy with the OLC Group



**Deepen the trust and understanding of all stakeholders.**

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I would like to wrap up this Policies section by explaining our corporate social responsibility (CSR) activities and cultivation of human resources, which are linked to increasing the value of the OLC Group.

**Cultivate Human Resources:** In addition to the cast member issues I discussed earlier, we are working to further strengthen the cultivation of internal human resources. We will cultivate people who are the focus of each of the OLC Group's business, people who are competitive outside the company, and people who can effectively employ their creative capabilities.

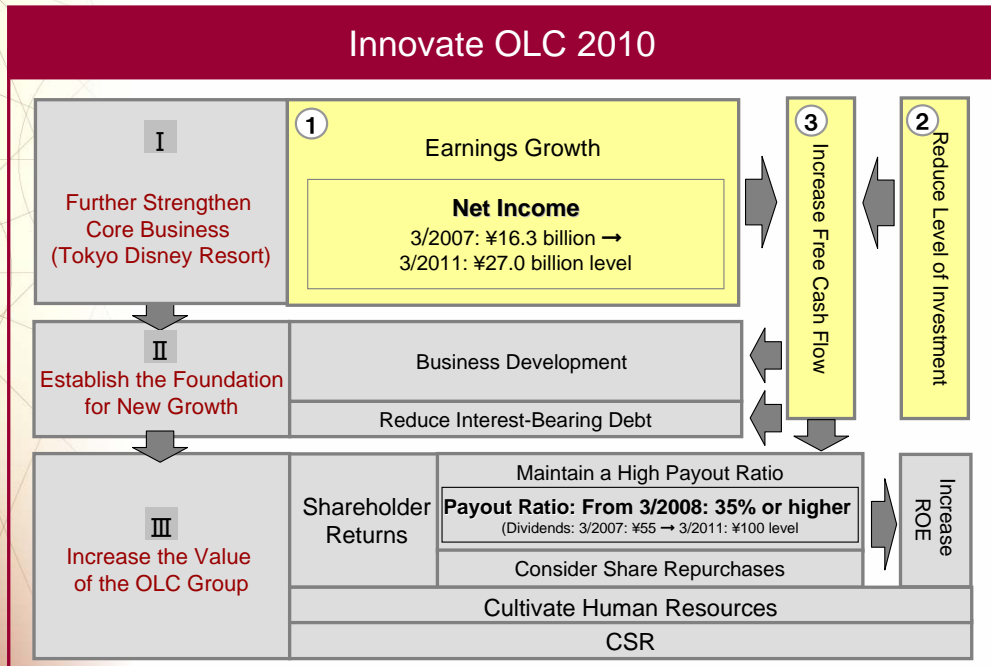
**CSR:** Moreover, recognizing that added value from the perspective of society is an essential element, the OLC Group is promoting CSR activities that are linked to strengthening core businesses and social contribution. In addition to the emphasis of our corporate philosophy, we will carry out activities under themes such as "family ties" and "learning," where we can best deploy our strengths. Employees recognize the social significance of conducting their business from the perspective of CSR, which is increasing employee pride in and empathy with the OLC Group.

The OLC Group aims to increase its value by working to deepen the trust and understanding of all stakeholders, including guests, stockholders, employees and society.

