

## **Teleconference Overview of Results** **for the Third Quarter of the Fiscal Year Ending March 31, 2009**

This overview is based on the “Supplementary Materials of the Results for the Third Quarter of the Fiscal Year Ending March 31, 2009.” Please refer to those materials, which are available for download at the Oriental Land website at <http://www.olc.co.jp/en/ir>.

- **Conference Date: Thursday, February 5, 2009**
- **Presenter: Akiyoshi Yokota, Officer and Director, Finance/Accounting Department**

### **1. Consolidated Quarterly Statements of Income (12/08 - 12/07)**

#### **Consolidated Results**

Let’s begin with an overview of the consolidated statements of income for the third quarter of the fiscal year ending March 31, 2009. Please refer to the statements of income, which are table number 1 on the left side of page 1 of the supplementary materials.

Results for the nine-month period, compared with the same period of the previous fiscal year, were as follows:

- Net sales increased 12.6% to ¥300.4 billion.
- Operating income increased 13.4% to ¥42.2 billion.
- Ordinary income increased 20.5% to ¥41.7 billion.
- Net income for the quarter increased 15.4% to ¥23.8 billion.

We achieved double-digit increases in net sales and income, with each item setting a new record.

#### **Net Sales by Segment**

Net sales by segment compared with the same period a year ago and factors behind the changes were as follows. Please refer to “(1) Net Sales” on the right side of the page.

##### ① Theme Park Segment

Net sales increased ¥22.1 billion compared with the same period of the previous fiscal year to ¥236.0 billion. Net sales of each component of the Theme Park Segment increased, namely attractions and shows, merchandise, food and beverages and others.

Please refer to “(2) Information Concerning the Theme Parks” for changes in theme park attendance and net sales per guest from the same period of the previous fiscal year. Theme park attendance increased to reach a record high due to the strong performance of Tokyo Disney Resort 25th Anniversary, which started on April 15.

In addition, net sales per guest increased. As for a breakdown of net sales per guest, ticket receipts were essentially unchanged. Merchandise sales increased due to strong sales of Christmas merchandise as well as

“Duffy” The Disney Bear products sold exclusively at Tokyo DisneySea, and other products in addition to items for Tokyo Disney Resort 25th Anniversary. Food and beverage sales increased due to factors including strong sales of popcorn, smoked turkey legs and other one-hand menu items.

The rates of increase from the previous third quarter in theme park attendance and net sales per guest were both essentially unchanged from the respective rates of increase in the first half.

#### ② Hotel Business Segment

Net sales increased ¥9.3 billion from the same period of the previous fiscal year to ¥35.0 billion.

Please refer to “(3) Hotel Occupancy Rates” for the change in occupancy rate for each hotel from the same period of the previous fiscal year.

- The occupancy rate of Tokyo Disneyland Hotel remained strong as planned after opening in July.
- The occupancy rates of Tokyo DisneySea Hotel MiraCosta and Disney Ambassador Hotel were essentially unchanged.
- The occupancy rate of Palm & Fountain Terrace Hotel increased.

As a result, net sales increased at all the hotels compared with the same period of the previous fiscal year.

#### ③ Retail Business Segment

Net sales decreased ¥0.7 billion from the same period of the previous fiscal year to ¥11.9 billion due to factors including a decline in the number of customers in the worsening economy.

Please refer to “(4) Information Concerning Disney Stores.”

Net sales at existing Disney Stores decreased mainly due to a decline in the number of customers. In addition to store openings centered on shopping malls, including the Koshigaya AEON Lake Town store, during the third quarter, we opened a store at the Sano Premium Outlet as the first permanent outlet store for a total of 60 stores as of December 31, 2008.

#### ④ Other Business Segment

Net sales increased ¥2.9 billion from the same period of the previous fiscal year to ¥17.4 billion.

This resulted from an increase in net sales in the theatrical business with the opening of Cirque du Soleil Theatre Tokyo in October 2008.

### **Operating Income by Segment**

I would like to discuss operating income by segment and factors behind the changes from the same period of the previous fiscal year. Please refer to the middle section on the right page of the materials.

