



UNIVERSAL STUDIOS
JAPAN™

Fiscal year ended March 2008

USJ Report



Dear Shareholders,

Each year in our annual report, USJ is given the opportunity to speak directly to our shareholders, the men and women, who have put their trust in our company. On behalf of USJ I'm please to take this opportunity to thank you for your support and to pledge to you that we will continue in every way we know to retain and reward that trust.

Business Summary

At the end of Fiscal 2007, USJ exceeded the prior year in Sales, EBITDA, Ordinary Income, Operating Income and Net Income. Our mission -- to enhance shareholders value -- remains the corner stone of USJ's DNA. To that end, we were proud to announce our new dividend target. 100% payout ratio of net profits.*

A compelling new attraction "Hollywood Dream the Ride" opened in March 2007, a "Magical Oz-Go-Round" opened in July 2007 and a new musical show spectacular "Fantastic World" opened in March, 2008, all proved to be popular.

Operating Result

The Company reported total revenue of 73,158 million yen (up 1.5%, from the prior year), operating income of 8,402 million (up 15.4%), ordinary income of 7,028 million yen (up 33.3%) and net income of 6,766 million yen (up 78.4%). Your company continues to reduce debt and maintains a strong balance sheet.

Financial Highlights

| | | | |
|--|--|---|--|
| <div>Sales</div> <div>73,158</div> <div>Million yen</div> <div>UP</div> <div>1.5</div> <div>%</div> | <div>Operating Income</div> <div>8,402</div> <div>Million yen</div> <div>UP</div> <div>15.4</div> <div>%</div> | <div>Ordinary Income</div> <div>7,028</div> <div>Million yen</div> <div>UP</div> <div>33.3</div> <div>%</div> | <div>EBITDA</div> <div>21,981</div> <div>Million yen</div> <div>UP</div> <div>3.3</div> <div>%</div> <div>*1</div> |
| <div>Equity Ratio</div> <div>37.3</div> <div>%</div> <div>UP</div> <div>4.2</div> <div>Percentage points</div> | <div>Interest-Bearing Debt *2</div> <div>58,900</div> <div>Million yen</div> <div>DOWN</div> <div>5.6</div> <div>%</div> | <div>Net Assets</div> <div>48,656</div> <div>Million yen</div> <div>UP</div> <div>13.2</div> <div>%</div> | <div>Net Income</div> <div>6,766</div> <div>Million yen</div> <div>UP</div> <div>78.4</div> <div>%</div> |

*1. EBITDA presents the amount obtained by adding depreciation and other amortization expenses that are included in the cost of sales and selling, and general and administrative expenses to operating income.
*2. Interest-bearing debt represents the total amount of borrowing.

The Future

We continue to focus on building shareholder value. We will continue to add and strengthen our attractions, shows, parades, and improve guest satisfaction. We will continue to forge a deep emotional connection between USJ and our guests. We will continue to provide World Class Family Entertainment to the millions of people who visit USJ from Japan and throughout the world.

We appreciate your continued support and understanding.

*This year because of certain tax considerations USJ will be making adjustments to that ratio.



June 2008
Glenn Gumpel
President and CEO
USJ Co., Ltd.

■ "Fantastic World"

On a gigantic stage adorned with a myriad of earthly beings, colorful animals prance around, dancing and singing. "Fantastic World" is a musical fantasy of unprecedented magnificence launched in Spring 2008.



■ "HOLLYWOOD DREAM THE RIDE"



■ "Sesame Street™ ~Dreams of Dancing~"

■ "Universal Water Parade"

From early July to late August 2008 (planned)

The water parade that won popularity last summer will be presented this year as well. It is an event unique to midsummer, in which both people who do not want to get wet and those who want to get soaked to the skin play happily with popular characters of the park in the sun.



■ "Universal Wonder Halloween"

From early September to late October 2008 (planned)



■ "Universal Wonder Christmas"

From early November 2008 to early January 2009 (planned)



■ "Universal Countdown Party 2009"

From December 31, 2008 to January 1, 2009



New Attractions

We introduced a new sensation roller coaster, "HOLLYWOOD DREAM THE RIDE," in March 2007, and "Magical Oz-Go-Round," the first merry-go-round attraction since the opening of the park, in July 2007. Both attractions have been well received by a wide range of visitors. We also launched "Fantastic World" in March 2008 to commemorate the 7th anniversary, providing magnificent entertainment for guests through the merger of dynamic performance and music.