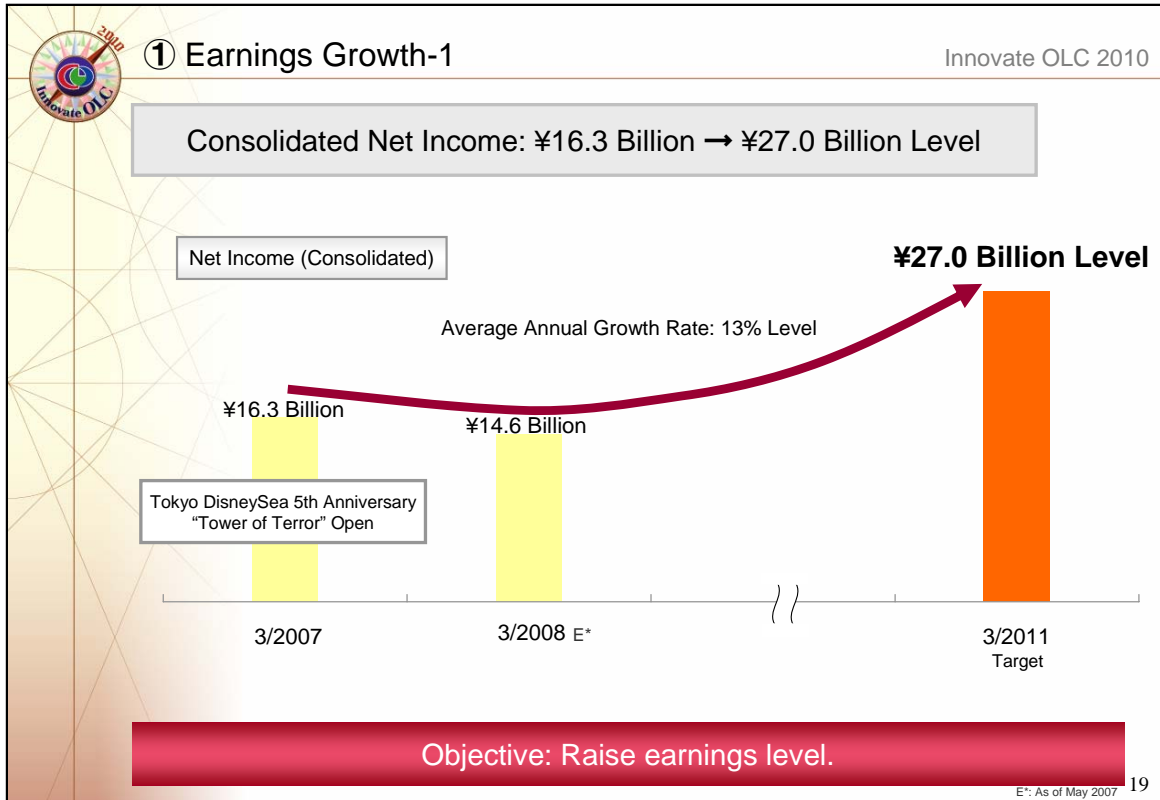


**Medium-Term Plan  
Innovate OLC 2010  
~Plan~**

**Akio Nagaoka**  
Representative Director, Executive Vice President



The Plan section will cover earnings and cash flow. I will explain points 1 through 3 starting from the following page.



The OLC Group will work to significantly increase earnings over the next four years through efforts such as those outlined in the section “Further Strengthen Core Business (Tokyo Disney Resort)” covered in the Policies section. I will explain its main reasons.

**Trajectory of Projected Earnings Growth:** During the fiscal year ending March 2008, we projected a short-term decrease in earnings because it will be the year following Tokyo DisneySea 5th Anniversary, and also because of the effect of a tax code revision and increased development expenses for new facilities. However, we aim to increase the level of earnings over the next four years, with the goal of increasing consolidated net income to the ¥27.0 billion level in the fiscal year to March 2011. This will mean average annual growth at the 13 percent level.

**① Earnings Growth-2 [Forecast for the Fiscal Year Ending March 31, 2008]**  
 Innovate OLC 2010

**Consolidated Results**

	3/08 Forecast (¥ Billion)	3/07 Results (¥ Billion)	Change (¥ Billion)	Change (%)
Revenues	342.1	344.0	(1.9)	(0.6)
Theme Parks	285.8	289.1	(3.3)	(1.1)
Commercial Facilities	23.6	23.1	0.4	1.8
Retail Business	16.7	17.8	(1.0)	(6.1)
Other Businesses	15.9	13.8	2.0	14.8
Operating Income	28.9	34.1	(5.1)	(15.0)
Theme Parks	26.9	31.4	(4.5)	(14.6)
Commercial Facilities	1.2	1.0	0.2	19.7
Retail Business	(0.4)	(1.0)	0.5	-
Other Businesses	1.0	2.3	(1.2)	(53.1)
Ordinary Income	24.6	30.1	(5.4)	(18.2)
Net Income	14.6	16.3	(1.6)	(10.2)