#### ⑤ Theme Park Segment

Operating income increased ¥5.2 billion to ¥36.9 billion.

Although net sales increased, the primary factors affecting operating income were an increase of ¥3.7 billion in personnel expenses following an hourly wage revision for part-time employees that OLC implemented in March 2008 and other factors, and an increase of ¥1.8 billion in fixed expenses including sales promotion expenses in connection with Tokyo Disney Resort 25th Anniversary. Fixed expenses for the full fiscal year are expected to decrease compared with the previous fiscal year.

#### ⑥ Hotel Business Segment

Although net sales increased, operating income decreased ¥0.3 billion to ¥5.5 billion due to factors including an increase of ¥2.5 billion in preparation expenses before opening Tokyo Disneyland Hotel. Excluding preparation expenses before opening, Tokyo Disneyland Hotel has been profitable.

#### ⑦ Retail Business Segment

Although net sales decreased, operating income increased ¥0.1 billion to ¥30 million due to factors including an improvement in the cost of merchandise ratio.

#### ⑧ Other Business Segment

Operating loss was ¥0.3 billion due to factors including an increase of ¥0.5 billion in preparation expenses before opening Cirque du Soleil Theatre Tokyo.

### **Ordinary Income**

Next, I will explain the reasons for the decrease in non-operating expenses.

Non-operating expenses decreased by ¥1.6 billion because of a decrease in interest expenses after we redeemed ¥100.0 billion in bonds in April 2008 and other factors.

As a result, ordinary income increased by ¥7.1 billion from the same period of the previous fiscal year to ¥41.7 billion.

### **Quarterly Net Income**

I would like to explain the factors behind the increase in extraordinary loss.

As announced today, Oriental Land will sell off or dissolve OLC/Rights Entertainment (Japan) Inc., a wholly owned subsidiary conducting the intellectual property rights business, on or before March 31, 2009. As a result of this and other factors, we recorded a provision for loss of ¥0.7 billion on business liquidation due to withdrawal from business.

Oriental Land announced in the medium-term plan its commitment to strengthen the Company's business base, and currently is re-evaluating all existing operations of its group companies. Based on this policy, Oriental Land will withdraw from its intellectual property rights business, which has become unprofitable, and promote selection and focus in its businesses.

As a result of the above, quarterly net income increased ¥3.1 billion from the same period of the previous fiscal year to ¥23.8 billion.

Lastly, regarding the chart marked with an asterisk, expense classifications in the Hotel Business Segment changed from the fiscal year ending March 31, 2009, and a number of expenses previously recorded as cost of sales are now recorded as selling, general and administrative expenses. Consolidated performance figures before the change in expense classification are noted in the supplementary materials.

### **Summary**

I would like to summarize the third quarter. Please refer to the lower section on the right page of the materials.

#### **Compared with the Same Period of the Previous Fiscal Year**

- In a worsening economy, net sales reached a record level for the nine months ended December 31, 2008 (April to December) as a result of factors including record attendance at the theme parks due to the effect of Tokyo Disney Resort 25th Anniversary and other factors, and the openings of Tokyo Disneyland Hotel and Cirque du Soleil Theatre Tokyo.
- In addition, operating income, ordinary income and net income all reached record levels due to strong performance in the Theme Park Segment.
- As shown in the “Reference” graph in the lower section on the left side of the materials, the rates of increase of consolidated net sales and operating income in the third quarter (October to December), compared with the same period of the previous fiscal year, surpassed that of the first and second quarters.

#### **Compared with Forecast Announced in Nov. 2008**

- Net sales increased as attendance at the theme parks and net sales per guest increased due to the effect of Tokyo Disney Resort 25th Anniversary and other factors.
- Operating income increased significantly by approximately ¥8.0 billion compared with the forecast announced in November due to factors including the increase in net sales and the postponement of approximately ¥0.5 billion in expenses to the fourth quarter.

**2. Full-year Forecast: Consolidated Statements of Income (Revised 3/09 Forecast Announced in Feb. 2009  
- Forecast Announced in Nov. 2008)**

I would now like to discuss the current revisions to the consolidated forecasts for the fiscal year ending March 31, 2009. On the left side of page 2 of the supplementary materials, please refer to table number 2, the consolidated statements of income.

