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Euro Disney S.C.A. Group
Management Report
Fiscal Year Ended September 30, 2003

INTRODUCTION

Revenues for the year decreased 2.1% to total € 1,053.1 million. The reduced revenues reflect a prolonged downturn in European travel and tourism, strikes and work stoppages throughout France during the year, combined with challenging general economic conditions in its key markets, partially offset by the impact of a full year of Walt Disney Studios Park.

Excluding the impact of the Group's fiscal year 2003 change in accounting principle for major fixed asset renovations discussed below (the "Accounting Change"), operating margin (earnings before lease and financial charges and exceptional items) for the year declined 18.6% to € 143.0 million and the net loss increased from € 33.1 million to € 45.4 million.

On an as-reported basis, operating margin decreased 24.6% to € 132.4 million from € 175.7 million in the prior year. After lease and net financial charges and exceptional items, the Group's net loss totalled € 56.0 million.

The increased loss reflects disappointing revenues, higher direct operating costs due to the full year operations of Walt Disney Studios Park, and higher advertising costs during the first semester, partially offset by lower royalties and management fees following the waiver of the payment of these fees by The Walt Disney Company ("TWDC") for the last three quarters of fiscal year 2003.

FINANCIAL NEGOTIATIONS

On November 3, 2003, the Group obtained waivers from its lenders, effective through March 31, 2004, with respect to certain financial covenants and other obligations, including a reduction in certain security deposit requirements. The waivers are subject to compliance with certain conditions, which are under the control of the Group. The purpose of this agreement is to give management, the lenders and TWDC time to find resolution regarding the Group's financial situation. Absent such a timely resolution, the waivers would expire and management believes the Group would then be unable to meet all of its debt obligations.

In addition, TWDC agreed to provide the Group a new € 45 million subordinated credit facility, which can be drawn upon through March 31, 2004, but only after the existing € 167.7 million stand-by facility provided by TWDC is fully drawn. If amounts were drawn, repayment would be subject to the Group's meeting certain financial thresholds or to the prior repayment of all of the Group's existing debt to its lenders.

The Group's management believes that the waivers will allow time for the parties to develop a mutually acceptable resolution to the Group's future financing needs. In preparing the consolidated financial statements, management has used the going-concern assumption based on management's belief that it is in the best interest of all stakeholders, including the lenders and TWDC to successfully resolve the Group's financial situation. This resolution would likely include modifying the Group's existing obligations and obtaining additional financing. If the principle of going concern had not been assumed, it would likely have had a significant impact on the valuation of assets and liabilities as of September 30, 2003.

FISCAL YEAR 2003 FINANCIAL RESULTS

Change in Accounting Principle:

Under the Group's new policy, effective October 1, 2002, the costs of major fixed asset renovations are no longer capitalised and amortised over five years, but are instead accrued in advance on a straight-line basis as operating expense during the period between planned renovations.

The Group adopted this change in accounting as a result of a change in generally accepted accounting principles in France, and the retroactive impact on prior years of this change was recorded as a charge to equity. As a result of this change, fiscal year 2003 operating expenses increased by € 10.6 million, reflecting a € 20.0 million increase in the provision for major fixed asset renovations, offset by reduced amortisation expenses of € 9.4 million related to deferred fixed asset renovation costs.

To enhance comparability between fiscal periods, the Consolidated Statement of Income for the year ending September 30, 2003 is presented below showing balances without the impact of the Accounting Change, and reconciling those balances to the as-reported Consolidated Statement of Income:

CONSOLIDATED STATEMENTS OF INCOME

	Year ended September 30,				Variation (before Accounting Change)	
(€ in millions)	As Reported 2003	Accounting Change Impact	**Before Accounting Change 2003**	2002	Amount	%
Revenues	1,053.1	-	**1,053.1**	1,076.0	(22.9)	(2.1)%
Costs and Expenses	(920.7)	10.6	**(910.1)**	(900.3)	(9.8)	1.1%
Income before Lease and Financial Charges	132.4	10.6	**143.0**	175.7	(32.7)	(18.6)%
Lease and Net Financial Charges	(200.3)	-	**(200.3)**	(170.8)	(29.5)	17.3%
Income (loss) before Exceptional Items	(67.9)	10.6	**(57.3)**	4.9	(62.2)	-
Exceptional income (loss), net	11.9	-	**11.9**	(38.0)	49.9	-
Net Loss	(56.0)	10.6	**(45.4)**	(33.1)	(12.3)	37.2%

Certain reclassifications have been made to the 2002 comparative amounts in order to conform to the 2003 presentation.

OPERATING STATISTICS

The following table provides information regarding the key operating indicators of the Group:

	THEME PARKS[1]		HOTELS	
Fiscal years	Total guests *(in millions)*	Spending Per guest[2]	Occupancy Rate[3]	Spending Per room[4]
2003	12.4	€ 40.7	85.1 %	€ 183.5
2002	13.1	€ 40.1	88.2 %	€ 175.1
2001	12.2	€ 38.9	86.0 %	€ 168.6
2000	12.0	€ 38.1	82.9 %	€ 165.4
1999	12.5	€ 36.7	82.6 %	€ 159.6

(1) Includes Disneyland Park and, from March 16, 2002, Walt Disney Studios Park.
(2) Average daily admission price and spending for food, beverage and merchandise sold in the Theme Parks, excluding VAT.
(3) Average daily rooms sold as a percentage of total room inventory (total room inventory is approximately 5,800 rooms).
(4) Average daily room price and spending on food, beverage and merchandise sold in hotels, excluding VAT.

Revenues

Revenues of the Group were generated from the following sources:

	Year ended September 30,		Variation	
(€ in millions)	**2003**	2002	Amount	Percent
Theme Parks	**508.5**	526.0	(17.5)	(3.3)%
Hotels and Disney Village	**416.7**	411.7	5.0	1.2%
Other	**104.3**	111.0	(6.7)	(6.0)%
Resort Segment	**1,029.5**	1,048.7	(19.2)	(1.8)%
Real Estate Development Segment	**23.6**	27.3	(3.7)	(13.6)%
Total Revenues	**1,053.1**	1,076.0	(22.9)	(2.1)%

Theme park revenues decreased 3.3% to € 508.5 million from € 526.0 million in the prior year as a result of lower admissions revenues driven by a 5.3% decrease in theme park guests, partially offset by higher park admission prices. Merchandise and food and beverage revenues in the Theme Parks also decreased primarily as a result of lower total theme park attendance, partially offset by higher food and beverage spending per guest.

Hotel and Disney Village revenues increased 1.2% to € 416.7 million from € 411.7 million in the prior year, reflecting a 4.8% increase in daily average guest spending per room, partially offset by a 3.1 percentage point decrease in hotel occupancy, which averaged 85.1% during the year. Disney Village revenues increased 1% from the prior year.

Other Revenues (which primarily include participant sponsorships, transportation and other travel services sold to guests) decreased € 6.7 million to € 104.3 million, reflecting primarily lower participant sponsorship revenues.

Real Estate Development revenues decreased from the prior year, as planned. Real Estate Development revenues in fiscal year 2003 included primarily commercial and residential land sale transactions. In addition, revenues included ground lease income and fees earned related to conceptualisation and development assistance services provided to third-party developers that have signed contracts to either purchase or lease land on Disneyland® Resort Paris site for development.

Costs and expenses

Costs and expenses of the Group were composed of:

	Year ended September 30,				Variation (before Accounting Change)	
(€ in millions)	As Reported 2003	Accounting Change Impact	**Before Accounting Change 2003**	2002	Amount	Percent
Direct operating costs*	645.3	(19.5)	**625.8**	613.3	12.5	2.0%
Marketing and sales expenses	105.2	-	**105.2**	95.4	9.8	10.3%
General and administrative expenses	96.5	(0.5)	**96.0**	92.0	4.0	4.3%
Depreciation and amortisation	65.6	9.4	**75.0**	64.1	10.9	17.0%
Royalties and management fees	8.1	-	**8.1**	35.5	(27.4)	(77.2)%
Total Costs and Expenses	920.7	(10.6)	**910.1**	900.3	9.8	1.1%

** Includes operating wages and employee benefits, cost of sales for merchandise and food and beverage, transportation services and real estate land sales and other costs such as utilities, maintenance, renovation expenses, insurance and operating taxes.*

Operating margin for the year decreased in both the Resort and Real Estate operating segments. Resort Segment margin without the Accounting Change was € 132.7 million, reflecting a decrease of € 30.9 million, while the Real Estate Development Segment decreased € 1.8 million to € 10.3 million. Given the successful completion of most of the additional hotel capacity projects and other commercial and residential sales to third-party developers, management expects the real estate development operating margin to decrease next year, reflecting reduced sales activity.