**Theme Park Business→Lower Revenues & Income**

- ◆ Attendance  
Decrease projected due to factors including that it will be the following Tokyo DisneySea 5th Anniversary.  
**3/08: 25.40 million guests ← 3/07: 25.81 million guests (-0.41 million guests, -1.6%)**
- ◆ Revenues per Guest  
Increase projected due to full-year contribution of ticket price revision implemented in September 2006.  
**3/08: ¥9,380 ← 3/07: ¥9,309 (+¥71, +0.8%)**

**Retail Business→2nd Half Recovery**

- ◆ Recovery projected in 2<sup>nd</sup> half due to steady execution of sweeping improvements.
- ◆ Improved merchandise cost to revenues ratio and SG&A expense to revenues ratio resulting from reform of cost structure.

**Depreciation & Development Expenses→Increase**

- ◆ Depreciation expenses  
Increase due to the effect of a tax code revision.
- ◆ Development expenses  
Increase due to development expenses for 2 new facilities and other expenses.

First, I will explain why we project that net income will decrease to ¥14.6 billion during the fiscal year ending March 31, 2008.

**Theme Park Business:** Although we expect revenues per guest to increase ¥71 (+0.8 percent) compared with the fiscal year ended March 2007 to ¥9,380 due to factors such as the full-year contribution of the ticket price revision implemented in September 2006, we project that theme park attendance will decrease by 0.41 million guests (-1.6 percent) to 25.40 million guests because it will be the year following Tokyo DisneySea 5th Anniversary, among other factors. As a result, we project revenues will decrease ¥3.3 billion (-1.1 percent) to ¥285.8 billion.

**Retail Business:** We project that we will get on a recovery track in the second half because we will steadily execute sweeping improvements including closing unprofitable stores. During the fiscal year, the number of stores will temporarily decrease, resulting in a decrease of ¥1.0 billion (-6.1 percent) in revenues to our target of ¥16.7 billion. On the other hand, we project that we will be able to achieve a ¥0.5 billion reduction in the operating loss in this business to ¥0.4 billion through means such as reforming the cost structure to reduce the ratio of merchandise costs and SG&A expenses to revenues.

**Depreciation & Development Expenses:** The effect of a tax code revision will increase depreciation expenses by about ¥2.0 billion, and we project that development expenses for two new facilities and attraction development expenses will increase.

**Consolidated Results:** Consequently, we project that consolidated revenues will decrease ¥1.9 billion (-0.6 percent) to ¥342.1 billion, operating income will decrease ¥5.1 billion (-15.0 percent) to ¥28.9 billion, ordinary income will decrease ¥5.4 billion (-18.2 percent) to ¥24.6 billion and net income will decrease ¥1.6 billion (-10.2 percent) to ¥14.6 billion.



## ① Earnings Growth-3

Innovate OLC 2010

### Contribution to Earnings from New Facilities

#### Tokyo Disneyland Hotel and Dedicated Theater for Cirque du Soleil

##### Investment

- Total investment of about ¥54.0 billion  
: Tokyo Disneyland Hotel (including parking deck), dedicated theater for Cirque du Soleil

##### Contribution to earnings (figures exclude parking deck)

- Year ending March 2011: Total annual revenues at the ¥20.0 billion level  
Total annual operating income at the ¥2.5 billion level (a tax code revision will increase initial burden of depreciation and amortization expenses)
- Will begin operating in the fiscal year ending March 2009, with full-scale contribution to earnings beginning in the fiscal year ending March 2010

##### Other Projected Benefits

- Enhanced appeal as a resort (Increase in attendance, attendance frequency and time spent at the resort)
- Attract new customer segments
- Appealing product proposals that effectively integrate various content

Two new large-scale facilities will contribute to earnings.