Seasonal Events

Seasonal events were further enhanced in the fiscal year ended March, 2008. "Universal Water Parade" was offered as the summer-only event. "Sorciere" was upgraded and returned to Halloween season as a main entertainment show. In the holiday season, a singing show "White Christmas Carol," which is received well every year, was performed, and "Santa's Toy Party," a song and dance show performed by Christmas toys made its debut this year. Universal Valentine and a seventh anniversary special music event with the theme "Graduation" were also held.

Attendance (using Regular passes)

The number of guests using regular passes stood at 5,961 thousand (up 1.5% on the previous year) thanks to the popularity of the "Summer Twilight Pass," a pass limited to summer that allows guests to enter the park from 3:00 p.m., and the "Twilight Pass," limited to Halloween and the Christmas season, and efforts to attract visitors in collaboration with marketing partner companies and tie-ups with transportation facilities, in addition to various other measures.

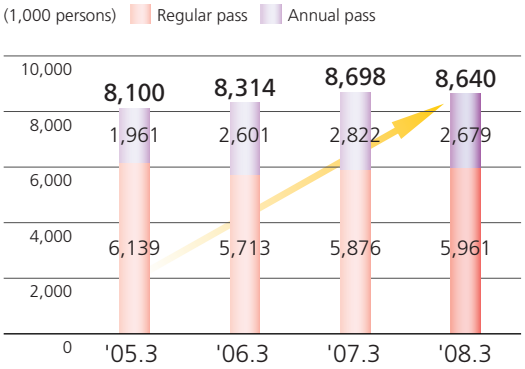
Note: A Regular pass is basically valid for one day.

Attendance (using Annual passes)

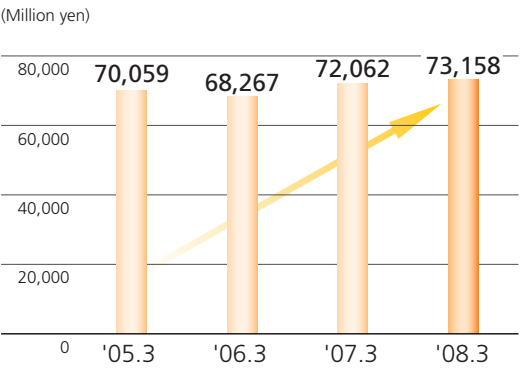
We launched the "Annual Studio Pass Price Campaign," aimed at providing annual passes at a special price, from October 15, 2007 through January 31, 2008, and posted sales about 9% larger than the sales of the same campaign in the previous fiscal year. As a result of drastic improvement in the process of issuing annual passes in the current fiscal year, purchasers of annual passes need to visit the park only once since they can both purchase and receive their annual pass at the same time. Previously, they had to visit the park twice: to purchase the annual pass and to receive it. The number of visitors using annual passes amounted to 2,679 thousand (down 5.1% from the previous year).

Note: An Annual pass can be utilized as many times as its holder wants within the one-year term of validity.

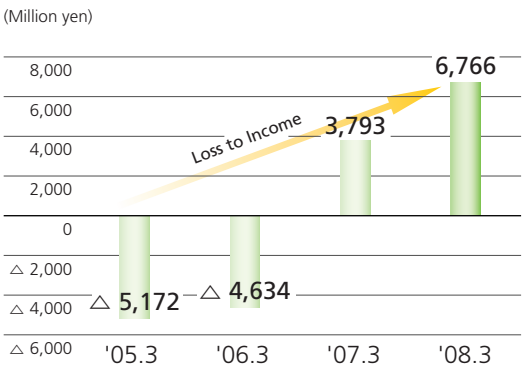
Attendance(using Regular passes and Annual passes)



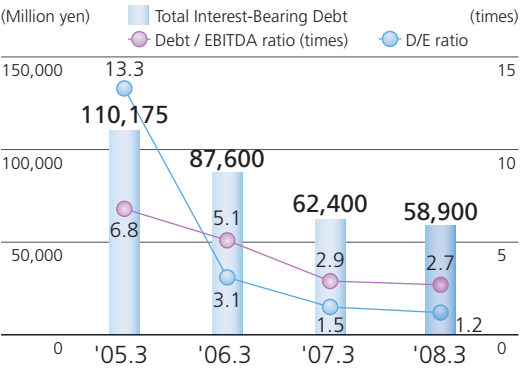
Sales



Net Income



Balance Sheet



Balance Sheet

(Millions of Yen)