Total costs and expenses before the Accounting Change were € 910.1 million in fiscal year 2003 compared to € 900.3 million in the prior year, an increase of € 9.8 million. This increase in costs and expenses related to increased direct operating costs (+ € 12.5 million), increased marketing, general and administrative expenses (+ € 13.8 million), and increased depreciation and amortisation expenses (+ € 10.9 million), partially offset by decreased royalties and management fees (- € 27.4 million).

The direct operating costs increase before the Accounting Change reflected a full year of additional labour and other expenses of Walt Disney Studios Park, partially offset by decreased cost of sales.

Marketing and sales expenses increased € 9.8 million, reflecting an increase that occurred primarily during the first half of fiscal year 2003. General and administrative expenses increased € 4.0 million reflecting increased labour and other expenses before the Accounting Change.

Depreciation and amortisation before the Accounting Change increased € 10.9 million, primarily reflecting additional depreciation related to Walt Disney Studios Park.

Royalties and management fees totalled € 8.1 million, € 27.4 million lower than the previous year, reflecting the March 28, 2003 waiver by TWDC of these fees for the last three quarters of fiscal year 2003. In fiscal year 2004, royalties will be reinstated to their full contractual rates (fiscal year 1999 through 2003 rates were reduced to half of their original levels as a result of the 1994 financial restructuring); however, payment for 2004 royalties will not be due until the first quarter of fiscal year 2005 due to the waiver agreement.

Lease rental expense and net financial charges

Lease rental expense and net financial charges were composed of:

	Year ended September 30,		Variation	
(€ in millions)	**2003**	2002	Amount	Percent
Lease rental expense	**193.8**	188.8	5.0	2.6%
Financial income	**(49.0)**	(59.1)	10.1	(17.1)%
Financial expense	**55.5**	41.1	14.4	35.0%
Total	**200.3**	170.8	29.5	17.3%

Lease rental expense represents payments under financial lease arrangements with the unconsolidated financing companies and approximates the related debt service payments of such financing companies. Financial income is principally composed of the interest income earned on long-term loans provided to the financing companies and interest income on cash and short-term investments, as well as net gains arising from foreign currency transactions. Financial expense is principally composed of interest charges on long-term borrowings and the net impact of interest rate hedging transactions.

The rate of interest forgiveness resulting from the 1994 financial restructuring was at its peak during the second half of fiscal year 1994 and has progressively decreased since that time. In fiscal year 1998, substantially all interest charges were reinstated to normal levels; however, approximately € 6.1 million of interest forgiveness per year favourably impacted lease rental expense through the end of fiscal year 2003.

Lease rental expense and net financial charges analysed by nature of expense were composed of:

	Year ended September 30,		Variation	
(€ in millions)	**2003**	2002	Amount	Percent
Interest based expenses, debt and lease related[1]	**96.5**	87.0	9.5	10.9%
Interest income on cash and deposit balances	**(2.5)**	(2.7)	0.2	(7.4)%
Loan repayments included in lease expenses:				
- Due to external third parties	**37.5**	30.3	7.2	23.8%
- Due to Euro Disney Group	**52.1**	41.1	11.0	26.8%
	89.6	71.4	18.2	25.5%
Other	**16.7**	15.1	1.6	10.6%
Total Lease and Net Financial Charges	**200.3**	170.8	29.5	17.3%

(1) Net of capitalised interest charges of € 0 million and € 9.2 million in fiscal years 2003 and 2002, respectively.

Lease and net financial charges increased to € 200.3 million from € 170.8 million. This increase was primarily attributable to:

- Planned increases in lease rental expense related to principal repayments on the debt of the financing companies from which the Group leases a significant portion of its operating assets (€ 18.2 million),
- Increased interest based expenses of € 9.5 million as compared to the prior year, during which € 9.2 million of interest costs were capitalised and included in the construction costs of Walt Disney Studios Park.

During fiscal year 2003, the component of lease rental expense related to the financing companies loan repayments was € 89.6 million. For fiscal years 2004 and 2005, the equivalent amounts are scheduled to increase to € 108.1 million and € 125.6 million, respectively. Of these amounts, third- party loan principal repayments (requiring a net cash outflow from the Group) were € 37.5 million in fiscal year 2003, and are scheduled to be approximately € 40.9 million and € 50.9 million in fiscal years 2004 and 2005, respectively.

Exceptional income (loss), net

Exceptional income totalled € 11.9 million in fiscal year 2003. The Group sold three apartment developments used to provide housing to employees within close proximity to the site. The transaction generated € 34.1 million in net sale proceeds and a gain of € 11.0 million. The Group continues to operate the apartment developments under leases with the buyers.

For fiscal year 2002, exceptional loss, net totalled € 38.0 million, primarily reflecting € 37.2 million of Walt Disney Studios Park pre-opening costs, € 1.0 million of euro implementation costs and € 1.0 million of reorganisation charges. These exceptional charges were partially offset by € 0.7 million of net adjustments to provisions for risks and charges. The exceptional pre-opening costs incurred during the year included the costs of hiring and training Walt Disney Studios Park employees during the pre-opening period as well as the costs of the pre-opening advertising campaigns and the media events that took place throughout February and March 2002.

CAPITAL INVESTMENT, LIQUIDITY AND FINANCING

Capital Investment

	Year ended September 30,		
(€ in millions)	**2003**	2002	2001
Resort Segment	**23.0**	270.4	239.5
Real Estate Development Segment	**1.8**	7.1	4.4
	24.8	277.5	243.9

Fiscal year 2003 capital expenditures for the Resort Segment relate primarily to the transformation of an existing Disney Village restaurant into *King Ludwig's Castle*, featuring authentic German cuisine, completion of the *Fantillusion* parade, which had its debut at Disneyland Park this year, and various improvements to the existing asset base. Investments in our Real Estate Development Segment represent the purchase of land that the Group has subsequently leased to third-parties under long-term ground leases.

Debt

Our principal indebtedness (excluding accrued interest) increased to € 806.4 million as of September 30, 2003 compared to € 781.4 million as of September 30, 2002 primarily as a result of € 40.0 million of new drawings on the € 167,7 million TWDC credit facility, partially offset by € 15.0 million of principal repayments. Including the unconsolidated financing companies, our principal indebtedness was € 2,207.3 million as of September 30, 2003 compared to € 2,219.8 million as of September 30, 2002.

Our principal payment obligations, and the principal portion of our lease payments to the unconsolidated financing companies, recommenced in fiscal year 1998 pursuant to the terms of the 1994 financial restructuring. We paid € 412.1 million and € 52.5 million (including the Convertible Bond repurchases and maturities) of principal in fiscal years 2002 and 2003, respectively (net of principal payments we receive from the subordinated loans we made to the financing companies). On the same basis, we will be required to pay € 66.8 million and € 82.6 million (excluding the TWDC credit facility) of net principal in fiscal years 2004 and 2005, respectively.

The Group's debt agreements include covenants with respect to our financing arrangements. These covenants include restrictions on additional indebtedness and capital expenditures, the provision of certain financial information and compliance with certain financial thresholds. In November 2003, the lenders agreed to waive, effective through March 31, 2004, certain of these covenants (see discussion under “Financial Negotiations” above).

Cash Flows and Liquidity

As of September 30, 2003, cash and short-term investments totalled € 46.1 million. As presented in the Group's Consolidated Statements of Cash Flows, cash and cash equivalents increase € 24.7 million to € 46.0 million as of September 30, 2003. Specifically, this increase in cash and cash equivalents resulted from:

• Cash Flows from Operating Activities	€ 88.1 million
• Cash Flows used in Investing Activities	€ (28.8) million
• Cash Flows used in Financing Activities	€ (34.6) million

Cash flows from operating activities increased to € 88.1 million from € 48.7 million in the prior year primarily as a result of changes in working capital, partially offset by lower net results.