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After the fiscal year ending March 2009 we are planning on earnings growth because of the three factors that I will explain next. The first factor supporting earnings growth will be "the contribution to earnings from new facilities."

**Investment:** We plan to open the Tokyo Disneyland Hotel and a dedicated theater for Cirque du Soleil in the fiscal year ending March 2009, and we project total investment of about ¥54.0 billion.

**Contribution to Earnings:** We project that these two facilities will contribute to annual revenues at the ¥20.0 billion level and to annual operating income at the ¥2.5 billion level in the fiscal year ending March 2011. These projections include the effect of a tax code revision in the current fiscal year that will increase the initial burden of depreciation expenses. These two facilities will contribute to earnings with the increase in revenues of the theme parks. Moreover, these facilities will not make a full-year contribution when they open in the fiscal year ending March 2009 and we will incur development and other expenses, so the full-scale contribution to earnings from these facilities will start in the fiscal year ending March 2010.

**Other Projected Benefits:** We also project that the new facilities will add to the overall appeal of the resort, and that they will help us attract new guest segments. Moreover, we will make appealing product proposals that effectively integrate various content.



## ① Earnings Growth-4

Innovate OLC 2010

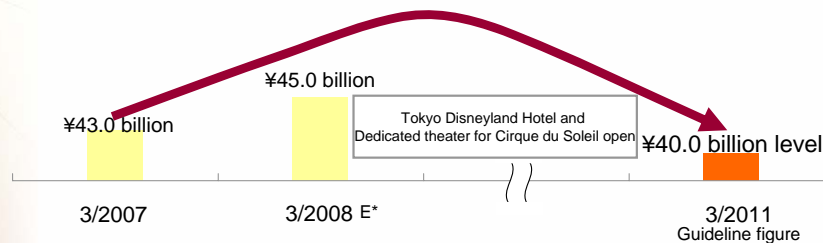
### Raise Cost Efficiency

Work to restrain and reverse the trend toward rising costs in recent years.

- Restrain fixed expenses at the theme parks and raise labor productivity.
  - : Revise activities that have little impact on the value of the guest experience and reduce labor time by raising operational efficiency.
- Reduce costs by taking advantage of Groupwide economies of scale
  - : Strengthen and spread joint purchasing and competitive bidding throughout the OLC Group.
- Reallocate personnel by rightsizing administration and planning operations.

Decrease in Tokyo DisneySea Depreciation (From the fiscal year ending 3/2010)

Depreciation Expenses (Consolidated)



Greater cost efficiency with the goal of securing stable earnings.

E\*: As of May 2007

22

The second factor that will support earnings growth is “greater cost efficiency.”

**Restrain Costs:** While continuing to enhance quality, the OLC Group has the goal of reducing the impact of fluctuations in theme park attendance on earnings. Our efforts take a Groupwide perspective that is not limited to our theme parks, but that also includes administration and planning operations.

**Decrease in Tokyo DisneySea Depreciation:** Another cost reduction topic is the decrease in depreciation expenses at Tokyo DisneySea. Depreciation of the large-scale investment in Tokyo DisneySea will decrease substantially beginning in the fiscal year ending March 2010.

As per the above, the OLC Group is restraining costs to help it fund enhanced quality and generate the earnings it requires.