| | Year ended March 31, 2008 | Year ended March 31, 2007 |
|---|---------------------------|---------------------------|
| Assets | | |
| Current Assets | 37,279 | 26,594 |
| Cash and deposits | 25,449 | 21,920 |
| Accounts receivable, trade | 2,042 | 2,066 |
| Securities | 7,000 | — |
| Others | 2,787 | 2,608 |
| Fixed Assets | 93,231 | 103,332 |
| Tangible fixed assets | 89,751 | 100,800 |
| Intangible fixed assets | 1,819 | 469 |
| Investments and other assets | 1,660 | 2,062 |
| Deferred assets | — | 10 |
| Total Assets | 130,511 | 129,937 |
| Liabilities | | |
| Current liabilities | 24,425 | 25,656 |
| Account payable, trade | 1,019 | 1,068 |
| Current portion of long-term debt | 3,500 | 3,500 |
| Advances from customers | 12,765 | 13,766 |
| Others | 7,140 | 7,320 |
| Long-term liabilities | 57,429 | 61,285 |
| Long-term debt | 55,400 | 58,900 |
| Others | 2,029 | 2,385 |
| Total Liabilities | 81,854 | 86,941 |
| Net Assets | | |
| Shareholders' Equity | 48,631 | 42,995 |
| Capital stock | 31,182 | 30,938 |
| Capital surplus | 8,508 | 8,263 |
| Retained earnings | 8,940 | 3,793 |
| Stock Acquisition Rights | 24 | — |
| Total Net Assets | 48,656 | 42,995 |
| Total Liabilities and Net Assets | 130,511 | 129,937 |

Point 1 Cash and deposits · Securities

Cash and cash equivalents (securities) increased ¥10,500 million mainly due to an increase in cash flow from operating activities.

Point 2 Tangible fixed assets

The balance of tangible fixed assets decreased because of an advance in depreciation related to the initial investment in the theme park.

Point 3 Intangible fixed assets

The balance of intangible fixed assets grew as a result of improvement of the information system for the operation of the theme park.

Point 4 Current portion of long-term debt · Long-term debt

The balance amounted to ¥58,900 million as borrowings had been repaid smoothly.

Point 5 Net Assets

Net assets stood at ¥48,600 million mainly because net income was posted, with the capital ratio standing at 37.3%.

Statement of Income

(Millions of Yen)

| | April 1, 2007 — March 31, 2008 | April 1, 2006 — March 31, 2007 |
|--|--------------------------------|--------------------------------|
| Sales | 73,158 | 72,062 |
| Cost of sales | 54,718 | 55,151 |
| Gross Profit | 18,439 | 16,911 |
| Selling, general and administrative expenses | 10,036 | 9,627 |
| Operating Income | 8,402 | 7,283 |
| Non-operating Income | 798 | 818 |
| Non-operating Expenses | 2,172 | 2,828 |
| Ordinary Income | 7,028 | 5,273 |
| Extraordinary Loss | 256 | 1,473 |
| Net Income Before Income Taxes | 6,772 | 3,799 |
| Income Taxes | 5 | 5 |
| Net Income | 6,766 | 3,793 |

Point 6 Sales

We achieved a year-on-year increase of 1.5% in sales mainly due to the effect of the price hike in admission tickets, implemented in July 2006, and robust sales of attraction-priority admission tickets.

Point 7 Operating Income

Operating income soared by 15.4% on the previous fiscal year thanks primarily to increased sales and higher cost efficiency.

Point 8 Non-operating Expenses

Non-operating expenses plunged 23.2% year-on-year mainly because of a decrease in interest expenses.

Point 9 Net Income

Net income jumped 78.4% from the previous fiscal year, since extraordinary loss declined as there were no expenses in connection with refinancing, which had been incurred in the previous fiscal year, and loss on disposal of fixed assets decreased.

Statement of Cash Flow

(Millions of Yen)

| | April 1, 2007 — March 31, 2008 | April 1, 2006 — March 31, 2007 |
|--|--------------------------------|--------------------------------|
| Cash Flows from Operating Activities | 19,553 | 17,696 |
| Cash Flows from Investing Activities | △ 2,868 | △ 7,010 |
| Cash Flows from Financing Activities | △ 6,231 | △ 16,131 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 75 | 234 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 10,529 | △ 5,211 |
| Cash and Cash Equivalents at Beginning of Period | 21,920 | 27,131 |
| Cash and Cash Equivalents at End of Period | 32,449 | 21,920 |

Point 10 Cash Flow from Operating Activities

Net cash provided by operating activities increased by ¥1,800 million on the previous fiscal year primarily due to increased operating income and decreased interest expenses.