Cash flows used in investing activities totalled € 28.8 million reflecting € 72.9 million of capital investment expenditures, partially offset by € 45.4 million of cash proceeds from the sale of fixed assets. Capital investment expenditures related primarily to construction costs of Walt Disney Studios Park, the transformation of an existing Disney Village restaurant into *King Ludwig's Castle*, completion of the *Fantillusion* parade and various improvements to the existing asset base. Proceeds from the sale of fixed assets reflected the sale of three apartment buildings used to provide housing for employees as well as certain of the bungalows at the Davy Crockett Ranch. The Group entered into leases with the buyers of these assets.

Cash flows used in financing activities totalled € 34.6 million reflecting payment of increased debt and other security deposits in the amount of € 59.6 million and debt repayments of € 15.0 million, partially offset by € 40.0 million of drawings under the Group's € 167.7 million line of credit with TWDC line of credit, thereby bringing the outstanding balance of the credit line as of September 30, 2003 to € 102.5 million.

Based upon available cash and short-term investments, the remaining availability on our lines of credit with TWDC (€ 167.7 million existing line expiring in June 2004, plus the € 45.0 million new line available until March 31, 2004), we believe the Group will have in the normal course of business the resources necessary to meet funding requirements arising during the waiver period with our lenders and TWDC, which ends on March 31, 2004. Absent a resolution to the Group's liquidity issues as a result of the negotiations, management believes the Group would be unable to meet all of its debt obligations following the end of the negotiation period.

Equity

Shareholders' equity decreased to € 1,084.4 million at September 30, 2003 from € 1,244.8 million at September 30, 2002, as a result of the net loss for fiscal year 2003 and the € 104.4 million cumulative effect of a change in accounting principle related to major fixed asset renovation expenditures. (see discussion under "Change in Accounting Principle" described above).

As of September 30, 2003, TWDC, through indirect wholly-owned subsidiaries, held 39.1% of the Group's shares and approximately 16.3% of the Group's shares were owned by trusts for the benefit of Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud and his family. No other shareholder has indicated to the Group that it holds more than 5% of the share capital of the Group. No dividend allocation is proposed with respect to fiscal year 2003, and no dividends were paid with respect to fiscal years 2002, 2001 and 2000.

Market risk and financial instruments

We are exposed to the impact of interest and foreign currency exchange rate changes. In the normal course of business, we employ established policies and procedures to manage our exposure to changes in interest and foreign currency exchange rates using primarily swaps and forward rate agreements. It is our policy to enter into interest and foreign currency rate transactions only to the extent considered necessary to meet our objectives. We do not enter into interest and foreign currency rate transactions for speculative purposes.

The Group has significant variable rate short-term investments, long-term receivables and debt. We also have interest rate risk associated with lease obligations, as amounts due under these contracts are tied to variable interest rates. With respect to these interest rate sensitive instruments and obligations, a hypothetical 10% increase in interest rates, as of September 30, 2003 and 2002, would have a € 0.4 million and € 0.6 million, respectively, unfavourable impact on our near-term annual cash flows. This amount excludes the positive cash flow impact such a change in interest rates would have on short-term investment income.

The Group's exposure to foreign currency risk arises primarily from British pound denominated sales and U.S. dollar denominated purchases. The Group primarily utilises foreign exchange forward contracts to hedge these expenditures. With respect to these foreign exchange rate sensitive instruments, a hypothetical 10% adverse change in the U.S. dollar and British pound exchange rates (correlation between currencies is not taken into account) as of September 30, 2003 and 2002 would result in a € 6.9 million and € 5.2 million decrease in their market value, respectively. No amount of this decrease would impact earnings since the loss on these instruments would be offset by an equal gain on the underlying exposure being hedged.

Management Compensation and Corporate Positions and Directorships Held

The statutory management of the Group is Euro Disney S.A., a French corporation, and the members of the Supervisory Board.

Compensation of the Statutory Management (Gérant), Euro Disney S.A.:

Euro Disney S.A. is responsible for the management of four companies within the Group: Euro Disney S.C.A., EDL Hôtels S.C.A., ED Resort S.C.A. and ED Resort Services S.C.A. Management fees due to Euro Disney S.A. by the Group were € 2.5 million for fiscal year 2003.

Compensation of the Supervisory Board and Corporate Positions and Directorship Held

The aggregate compensation of the Supervisory Board during fiscal year 2003 was € 160,071. For disclosure of the compensation paid to each member of the Supervisory Board individually as well as a complete list of the other corporate positions and directorships that each holds, see Exhibit 1. TWDC employees are not paid by the Group for serving on the Supervisory Board.

Compensation of the members of the Executive Committee of the Euro Disney Group

The composition and number of members on the Executive Committee of the Group varied during the fiscal year 2003. Aggregate compensation paid to the members during the period of their tenure on the committee totalled € 4.4 million. As of September 30, 2003, these same officers held together a total of 3.0 million Euro Disney S.C.A. stock options.

CONCLUSION

Fiscal year 2003 was a particularly difficult year for the tourism industry. As the leader in the destination resort market in Europe, our Group was not immune to the difficulties that all operators experienced, and our results reflect this year's unusual circumstances. Disneyland Resort Paris remains without a doubt the number one tourist destination in Europe, due to our unique product offer and high guest satisfaction rates. Growth in the theme park market should continue to provide Disneyland® Resort Paris significant opportunity.

Fiscal year 2004 will be impacted by two major factors:

- the implementation of a new European marketing strategy that is innovative and adapted to changing consumer behaviour, and

- the negotiations for a new financial structure designed to meet our long-term objectives.

We believe in our future. Disneyland® Resort Paris is and will remain the only truly magical destination in Europe.

Chessy, November 14th, 2003

The Management *(Gérant)*, Euro Disney S.A.
André Lacroix,
Chairman and Chief Executive Officer

Exhibit 1

Consolidated Euro Disney S.C.A. Group Management Report

The members of the Supervisory Board are:

Members of the Supervisory Board	Other positions and directorships held in French and Foreign Companies	
Antoine Jeancourt-Galignani,	Gecina	President of the Board of Directors
President	Simco	
Compensation: € 60,980	SNA Holding (Bermuda) Ltd	
	AGF	Member of the Board of Directors
	Kaufman & Broad	
	SNA-Re (Bermuda) Ltd	
	SNA SAL, Liban	
	Société Générale	
	Total Fina Elf	
	Fox Kids Europe NV, Pays-Bas	Member of the Supervisory Board
Sir David Paradine Frost	David Frost Enterprises Ltd	President / Member of the Board of Directors
Compensation: € 15,245	David Paradine Films Ltd	
	David Paradine Ltd	
	David Paradine Plays Ltd	
	David Paradine Productions Ltd	
	Discovery Productions Ltd	
	Glebe Music Company Ltd	
	Hotcourses Ltd	
	Newsplayer Group Plc	
	Paradine Co-Productions Ltd	
	Paradine Documentaries Ltd	
	Paradine Castle Communications Ltd	
	Rogue Trader Production Ltd	
	Tele-circuit Ltd	
	Wellbeing	
	West 175 Media Group	
Philippe Labro	PhL Communication S.A.R.L.	Project Director, Design and Operations
Compensation: € 30,490	Société pour l'édition radiophonique (Ediradio)	Member of the Board of Directors
Dr Jens Odewald	Odewald & Companie GmbH, Berlin	Chairman and Managing Director
Compensation: € 22,866	Odewald & Compagnie Gesellschaft für Beteiligungen GmbH, Berlin	
	Tchibo Holding AG, Hamburg	Chairman (until July 2003)
	Fiege Merlin Ltd, UK	Chairman of the Supervisory Board
	Tchibo Holding AG, Hamburg	Member of the Supervisory Board
	Wave Management AG, Hamburg	
Laurence Parisot	Ifop-Asecom Latin America (Argentina)	Chairman and Chief Executive Officer
Compensation: € 30,490	Ifop CMR (Toronto)	
	Ifop International SA	
	Ifop Participations SA	
	Ifop SA	
	Ifop Westwego (Canada)	
	Optimum SA	
	Ubi France	Member of the Board of Directors
	Gradiva SARL	Gérant
	MP3	