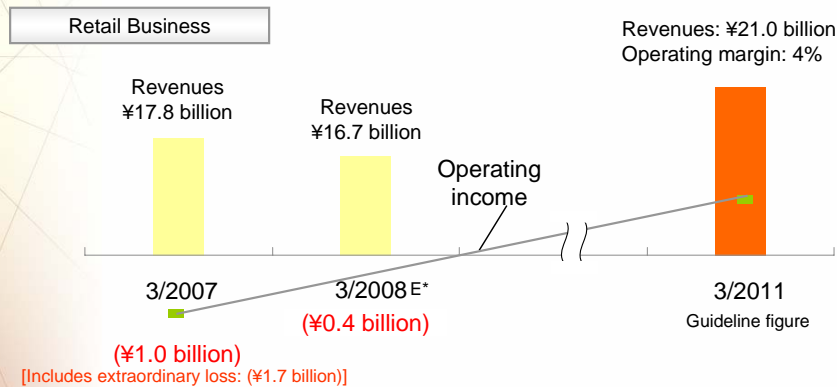


## ① Earnings Growth-5

Innovate OLC 2010

### Retail Business Recovery

- Work to jump start growth by completely restructuring stores, focused merchandising, and dramatically reducing costs.
- Restructure earnings capabilities of a retail network with a scale of 60 stores  
:Relocate and eliminate unprofitable stores, remodel existing stores, and open new stores.



The Retail Business will recover through sweeping improvements.

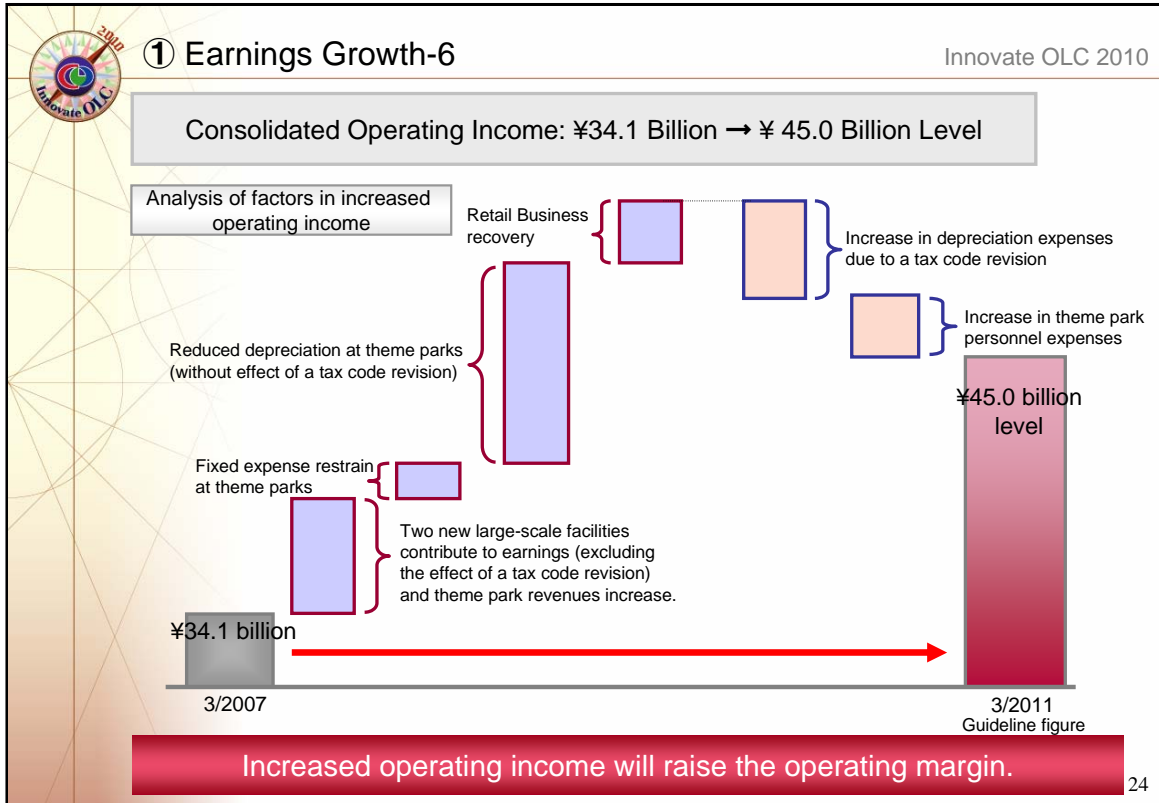
E\*: As of May 2007 23

The third factor that will support earnings growth is “retail business recovery.”