The forecasts announced in February 2009, compared with the forecasts announced in November 2008, are as follows:

- Net sales increased by 2.7% to ¥385.2 billion.
- Operating income increased by 17.8% to ¥37.2 billion.
- Ordinary income increased by 20.2% to ¥35.9 billion.
- Net income increased by 19.1% to ¥20.8 billion.

This is the third upward revision to forecasts for the fiscal year ending March 31, 2009.

**Net Sales by Segment**

I would like to discuss net sales by segment and the factors behind the changes. Please refer to the right side of the materials.

**① Theme Park Segment**

Net sales are projected to increase ¥10.2 billion to ¥298.8 billion as a result of full-year increases in theme park attendance and net sales per guest due to the effect of Tokyo Disney Resort 25th Anniversary and other factors.

**② Hotel Business Segment**

Net sales are projected to increase ¥0.7 billion to ¥46.2 billion due to increases in net sales at all the hotels.

**③ Retail Business Segment**

Net sales are projected to decrease ¥0.7 billion to ¥15.7 billion due to a decrease the number of customers in a worsening economy.

**④ Other Business Segment**

Net sales are projected to be ¥24.4 billion, essentially unchanged from the November forecast.

As noted in “Information Concerning the Theme Parks,” record high theme park attendance of 27.1 million is projected due to factors including the effect of Tokyo Disney Resort 25th Anniversary.

**Operating Income by Segment**

I would like to discuss operating income by segment and reasons for the changes. Please refer to the center section on the right side of the materials.

**⑤ Theme Park Segment**

Operating income is projected to increase ¥4.8 billion to ¥32.5 billion following the increase in net sales, despite an increase of approximately ¥1.5 billion in personnel expenses.

**⑥ Hotel Business Segment**

Operating income is projected to increase ¥0.6 billion to ¥5.8 billion in tandem with the increase in net sales.

**⑦ Retail Business Segment**

Operating loss is projected to be ¥0.1 billion due to the decrease in net sales. The downward revision of net sales was made due to a particularly severe outlook for net sales of the Disney Stores from January to March 2009 with the effect of a worsening global economy.

**⑧ Other Business Segment**

Operating loss is projected to be ¥1.0 billion due to a reduction in operating loss in the theatrical business and other factors.

### **3. Full-year Forecast: Consolidated Statements of Income (Revised 3/09 Forecast Announced in Feb. 2009** **- 3/08 Results)**

Please refer to table number 3, the consolidated statements of income, on the lower left side of page 2 of the supplementary materials.

Comparing the forecast announced in February with results of the fiscal year ended March 31, 2008, double digit increases are projected for full-year net sales and income, specifically increases of 12.5% in net sales, 19.4% in operating income, 30.6% in ordinary income, and 41.3% in net income.

As noted in “Information Concerning the Theme Parks” in table number 3 on the right side of the materials, theme park attendance is projected to increase 6.6% and net sales per guest by 2.9%. The main reasons for the changes are essentially the same as those for the changes in results for the nine months ended December 31, 2008.

#### **Summary**

I would like to conclude with a summary of the full-year forecasts. Please refer to the lower section on the right side of the materials.

#### **Compared with the Previous Forecast Announced in Nov. 2008**

- Net sales, operating income, ordinary income and net income forecasts have all been revised upward from the forecasts announced in November 2008.
- The main reasons are projected increases in theme park attendance and net sales per guest due to the effect of Tokyo Disney Resort 25th Anniversary and other factors.
- Operating income for the fourth quarter has been revised downward by approximately ¥2.5 billion compared with forecasts announced in November 2008 due to an increase in personnel expenses of approximately ¥1.5 billion and other factors.

#### **Compared with 3/08 Results**

- An increase in net sales is expected due to the effect of Tokyo Disney Resort 25th Anniversary and the openings of Tokyo Disneyland Hotel and Cirque du Soleil Theatre Tokyo.
- Operating income is expected to increase due to the increase in net sales, despite factors including ¥3.7 billion in preparation expenses before opening two new facilities and other costs specific to the fiscal year ending March 31, 2009.