Members of the Supervisory Board	Other positions and directorships held in French and Foreign Companies	
James Rasulo Compensation: None[1]	Euro Disney S.A.	Chairman & Chief Executive Officer (until May 2003)
	Anaheim Angels Baseball Club, Inc	(Until May 2003)
	Anaheim Sport, Inc.	(Until May 2003)
	ARDC-Ocala 201, LLC	
	Character Concepts (Division of Walt Disney World Co.)	Chairman
	Disney Business Productions, LLC	
	Mighty Ducks Hockey Club, Inc.	
	W.D. Attractions, Inc,	
	Walt Disney Parks and Resorts, LLC	
	Club 33	President / Director
	Compass Rose Corporation	
	DCSR, Inc.	
	Disney Entertainment Productions	
	Disneyland, Inc.	
	Disney Magic Corporation	
	Disney Regional Entertainment, Inc.	
	Disney Wonder Corporation	
	DSM International, Inc.	
	Euro Disney Corporation	
	Magic Kingdom, Inc.	
	Vista Title Insurance Agency, Inc.	
	Walt Disney Entertainment	
	Walt Disney Imagineering Research & Development, Inc.	
	Walt Disney Parks and Resorts Online	
	Walt Disney Touring Productions	
	WCO Parent Corporation	
	WCO Land Corporation	Vice-President & Director
	WCO Leisure, Inc.	
	Disney Worldwide Services, Inc	Senior Vice-President
	BVCC, Inc.	Director
	Disney Incorporated	
	Disneyland International	
	Walt Disney Travel Co., Inc.	
	Walt Disney World Co.	
	Walt Disney World Hospitality & Recreation Corporation	
	WCO Hotels, Inc.	

Members of the Supervisory Board	Other positions and directorships held in French and Foreign Companies	
Thomas O. Staggs Compensation: None	Disney Enterprises, Inc.	Senior Executive Vice-President and Chief Financial Officer
	The Walt Disney Company	Senior Executive Vice-President and Chief Financial Officer Chairman, Investment and Administrative Committee
	Anaheim Angels Baseball Club, Inc. ABC, Inc. ABC News Online Investments, Inc. Disney Media Ventures, Inc. Disney TeleVentures, Inc. Disney Worldwide Services, Inc.	(until May 2003) Vice- President/ Executive Vice-President
	Allemand Subsidiary, Inc. B.V. Film Finance Co. II Steamboat Ventures, LLC	Director
	EDL Holding Company EDL S.N.C. Corporation Euro Disney Investments, Inc. WDW Services II, Inc.	Chairman/President and Director
	Fox Kids Europe N.V. Larkspur International Sales, Inc. WDT Services, Inc. WDWH&R Services, Inc.	President/Chairman
	ABC Family Worldwide, Inc.	Chief Financial Officer

(1) James Rasulo was chairman and chief executive officer of Euro Disney S.A. until May 5, 2003, before being appointed on this same date as a member of the Supervisory Board. His remuneration as a member of the Executive Committee of the Euro Disney Group is included in the aggregate compensation paid to the Executive Committee members. No compensation was paid to James Rasulo as a member of Supervisory Board.

Compensation disclosed above represents compensation paid by the Group in fiscal year 2003. Supervisory Board compensation is proportional to attendance at meetings.

Consolidated Financial Statements

Consolidated balance sheets

(€ in millions)	Notes*	September 30, 2003	2002	2001
Fixed Assets				
Intangible assets		**57.6**	61.7	14.9
Tangible assets	3	**928.0**	1 004.3	839.7
Financial assets	4	**1 332.2**	1 323.5	1 378.9
		2 317.8	*2 389.5*	*2 233.5*
Other Assets				
Inventories	5	**41.8**	38.7	37.0
Accounts receivable: • Trade	6	**76.9**	100.6	82.3
• Others	7	**45.9**	70.7	117.0
Short-term investments	8	**34.9**	14.2	422.9
Cash		**11.2**	8.2	129.9
		210.7	*232.4*	*789.1*
Deferred Charges	9	**55.1**	86.7	88.1
Total Assets		**2 583.6**	2 708.6	3 110.7
Shareholder's Equity				
Share capital	10	**802.5**	804.9	804.8
Share premium	10	**291.4**	289.0	288.9
Retained earnings	10	**(9.5)**	150.9	184.2
		1 084.4	*1 244.8*	*1 277.9*
Quasi-Equity	11	**152.8**	152.8	152.8
Provisions for Risks and Charges	12	**120.1**	35.5	35.8
Borrowings	13	**867.5**	821.3	1 141.2
Current liabilities				
Payable to related companies	14	**56.9**	82.5	93.5
Accounts payable and accrued liabilities	15	**214.3**	277.0	319.9
		271.2	*359.5*	*413.4*
Deferred revenues	16	**87.6**	94.7	89.6
Total Shareholders'Equity and Liabilities		**2 583.6**	2 708.6	3 110.7

** See Notes to Consolidated Financial Statements*

Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

(€ in millions)	Notes*	Year ended September 30, 2003	2002	2001
REVENUES	17	**1 053.1**	1 076.0	1 005.2
COSTS AND EXPENSES	18	**(920.7)**	(900.3)	(820.0)
INCOME BEFORE LEASE AND FINANCIAL CHARGES		**132.4**	175.7	185.2
Lease rental expense	24	**(193.8)**	(188.8)	(185.8)
Financial income		**49.0**	59.1	89.8
Financial expense		**(55.5)**	(41.1)	(51.5)
		(200.3)	*(170.8)*	*(147.5)*
INCOME (LOSS) BEFORE EXCEPTIONAL ITEMS		**(67.9)**	4.9	37.7
Exceptional income / (loss), net	19	**11.9**	(38.0)	(7.2)
Net Income (Loss)		**(56.0)**	(33.1)	30.5
Average number of common shares outstanding (in millions)	10	**1 056**	1 056	1 056
Earnings per Share and Diluted Earnings per Share (in millions)	**2**	**(0.05)**	(0.03)	0.03

** See Notes to Consolidated Financial Statements*

Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(€ in millions)	Notes*	Year ended September 30, **2003**	2002	2001
NET INCOME (LOSS)		**(56.0)**	(33.1)	30.5
Operating Items Not requiring Cash Outlays:				
Depreciation and amortisation	18	**65.6**	64.0	54.0
Loan repayments received from Financing Companies and other		**41.5**	42.0	41.7
Charges in:				
Receivables		**48.6**	28.0	2.4
Inventories		**(3.1)**	(1.7)	(0.9)
Payables and other accrued liabilities		**(8.5)**	(50.5)	15.9
Cash Flows from Operating Activities		**88.1**	48.7	143.6
Proceeds from the sale of fixed assets		**45.4**	1.4	–
Capital expenditures for tangible and intangible assets	3	**(72.9)**	(262.5)	(205.4)
Increase in deferred charges net		**–**	(10.5)	(12.0)
Other		**(1.3)**	1.9	–
Cash Flows used in Investing Activities		**(28.8)**	(269.7)	(217.4)
Proceeds from new borrowings	13	**40.0**	63.3	381.1
Repayments and repurchases of borrowings	13	**(15.0)**	(381.8)	(164.1)
(Increase)/Decrease in debt and other security deposits	4	**(59.6)**	12.4	1.5
Cash Flows used in Financing Activities		**(34.6)**	(306.1)	218.5
Change in cash and cash equivalents		**24.7**	(527.1)	144.7
Cash and cash equivalents, beginning of period		**21.3**	548.4	403.7
Cash and cash Equivalents, end of period		**46.0**	21.3	548.4
SUPPLEMENT AL CASH FLOW INFORMATION:				
Interest paid		**20.3**	42.7	59.3
Lease rental expense paid, net		**95.0**	92.9	85.4

	September 30, **2003**	2002	2001
RECONCILIATION TO BALANCE SHEET:			
Cash	**11.2**	8.2	129.9
Short-term investments	**34.9**	14.2	422.9
Bank overdrafts (recorded in accounts payable and accruals)	**(0.1)**	(1.1)	(4.4)
Cash and Cash Equivalents, end of period	**46.0**	21.3	548.4

** See Notes to Consolidated Financial Statements*

Notes to Consolidated Financial Statements

1 Description of the business and the financial negotiations

1-1 Description of the Business

Euro Disney S.C.A. (the "Company") and its wholly-owned subsidiaries (collectively, the "Group") commenced operations with the official opening of the Disneyland Resort Paris on April 12, 1992 ("Opening Day"). The Group operates the Disneyland Resort Paris, which includes two theme parks (collectively, the "Theme Parks"), Disneyland Park and Walt Disney Studios Park, which opened to the public on March 16, 2002, seven themed hotels, two convention centres, the Disney Village entertainment centre and a golf course in Marne-la-Vallée, France. In addition, the Group manages the real estate development and expansion of the related infrastructure of the property.