Point 11 Cash Flow from Investing Activities

Net cash provided by/used in investing activities decreased by ¥4,100 million year-on-year mainly because of a decrease in expenditure for acquisition of tangible fixed assets.

Point 12 Cash Flow from Financing Activities

Repayment of borrowings decreased in the current term, although we posted expenses related to refinancing and made advance repayment of borrowings in the previous term. As a result, net cash provided by/used in financing activities declined ¥9,900 million.

Corporate Information

Corporate Profile (as of March 31, 2008)

| | | | |
|-----------------------|--|--------------------------|-----------------|
| Corporate Name: | USJ Co., Ltd. | Representative Director: | Glenn Gumpel |
| Establishment: | December 1994 | Number of employees: | 527 |
| Head Office Location: | 2-1-33 Sakurajima, Konohana-ku, Osaka City, Osaka Prefecture | Capital: | ¥31,182 million |

Directors (as of June 25, 2008)

| | | | | | |
|-------------------|-------------------|----------------------|--------------------|-------------------------------|---------------|
| President and CEO | Glenn Gumpel | Director (Part-time) | Ankur Sahu | Statutory Auditor (Full-time) | Tsugio Hase |
| Director | Koji Iida | Director (Part-time) | Kenichiro Kagasa | Statutory Auditor (Full-time) | Taro Kikuchi |
| Director | Isao Tanaka | Director (Part-time) | Kazuhiro Takahashi | Statutory Auditor (Part-time) | Takashi Shoji |
| Director | Vernon McGugan | | | Statutory Auditor (Part-time) | Michiko Kanai |
| Director | Hiroshi Nakamichi | | | | |

Notes: 1 Ankur Sahu, Kenichiro Kagasa and Kazuhiro Takahashi are outside board members as specified in Article 2, Item 15 of the Corporate Law.
2 Tsugio Hase, Takashi Shoji and Michiko Kanai are outside statutory auditors as specified in Article 2, Item 16 of the Corporate Law.

Stock Information (as of March 31, 2008)

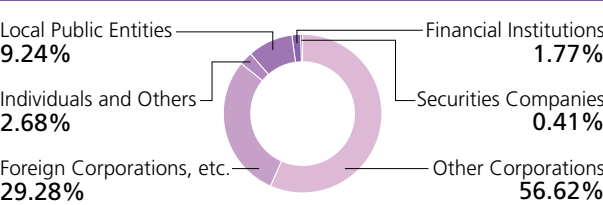
Status of Shares

| | |
|------------------------------|-----------|
| Number of shares authorized: | 3,000,000 |
| Number of shares issued: | 2,164,915 |
| Number of shareholders: | 10,906 |

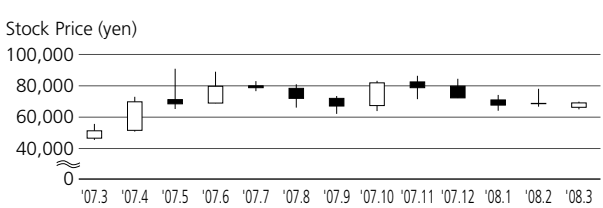
Major Shareholders

| Shareholders | Number of shares owned (share) | Shareholding percentage |
|---|--------------------------------|-------------------------|
| Crane Holdings Ltd. | 888,890 | 41.06 |
| DBJ Value Up Fund | 222,222 | 10.26 |
| Osaka City | 200,000 | 9.24 |
| Owl Creek Overseas Fund, Ltd. | 147,593 | 6.82 |
| Goldman Sachs International | 76,646 | 3.54 |
| Morgan Stanley & Co. Inc. | 66,761 | 3.08 |
| Owl Creek II, LP | 65,110 | 3.01 |
| Morgan Stanley & Co. International plc | 49,805 | 2.30 |
| Société Générale, Paris | 47,789 | 2.21 |
| UBS AG London A/C IPB Segregated Client Account | 34,334 | 1.59 |

Distribution of Shares by Owner



Change in Share Price



In commemoration of the 5th anniversary of the opening of the park, USJ Co., Ltd. launched a social contribution project, dubbed "USJ Dream Weavers," which was implemented consisted mainly by the company and the crew (employees) in 2006. We are proactively pushing forward with social contribution activities through the "Wonder Kids Program," through which we invite children from children's welfare facilities to the park, and crew members serving as volunteers show them around the park; the "Community Program," through which characters and performers from the park visit children's wards, facilities for the disabled, homes for the elderly and other facilities whose patients and/or residents are hardly able to visit the park; and fund-raising campaigns.