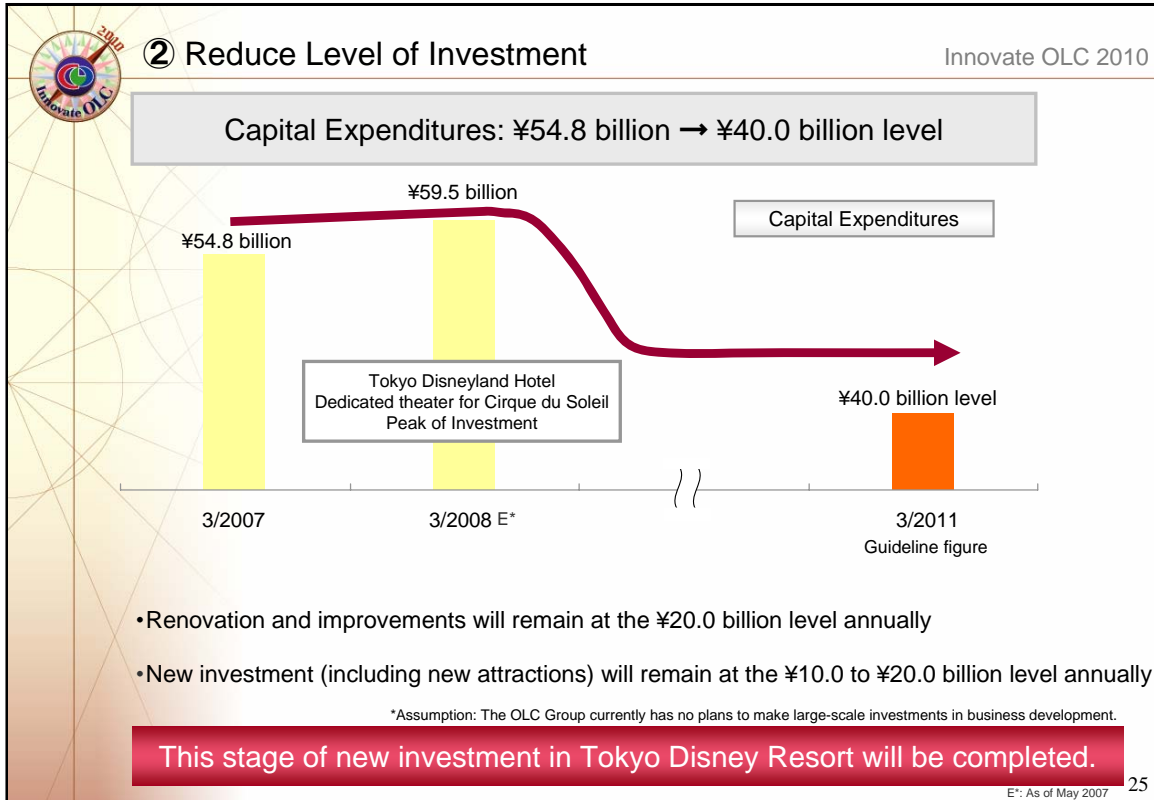
We discussed the retail business during our presentation in March 2007, so I won't repeat it all now. Please feel free to visit our website to obtain detailed reference materials “Retail Business Plan” from that presentation.

These figures are only guidelines, but our numerical targets for this business for the fiscal year ending March 2011 are revenues of ¥21.0 billion and an operating margin at the 4 percent level, which we intend to achieve by operating about 60 stores after relocating and closing unprofitable stores, remodeling existing stores, and opening new stores.

In addition, we will aim for an operating margin of 8 to 10 percent in the future.