The Company, a publicly held French company, is 39% owned by indirect, wholly-owned subsidiaries of The Walt Disney Company ("TWDC") and managed by Euro Disney S.A. (the Company's *Gérant*), an indirect, 99%-owned subsidiary of TWDC. The General Partner is EDL Participations S.A., also an indirect, wholly-owned subsidiary of TWDC. Entities included in the fiscal year 2003 consolidated financial statements and their primary operating activities are as follows:

Company	% of Control and Ownership	Primary Operating Activity
Euro Disney S.C.A.	Parent	Operator of the Theme Parks, Disneyland Hotel, Davy Crockett Ranch and golf course, and manager of real estate development
EDL Hôtels S.C.A.	99.9	Operator of 5 of our 7 themed hotels plus the Disney Village, collectively, the Phase IB Facilities (see terms defined below)
EDL Services S.A.	99.8	Management company of the Phase IB Financing Companies (see terms defined below)
EDL Hôtels Participations S.A.	99.9	General Partner of EDL Hôtels S.C.A., ED Resort S.C.A. and ED Resort Services S.C.A.
Euro Disney Vacances S.A.	99.9	Tour operator selling Disneyland Resort Paris holiday packages, principally to guests from Germany, Benelux, the United Kingdom and Italy
Euro Disney Vacaciones S.A.	99.9	Spanish subsidiary of Euro Disney Vacances S.A. (company currently inactive)
Val d'Europe Promotion S.A.	99.8	Real estate developer
S.E.T.E.M.O. Imagineering S.A.R.L.	100.0	Provides studies and supervision of construction for theme parks attractions
ED Spectacles SARL	100.0	Operator of Buffalo Bill's Wild West Show
Débit de Tabac S.N.C.	100.0	Tobacco retailer at Disney Village
Convergence Achats S.A.R.L.	50.0	Joint venture created with Groupe Flo to negociate food purchasing contracts
ED Resort S.C.A.	99.9	Companies currently inactive
ED Resort Services S.C.A.	99.9	Companies currently inactive
ED Finances 1 S.N.C	100.0	Companies currently inactive
ED Finances 2 S.N.C.	100.0	Companies currently inactive
ED Finances 3 S.N.C.	100.0	Companies currently inactive
ED Finances 4 S.N.C.	100.0	Companies currently inactive

During fiscal year 2003, the Group subscribed 50% of the shares of an equity created jointly with the Pierre & Vacances Group, "Les Villages Nature du Val d'Europe S.A.R.L.", aimed at establishing feasibility studies for a new concept in tourism, which consists of "nature villages", providing guests with a resort that focuses on relaxation, environmental activities, sport and leisure.

1-2 Disneyland Resort Paris Financing

The Group owns Walt Disney Studios Park, the Disneyland Hotel, the Davy Crockett Ranch, the golf course, the underlying land thereof and the land on which the five other hotels and the Disney Village entertainment centre are located and leases substantially all the remaining operating assets as follows:

Phase IA

In 1989, various agreements were signed between the Company and Euro Disneyland S.N.C. (the "Phase IA Financing Company") for the development and financing of Disneyland Park. Pursuant to the original sale/leaseback agreement, all of the assets of Disneyland Park and the underlying land, as of Opening Day, were sold by the Company to the Phase IA Financing Company and simultaneously leased back to the Company. In 1994, the Company cancelled its original agreement with the Phase IA Financing Company and established certain new agreements. Under this new lease structure, the Phase IA Financing Company is leasing substantially all of Disneyland Park assets to Euro Disney Associés S.N.C. ("EDA SNC"), an indirect, wholly-owned affiliate of TWDC, which is in turn sub-leasing those assets to the Company. The Group has no ownership interest in the Phase IA Financing Company or EDA SNC.

Phase IB

In 1991, various agreements were signed for the development and financing of five hotels: Hotel New York, Newport Bay Club, Sequoia Lodge, Hotel Cheyenne and Hotel Santa Fe, and the Disney Village entertainment centre (collectively, the "Phase IB Facilities"). Pursuant to sale/leaseback agreements, the Phase IB Facilities were sold by the Company to six special purpose companies that were established for the financing of Phase IB (the "Phase IB Financing Companies") and are being leased back to the operator, EDL Hôtels S.C.A. The Group has no ownership interest in the Phase IB Financing Companies.

Hereafter, reference to the "Phase I SNCs" includes the Phase IA Financing Company and the Phase IB Financing Companies.

Additional Capacity Disneyland Park Assets

In 1994, the Company entered into a sale/leaseback agreement with EDA SNC for certain Disneyland Park assets which were constructed subsequent to Opening Day. Pursuant to this agreement, these assets were sold by the Company and the Phase IA Financing Company to EDA SNC and are being leased back to the Company.

Newport Bay Club Convention Centre
In 1996, various agreements were signed with Centre de Congrès Newport S.A.S., an indirect, wholly-owned affiliate of TWDC for the development and financing of a second convention centre located adjacent to the Newport Bay Club hotel. Pursuant to sale/leaseback agreements, the assets of the Newport Bay Club Convention Centre were sold as they were constructed by EDL Hôtels S.C.A. to Centre de Congrès Newport S.A.S. and are leased back to the operator, EDL Hôtels S.C.A.

Hereafter, reference to the "Financing Companies" includes the Phase IA Financing Company, the Phase IB Financing Companies, EDA SNC and Centre de Congrès Newport S.A.S.

1-3 Financial Negotiations

On November 3, 2003, the Group obtained waivers from its lenders, effective through March 31, 2004, with respect to certain financial covenants and other obligations, including a reduction in certain security deposit requirements. The waivers are subject to compliance with certain conditions which are under the control of the Group. The purpose of this agreement is to give management, the lenders and TWDC time to find resolution regarding the Group's financial situation. Absent such a timely resolution, the waivers would expire and management believes the Group would then be unable to meet all of its debt obligations.

In addition, TWDC agreed to provide the Group a new € 45 million subordinated credit facility, which can be drawn upon through March 31, 2004, but only after the existing € 167.7 million standby facility provided by TWDC is fully drawn. If amounts were drawn, repayment would be subject to the Group's meeting certain financial thresholds or to the prior repayment of all of the Group's existing debt to its lenders. The agreement has limitations on the Group's ability to draw funds if the Resort were to suffer the material effects of a natural disaster or other calamity.

The Group's management believes that the waivers will allow time for the parties to develop a mutually acceptable resolution to the Group's future financing needs.

2 Summary of significant accounting policies

Basis of Preparation
The Group's consolidated financial statements are prepared in conformity with French accounting rules and regulations in accordance with the *Règlement n° 99-02 of the Comité de la Réglementation Comptable* (CRC-French Regulatory Board).

The Group, in preparing the consolidated financial statements has used the going-concern assumption based on management's belief that it is in the best interest of all stakeholders, including its lenders and TWDC, to successfully resolve the Group's financial situation. This resolution would likely include

modifying the Group's existing obligations and obtaining additional financing. If the principle of going concern had not been assumed, it would likely have had a significant impact on the valuation of assets and liabilities as of September 30, 2003.

Principles of Consolidation and Use of Estimates

The Group's consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts presented in the financial statements and footnotes thereto. Actual results could differ from those estimates. Certain reclassifications to the 2002 and 2001 comparative amounts have been made to conform to the 2003 presentation.