We held "Fantastic Night," a charity event aimed at supporting people who need help in the local community, in the spring of 2008, and donated the proceeds.

Social Contribution Activities

* "Fantastic Night"
(Charity dinner show)
We held the first charity dinner show, dubbed "Fantastic Night," on March 22, 2008, with the support of 21 major business partners.



We donated one pick-up vehicle to a social welfare facility (equivalent to ¥2.95 million) and ¥7,112,950 as scholarship for children of traffic and disaster victims.



* Community Program
We have popular characters and performers who visit hospitals, including children's wards, as well as facilities for the disabled, homes for the elderly and other facilities on a regular basis.

* "Wonder Kids Program"



"Let's deliver dreams and hope to children"
We held the "2nd Wonder Kids Program" in July 2007, inviting 138 children from protective institutions and the "Children's Home Project" of the Osaka Municipal Government.

* Collaboration with external organizations (nonprofit organization (NPO) corporations and other bodies)



We proactively dispatch volunteers from among the crew to charity events held under the auspices of external organizations as well as launch fund-raising campaigns and cleaning up campaigns in the surrounding regions. We sent 63 volunteers to the "11th IAAF World Championships in Athletics," held in Osaka in August 2007, to support the operation of the track and field meet.

Efforts for Environmental Issues

* We strive to pay attention to the global environment, the natural environment and the surrounding environment when we carry on our business.

* We have been carrying out an "Energy Conservation Promotion Project" on a company-wide basis as part of our efforts based on the Kyoto Protocol. In the fiscal year 2007, we achieved a reduction of 5.5% in CO₂ emissions from the previous fiscal year, and aim at a 3% reduction in the fiscal year 2008.

* We worked on energy conservation, involving all employees, in March 2008, which is designated as the "2nd Energy-Saving Reinforcement Month of the Fiscal Year 2007." As a result, we reduced electricity consumption by 2.7% from the same month in the previous year, while slashing air-conditioning energy by 48.8% and tap water use by 15.3%.

* We won an excellent award, the "Osaka Stop Global Warming Awards," held under the auspices of the Osaka Prefectural Government, on February 15, 2008, in recognition of our greenhouse gas emission reduction (in the fiscal year 2006).



Information on Shareholders' Benefit Plan

Distribution of discount admission tickets or free admission tickets

■ Eligible Shareholders

Shareholders whose names are listed on the registered and/or beneficial stockholders' lists as of March 31 and September 30 each year

■ Frequency of Distribution

Twice a year, March 31 and September 30 as recorded date

■ Contents

"Shareholder Discount Coupon" or complimentary "Shareholder Studio Pass" will be provided based on the following standards.

| Number of Shares owned | Benefits | September 30 | March 31 | Total |
|------------------------|--------------------|--------------|----------|-------|
| 1 share and over | 20% Discount Pass | 1 | 1 | 2 |
| 5 shares and over | 50% Discount Pass | 1 | 1 | 2 |
| 10 shares and over | Complimentary Pass | 1 | 1 | 2 |
| 20 shares and over | Complimentary Pass | 2 | 2 | 4 |
| 30 shares and over | Complimentary Pass | 3 | 3 | 6 |
| 40 shares and over | Complimentary Pass | 4 | 4 | 8 |
| 50 shares and over | Complimentary Pass | 5 | 5 | 10 |
| 300 shares and over | Complimentary Pass | 6 | 6 | 12 |

Notes

| | |
|--|--|
| Fiscal year: | From April 1 of each year to March 31 of the following year |
| Base date for dividends: | March 31 and September 30 of each year |
| Ordinary shareholders' meeting: | June every year |
| Manager of the register of shareholders: | The Sumitomo Trust & Banking Co., Ltd. |
| Contact office: | Stock Transfer Agency Department The Sumitomo Trust & Banking Co., Ltd. 1-10 Nikkocho, Fuchu-shi, Tokyo 183-8701 Request for forms, including address change forms: Toll-free number: 0120-175-417 Other inquiries: Toll-free number: 0120-176-417 |

USJ Co., Ltd.

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