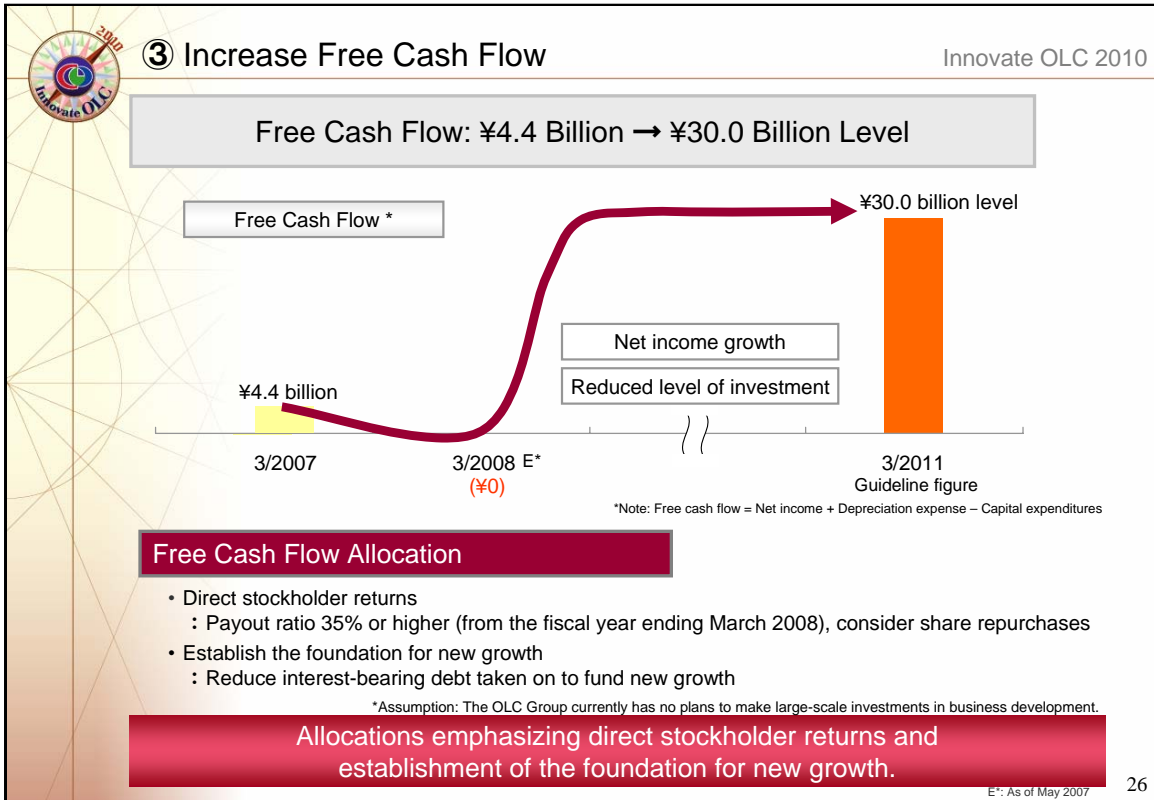
This graph depicts the impact of the policies I have discussed on operating income.



This graph shows how the level of capital expenditures will decrease while earnings increase.

During the fiscal year ending March 2008, we are making significant investments in two large-scale facilities. Consequently, investment will rise to the ¥60.0 billion level, but after that it will drop, having reached the end of a cycle. Therefore, our guideline investment figure for the fiscal year ending March 2011 is at the ¥40.0 billion level.

We will continue making required investments, concentrating on our theme parks in working to enhance the appeal of Tokyo Disney Resort. Investment in renovation and improvements will remain at the ¥20.0 billion level annually, and new investment will remain at the ¥10.0 to ¥20.0 billion level annually.



The earnings growth and reduced investment I have been discussing will increase free cash flow. A substantial shift to positive flow will begin from the fiscal year ending March 2009 as new investments in Tokyo Disney Resort drops at the end of the current cycle. Our guideline figure for free cash flow for the fiscal year ending March 2011 is at the ¥30.0 billion level.

The four years to March 2011 are positioned as “a period for promoting efforts to generate new growth in the OLC Group.” We currently have no plans to make large-scale investments in business development during this period to generate new growth. As a result, we will be able to increase the allocation of cash flow to direct stockholder returns and to establish the foundation for new growth.