Accounting Changes

The new accounting standard relating to liabilities *(Règlement CRC n° 2000-06 dated December 7, 2000)* became effective October 1, 2002. As a result, the Group adopted a new accounting policy in accordance with the transition rules of the *Comité de la Réglementation Comptable 2002-10* related to major renovation expenditures. Under this new policy, the costs of major fixed asset renovations are no longer capitalised and amortised over five years, but are instead accrued in advance on a straight-line basis as operating expense during the period between planned renovations. The retroactive impact of this change was recorded as a charge to equity on October 1, 2002 in the amount of € 104.4 million. As a result of this change, fiscal year 2003 operating expenses increased by € 11.8 million, reflecting a € 20.0 million increase in the provision for major renovations, offset by reduced amortisation expenses of € 8.2 million related to renovation expenditures deferred in the past but which were charged against retained earnings.

Revenue Recognition

The Group has revenue recognition policies for its operating segments, which are appropriate to the circumstances of each business or revenue flow. The Group records revenues for the Resort Segment as the related service is provided to guests. In addition, the Resort Segment includes revenues associated with long-term sponsorship contracts, which are recognized pro-rata over the term of the contracts. In the Real Estate Development Segment, revenue is recognised on land sales upon closing of each transaction, while revenues related to service contracts and ground leases are recognized when the service is rendered.

Leased Assets

The Group leases a significant portion of its operating assets. Pursuant to options available under French accounting principles, the Group accounts for these transactions as operating leases.

Fixed Assets

Intangible assets consist of software costs, licensee rights and film production costs for theme park attractions and are carried at cost. Amortisation is computed on the straight-line method over periods ranging from two to twenty years. Tangible assets are carried at cost. Depreciation is computed on the straight-line method based upon estimated useful lives, as follows:

	Estimated useful lives
Secondary infrastructure	40 years
Buildings	10 to 40 years
Leasehold improvements, furniture, fixtures and equipment	2 to 25 years

Interest costs incurred for the construction of fixed assets and the acquisition and development of land are capitalised using the weighted average interest rate on the Group's borrowings. Projects under development are capitalised at the point technical and economic feasibility has been established.

Effective October 1, 2001, the Group revised the estimated useful lives of certain long-lived assets in the secondary infrastructure and buildings categories. This revision was based upon a full review of the existing asset base in light of the operating experience to date of the Group and the intended use of the asset. Management believes the revised estimated useful lives more appropriately reflect its financial results by allocating the costs of these assets over a useful life that more closely conforms to their intended use and with practices prevalent in the industry. These changes impacted depreciation expense prospectively and had the impact of decreasing both fiscal year 2002 and 2003 depreciation expense by approximately € 5.7 million.

Inventories

Inventories are stated at the lower of cost or market value, with cost determined on a weighted-average cost basis.

Income Taxes

The Group files a consolidated tax return. The Group provides for deferred income taxes on temporary differences between financial and tax reporting. The Group uses the liability method under which deferred taxes are calculated applying currently enacted tax rates expected to be in effect when the temporary differences will reverse.

Debt Issue Costs

Direct costs of the issuance of debt are capitalised and amortised on a straight-line basis over the life of the related debt. Upon repurchase and/or retirement of debt, a pro rata amount of the unamortised issue costs is expensed and included as part of the gain or loss resulting from the transaction.

Pension and Retirement Benefits

Contributions to state funded retirement plans and the Group's supplemental defined contribution pension plan are expensed as incurred and no future commitments exist with respect to these plans. Retirement indemnities paid under the Group's collective bargaining agreement are expensed as paid. The future commitment with respect to these indemnities is disclosed in Note 25.

Risk Management Contracts

In the normal course of business, the Group employs a variety of off-balance-sheet financial instruments to manage its exposure to fluctuations in interest and foreign currency exchange rates, including interest rate and cross-currency swap agreements, forward, and option contracts. The Group designates and assigns the financial instruments as hedges for specific assets, liabilities or anticipated transactions. When hedged assets or liabilities are sold or extinguished or the anticipated transactions being hedged are no longer expected to occur, the Group recognises the gain or loss on the designated hedging financial instruments. The Group accrues the differential for interest rate and cross-currency swaps to be paid or received under the agreements and shifts in exchange rates as interest income or expense over the lives of the swaps. Gains and losses on the termination of swap agreements, prior to their original maturity, are deferred and amortised over the remaining original term of the instruments. Gains and losses arising from foreign currency forward and option contracts are recognised as offsets of gains and losses resulting from the items being hedged.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in euros at the exchange rate prevailing at the month-end prior to the transaction date. Assets and liabilities denominated in foreign currencies are stated at their equivalent value in euros at the exchange rate prevailing as of the balance sheet date. Net exchange gains or losses resulting from the translation of assets and liabilities in foreign currencies at the balance sheet date are deferred as translation adjustments. Provision is made for all unrealised exchange losses to the extent not hedged.

Operating Subsidies

Operating subsidies are recorded as operating income at the point the amount is contractually due and definitive.

Earnings per Share and Diluted Earnings per Share

Earnings per share and diluted earnings per share of common stock are computed on the basis of the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share excludes all potential shares that could be created by outstanding instruments to issue future shares of common stock as their effect on the calculation is anti-dilutive.

Statement of Cash Flows

The statement of cash flows measures changes in cash and cash equivalents. Cash and cash equivalents consist of cash on hand and short-term investments with original maturities of three months or less. Short-term investments are stated at the lower of cost or market value.

Recent Accounting Pronouncement

Pursuant to the provisions of the Financial Security Law *(Loi de Sécurité Financière)* enacted in France on August 2, 2003, certain special purpose entities controlled by the Group may have to be consolidated even in the absence of direct investment in the entities. This new law will be first applicable to the Group in fiscal year 2004. Management is currently in the process of analysing the potential impact of this change on the Group's consolidation with respect to the currently unconsolidated Financing Companies.

3 Tangible assets

(€ in millions)	Sept. 30, 2002	Additions	Deductions	Transfers/ Adjustments	**Sept. 30, 2003**
Land and secondary infrastructure	352.7	0.3	(9.1)	2.0	**345.9**
Buildings	571.1	0.1	(38.3)	10.3	**543.2**
Leasehold improvements, furniture, fixtures and equipment	395.6	0.4	(13.2)	10.9	**393.7**
Construction in progress	35.1	23.5	(0.7)	(35.9)	**22.0**
Subtotal	1,354.5	24.3	(61.3)	(12.7)	**1,304.8**
Accumulated depreciation	(350.2)	(53.4)	26.7	0.1	(376.8)
	1,004.3				**928.0**

Fixed assets with a net book value of approximately € 300 million at September 30, 2003, are either mortgaged or pledged as security under loan agreements including the Disneyland Hotel and the Davy Crockett Ranch. In fiscal years 2003 and 2002, interest capitalised on assets during their construction period amounted to € 0 million and € 9.2 million, respectively.

4 Financial assets

(€ in millions)	September 30, **2003**	2002
Phase IA Financing Company loans receivable (a)	**886.4**	926.9
Phase IB Financing Companies loans receivable (b)	**346.6**	358.3
Other (c)	**99.2**	38.3
	1,332.2	1,323.5

(a) Phase IA Financing Company loans receivable

Pursuant to the original Disneyland Park financing agreements and the 1994 financial restructuring, the Company provided long-term subordinated loans of € 1,010.1 million to the Phase IA Financing Company. The loans bear interest at EURIBOR. However, pursuant to the 1994 financial restructuring, the applicable interest rate on the outstanding balance has been temporarily reduced and will return to the contractual rate beginning in fiscal year 2004. In addition, effective October 1st, 1999, the Phase IA Financing Company and the Company agreed to certain modifications of the terms of the loans, including an acceleration of the principal reimbursement schedule and a modification of the contractual interest rate. Under the revised terms, the applicable rate is EURIBOR plus a variable margin. Accordingly, the effective rates on the loans for fiscal years 2003 and 2002 were 3.37% and 4.12%, respectively. Principal repayments commenced in fiscal year 1998 and will continue through fiscal year 2013. Principal repayments in fiscal years 2003 and 2002 were € 40.5 million and € 31.6 million, respectively. Scheduled principal repayments in fiscal year 2004 are € 52.3 million. Under the new lease structure established in 1994 (see Notes 1-2 and 24-1), these long-term subordinated loans are pledged as security.

