

Earthquake Risk Countermeasure Financing (Supplementary Material)

September 6, 2011
Oriental Land Co., Ltd.

Position of this material

This is the supplementary material that was made in order to give a better understanding of the contents of “Earthquake Risk Countermeasure Financing.”

For more details, please see “Announcement of Earthquake Risk Countermeasure Financing” released on September 6, 2011.

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Outline of Scheme

Targeted effects of the scheme

Measures against risk of a massive earthquake



Securing investment capability for future growth

Subordinated loan with warrants

Outline of loan

Period	60 years from Sept. 29, 2011 However, premature repayment can be made during and after the fifth year if we wish.
Amount of financing	50.0 billion yen Funds held in cash or deposits for use as operating capital in the event of an earthquake etc.
Applied interest rate	(1) First five years Approx. 1%*(3 month JPY LIBOR + 0.75%) (2) Sixth year and after Approx. 2%*(3 month JPY LIBOR + 1.75%) * Based on current interest rate
Subordination agreement	Yes
Warrants	Restrictions to exercise of warrants (In the event of a massive earthquake measuring M7.9 or greater. See next page for details.)

Advantages

Subordination + Cost

Subordination: Limits the impact on investment for future growth

Decreases the impact on credit and loan interest rates in the event of seeking major financing for future growth

Cost: Financing at a reasonable cost

The scheme for premature repayment in assets other than cash, which ensures banks with a means of loan collection, achieves financing at a more reasonable cost than other methods.

I would like to give an outline of the financing scheme.

In pursuing our 2013 medium-term plan, it is crucial for us to take measures against the risk of an earthquake more massive than that assumed in our current scenario and to secure investment capability for future growth. We have decided to implement a financing scheme based on a subordinated loan with warrants, which enables us to achieve both of these targets.

As stated in the middle section on the right side of this page, the advantages of this loan lie in its subordination and cost.

The fact that the loan is subordinated decreases its impact on credit and loan interest rates in the event of seeking major financing for future growth. Therefore, its impact on investment for future growth is limited.

In addition, this scheme enables financing at a more reasonable cost than other methods. This is because it uses a scheme for premature repayment to ensure banks with a means of loan collection.

The outline of the loan is as shown in the middle section on the left side of this page. Details on restrictions to the exercise of warrants are explained on the next page.



Restrictions on Exercise of Warrants

Major steps to be taken after an earthquake

Points of note

1

A massive earthquake measuring M7.9 or greater occurs with an epicenter located within the area encircled in red

Reason for requesting premature repayment

Occurs at intervals of 200 to 300 years

Massive earthquakes in the past:
1923 Great Kanto Earthquake
1703 Genroku Kanto Earthquake

The probability of an earthquake occurring in the next five years is about 1%*



* Calculated by OYO RMS Corporation, a company specializing in risk analysis

2

Banks decide whether to request premature repayment

If banks request premature repayment

Banks can only request premature repayment when the majority of banks need to do so in consideration of OLC's outstanding loan.

3

OLC decides on means of repayment

Cash etc.

Warrants

As loan will be repaid in cash or other assets, warrants will not be exercised.

Management decision will be made cautiously by taking into account external and internal situations subsequent to the earthquake.

The possibility of warrants being exercised is extremely limited.

2

Under this financing scheme, restrictions are placed on the exercise of warrants. We consider that the possibility of warrants being exercised is extremely limited.

I would like to explain the reasons behind this by looking at the flow of steps to be taken after an earthquake.

Step 1 is if “a massive earthquake measuring M7.9 or greater occurs, with an epicenter located within the area encircled in red.” This is considered to serve as a reason for banks to request premature repayment. For your information, an earthquake of this scale occurs at long intervals of 200 to 300 years, and the chance of such an earthquake occurring in the next five years is considered to be only about 1%.

In the event that such a massive earthquake does occur, we move on to step 2: the “banks decide whether to request premature repayment.” The banks can request premature repayment only when the majority of banks need to do so in consideration of OLC's outstanding loan.

If the banks request premature repayment, we proceed to step 3: “OLC decides on means of repayment.” If OLC decides to repay the loan in cash or other assets, then warrants will not be exercised. When making repayment by warrants, the management decision will be made cautiously by taking into account external and internal situations subsequent to the earthquake.

Thus, the possibility of warrants being exercised is extremely limited.

OLC aims to further enhance its risk responsiveness by preparing for risks that were previously considered inconceivable.