(b) Phase IB Financing Companies loans receivable

Pursuant to the original Phase IB financing agreements and the 1994 financial restructuring, EDL Hôtels S.C.A. provided long-term subordinated loans of € 390.4 million to the Phase IB Financing Companies. The loans bear interest at a fixed rate of 6%. However, pursuant to the 1994 financial restructuring, the applicable interest rate on the outstanding balance was temporarily reduced to 4% and will return, beginning in fiscal year 2004, to the contractual rate. Principal repayments commenced in fiscal year 1998 and are scheduled to continue through fiscal year 2016. Principal repayments in fiscal years 2003 and 2002 were € 11.6 million and € 9.5 million, respectively. Scheduled principal repayments in fiscal year 2004 are € 14.9 million.

(c) Other

Other consists primarily of long-term bank guarantee deposits. In accordance with certain conditions stipulated in connection with the 1994 financial restructuring, the Group is required to maintain security deposits as pledges for the benefit of certain lenders until all of their debt pursuant to the financing agreements has been paid and other obligations by both the lenders and the Group have been satisfied. The contractual amount of the security deposits are currently calculated each quarter as the greater of certain amounts, including the debt service for the next six months or half debt service for the following twelve months. Effective November 3, 2003, the lenders agreed to reduce the debt security deposit for the first two quarters of fiscal year 2004 to a fixed amount of € 60.0 million.

5 Inventories

Inventories consist primarily of merchandise, food and beverage and supplies. These amounts are stated net of allowance for obsolete and slow moving items of € 2.5 million and € 1.9 million at September 30, 2003 and 2002, respectively.

6 Trade accounts receivable

Trade accounts receivable are due primarily from tour operators and travel agents (arising from sales of Theme Park entrance tickets, hotel and meeting rooms and other amenities) as well as billings for participant fees. As of September 30, 2003 and 2002, the reserve for potentially uncollectible accounts was € 2.2 million and € 3.0 million, respectively. As of September 30, 2003 and 2002, trade receivables included long-term receivables amounting to € 3.6 million and € 3.5 million, respectively.

7 Other accounts receivable

	September 30,	
(€ in millions)	**2003**	2002
VAT	**27.7**	37.6
Other	**18.2**	33.1
	45.9	70.7

Other includes advance payments to vendors and miscellaneous non-trade receivables.

All amounts are due within one year.

8 Short-term investments

Short-term investments consist primarily of cash equivalents such as money market instruments and certificates of deposit, carried at cost, which approximated market value at September 30, 2003 and 2002.

9 Deferred charges

(€ in millions)	September 30, 2003	2002
Financial contributions to public infrastructure (a)	**51.9**	56.2
Other (b)	**3.2**	30.5
	55.1	86.7

(a) Financial contributions to public infrastructure

Financial contributions to public infrastructure consist primarily of a payment of € 34.3 million made by the Group to the S.N.C.F. (Société Nationale des Chemins de Fer Français), the French national railway company, as part of its financial commitment to the construction of the T.G.V. (high speed train) railway station located within Disneyland Resort Paris. This contribution is being amortised over a period of twenty years (beginning on the opening of the T.G.V. station in 1994). Remaining amounts relate to various financial contributions to the construction of primary infrastructure, such as roadways and water, gas and electricity distribution systems, including € 22.5 million of charges borne by the Department of Seine-et-Marne, and for which the Group provided a guarantee. See Note 12 regarding the guarantee obligation. These amounts are being amortized over a period of twenty years. Contributions to public infrastructure are stated net of accumulated amortisation of € 33.3 million and € 29.1 million at September 30, 2003 and 2002, respectively.

(b) Other

As of October 1, 2002, the Group adopted new accounting rules for major renovation expenditures (See Note 2). As a result, € 27.1 million of unamortised deferred charges for major fixed asset renovation expenditures as of September 30, 2002 were charged to equity as of October 1, 2002.

10 Shareholder's equity

	Number of Shares (in thousands)	Share Capital (€ in millions)	Share Premium (€ in millions)	Retained Earnings/ (Deficit) (€ in millions)
Balance at September 30, 2001	**1,055,787**	**804.8**	**288.9**	**184.2**
Issuance of new shares	151	0.1	0.1	-
Allocation to General Partner				(0.2)
Net income				(33.1)
Balance at September 30, 2002	**1,055,938**	**804.9**	**289.0**	**150.9**
Change in nominal amount per share	-	(2.4)	2.4	-
Cumulative effect of change in accounting principle	-	-	-	(104.4)
Net loss				(56.0)
Balance at September 30, 2003	**1,055,938**	**802.5**	**291.4**	**(9.5)**

- *Number of shares*

  The number of shares above represent the Company's issued, outstanding and fully paid shares, at the respective dates.

- *Share capital and share premium*

  The Company's existing share capital as of September 30, 2002 was rounded from a nominal amount per share of € 0.7622451... to a nominal amount per share of € 0.76 which resulted in a transfer of € 2.4 million to the share premium in accordance with Resolution 12 of the Combined General Shareholder's Meeting held on May 5, 2003.

- *Retained earnings*

  At September 30, 2003 and 2002, the Company's retained earnings include a legal reserve of € 16.9 million, which is not available for distribution. As of October 1, 2002, the Group adopted new accounting rules for major renovation expenditures (See Note 2).

Warrants

As part of the 1994 financial restructuring, the Company issued 290 million warrants, enabling the holders of such warrants to subscribe for 1.069 shares of the Company's common stock at a price of € 6.10 for every three warrants held. The warrants have a term of ten years and may be exercised until July 2004.

11 Quasi-equity

As part of the 1994 financial restructuring, the Company issued 2,500,121 bonds redeemable in shares ("ORAs") with a nominal value per bond of € 60.98, a coupon rate of 1% per annum and a ten-year term. Upon maturity on July 11, 2004, each ORA will be redeemable by the issuance of 10.691 shares of the Company's common stock.

12 Provisions for risks and charges

(*€ in millions*)	Sept. 30, 2002	Additions	Reversals	**Sept. 30, 2003**
Provisions for major fixed asset renovations (a)	-	97.3	(11.7)	**85.6**
Other provisions (b)	35.5	6.2	(7.2)	**34.5**
	35.5	103.5	(18.9)	**120.1**

(a) Provision for major fixed asset renovations

Effective October 1, 2002, the Group adopted new accounting rules related to major fixed asset renovations (see Note 2). The provision for major fixed asset renovations represents a pro-rata portion of estimated future renovation expenditures based upon the renovation cycle of each asset group. Fiscal year additions included the opening provision as of October 1, 2002 of € 77.3 million, which was charged to equity and € 20 million related to fiscal year 2003 provisions. Fiscal year 2003 reversals represented the cost of major asset renovations completed during the year.

(b) Other provisions

At September 30, 2003 and 2002, provisions for risks and charges primarily included provisions for various charges, claims and litigation, including € 22.5 million for a guarantee to the Department of Seine et Marne. Under the terms of the guarantee, the Group must reimburse the Department of Seine et Marne, following the final determination in June 2004 of the extent to which certain taxes collected by the department are not sufficient to reimburse the Departments investment in certain public infrastructure that was put into service prior to the Opening Day of Disneyland Resort Paris. See Note 9 regarding the deferred charges for the public infrastructure costs.

13 Borrowings

(€ *in millions*)	September 30, 2003	2002
CDC Phase I loans (a)	**168.9**	168.9
CDC Walt Disney Studios Park loans (b)	**381.1**	381.1
Phase IA credit facility (c)	**114.1**	122.1
Phase IB credit facility (d)	**24.3**	26.0
TWDC Line of Credit (e)	**102.5**	62.5
Other	**15.5**	20.8
	806.4	781.4
Accrued interest	**61.1**	39.9
	867.5	821.3

(a) Caisse des Dépôts et Consignations ("CDC") Phase I loans

Pursuant to the original credit agreement and the 1994 financial restructuring, the Company borrowed from the CDC € 40.6 million senior debt and € 128.3 million subordinated debt. The senior debt is secured by the Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. The subordinated debt is unsecured. The loans originally bore interest at a fixed rate of 7.85%; however, effective as of September 30, 1999, the terms of these loans were modified so as to reduce the fixed interest rate to 5.15%, defer principal repayments and extend the final maturity date from fiscal year 2015 to fiscal year 2024. At September 30, 2003 and 2002, accrued interest related to these loans was € 8.0 million.

(b) CDC Walt Disney Studios Park loans

On September 30, 1999, the Company executed a credit agreement with the CDC to provide € 381.1 million of subordinated loans to finance a portion of the construction costs of Walt Disney Studios Park. The credit agreement includes four loan tranches, two of € 76.2 million each maturing in fiscal years 2015 and 2021, respectively and two of € 114.3 million, each maturing in fiscal years 2025 and 2028, respectively. The loans were fully drawn during fiscal year 2001 in connection with the construction of Walt Disney Studios Park. The loans bear interest at a fixed rate of 5.15% per annum, unless interest or principal payments were to be deferred under the provisions of the loans, during which time the interest rate on the deferred amounts is EURIBOR plus 200 basis points (4.13 % as of September 30, 2003) or 5.15%, whichever is greater. The timing of interest payments depends on the amount of the Company's surpluses in cash and short-term investments at each scheduled annual repayment date. The annual interest payments due as of December 31, 2001 and 2002 in the total amount of € 34.2 million have been deferred in accordance with the provisions of the loans. At September 30, 2003, accrued interest related to these loans was € 51.1 million, including the above described deferred amount. At September 30, 2002, accrued interest related to these loans was € 29.9 million.

(c) Phase IA credit facility

Pursuant to the original credit agreement with a syndicate of international banks and the 1994 financial restructuring, the Company borrowed € 148.6 million under the Phase IA credit facility. The obligations under this credit facility are secured by Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. Principal repayments commenced in fiscal year 2000 with final repayment in fiscal year 2009. From October 1, 1996 to September 30, 2003, the loans bore interest at EURIBOR plus 1.28% (3.41% at September 30, 2003). From October 1, 2003, the margin has been decreased and the applicable rate is EURIBOR plus 1%.

(d) Phase IB credit facility

Pursuant to the original credit agreement with a syndicate of international banks and the 1994 financial restructuring, EDL Hôtels S.C.A. borrowed € 29.7 million under the Phase IB credit facility. The obligations under this credit facility are secured by the Phase IB Facilities. Principal repayments commenced in fiscal year 1998 with final repayment in fiscal year 2012. From October 1, 1997 to September 30, 2003, the loans bore interest at EURIBOR plus 1.33% (3.46% at September 30, 2003). From October 1, 2003, the margin has been decreased and the applicable rate is EURIBOR plus 1%.

(e) TWDC Line of Credit

As part of the 1994 financial restructuring, TWDC made available, until June 2004, a subordinated unsecured € 167.7 million standby revolving credit facility to the Group, which bears interest at EURIBOR (2.13% as of September 30, 2003).

Debt Covenants

The Group's debt agreements include covenants between the Group and the lenders. These covenants primarily consist of restrictions on additional indebtedness and capital expenditures, the provision of certain financial information and compliance with certain financial ratio thresholds. In November 2003, the lenders agreed to waive, effective through March 31, 2004, certain of these covenants (see Note 1-3).

The Group's borrowings at September 30, 2003 have the following scheduled maturities:

(€ in millions)	
2004 (a)	128.4
2005	31.7
2006	16.1
2007	19.7
2008	22.8
Thereafter	587.7
	806.4

(a) Includes the September 30, 2003 balance outstanding on the TWDC Line of Credit of € 102.5 million.

14 Payable to related companies

Payables to related companies principally include payables to the Financing Companies for rent payable pursuant to Disneyland Park and Hotel Leases (see Note 24) and payables to wholly-owned subsidiaries of TWDC for royalties and management fees (see Note 18) and other costs associated with the operation of the Resort and with the construction of Walt Disney Studios Park. All amounts are due within one year.

15 Accounts payable and accrued liabilities

	September 30,	
(€ in millions)	2003	2002
Suppliers	**113.8**	181.5
Payroll and employee benefits	**64.5**	56.2
VAT	**9.7**	6.3
Other	**26.3**	33.0
	214.3	277.0

As of September 30, 2003, payable and accrued liabilities included non-current payables amounting to € 0.6 million. As of September 30, 2002 all amounts were due within one year.

16 Deferred revenues

Deferred revenues consist primarily of pre-paid rent income received on long-term ground lease contracts with third-party developers and participant revenues that are being recognised as income straight-line over the term of the related contract, as well as guests invoiced in advance of their visit.

The Group's deferred revenues as of September 30, 2003 have the following scheduled revenue recognition:

(€ in millions)	
2004	38.3
2005	4.2
2006	3.9
2007	2.8
2008	2.6
Thereafter	35.8
	87.6

17 Reported segments

The Group has two reportable segments: Resort Activities, which includes the operations of the Theme Parks, Hotels and Disney Village, and Real Estate Development Activities. The Group evaluates the performance of its segments based primarily on income before lease, net financial charges and exceptional items. The Group does not evaluate the performance of its segments based upon their respective fixed asset values. The accounting policies of these segments are the same as those described in Note 2 “Summary of Significant Accounting Policies”.

The table below presents information about reported segments for fiscal years 2003 and 2002:

(€ in millions)	Year ended September 30, **2003**	2002
Segment Revenues		
Resort activities	**1,029.5**	1,048.7
Real estate development activities	**23.6**	27.3
Total	**1,053.1**	1,076.0
Segment Costs and Expenses		
Resort activities	**(907.4)**	(885.1)
Real estate development activities	**(13.3)**	(15.2)
Total Costs and Expenses	**(920.7)**	(900.3)
Segment Income before Lease and Net Financial Charges		
Resort activities	**122.1**	163.6
Real estate development activities	**10.3**	12.1
Total Income before Lease and Net Financial Charges	**132.4**	175.7

18 Costs and expenses

(€ in millions)	Year ended September 30, **2003**	2002
Direct operating costs (a)	**645.3**	613.3
Marketing and sales expenses	**105.2**	95.4
General and administrative expenses	**96.5**	92.0
Depreciation and amortisation	**65.6**	64.1
Royalties and management fees (b)	**8.1**	35.5
	920.7	900.3

Fiscal year 2003 costs and expenses were impacted by a change in accounting principle related to major fixed asset renovation expenditures (see Note 2).

(a) Direct Operating Costs

Direct operating costs include operating wages and employee benefits, cost of sales for merchandise and food and beverage, transportation services and real estate land sales and other costs such as utilities, maintenance, insurance and operating taxes.

(b) Royalties and Management Fees

Royalties represent primarily payments to wholly-owned indirect subsidiaries of TWDC under a licence agreement that grants the Group the right to use any present or future intellectual or industrial property of TWDC incorporated in attractions or other facilities including the right to sell merchandise incorporating intellectual property rights owned by TWDC. Management fees are payable to Euro Disney S.A., the Company's *Gérant*, as specified in the Company's by-laws. Royalties and management fees are based primarily upon operating revenues.

In fiscal year 1999, after a five year waiver resulting from the 1994 financial restructuring, royalties were reinstated at half their original rate and management fees were reinstated at a reduced rate. Royalties will be fully reinstated beginning in fiscal year 2004 and management fees will progressively increase through fiscal year 2018.

On March 28, 2003, TWDC agreed to waive royalties and management fees payable to it for the second, third and fourth quarters of fiscal year 2003. As a result, royalties and management fees totalled € 5.6 million and € 2.5 million, respectively, reflecting a total waiver of € 24.6 million. The waived amount may in the future become payable if and to the extent that income before lease and financial charges excluding depreciation and amortisation for any year from fiscal year 2004 through fiscal year 2008 exceeds € 450 million. TWDC further agreed that fiscal year 2004 royalties and management fees will be paid on a fiscal year-end basis rather than quarterly.

19 Exceptional Income (Loss)

(€ in millions)	Year ended September 30, **2003**	2002
Pre-opening costs – Walt Disney Studios Park (a)	–	(37.2)
Fixed asset sales / write-offs (b)	**11.6**	(0.6)
Movements in provisions for risks and asset valuation reserves (net)	**(0.5)**	0.7
Euro implementation costs	-	(1.0)
Other	**0.8**	0.1
	11.9	(38.0)

(a) Pre-opening costs – Walt Disney Studios Park

During fiscal year 2002, the Group incurred € 37.2 million of pre-opening expenses related to Walt Disney Studios Park. These expenses included the costs of hiring and training employees for the Park during the pre-opening period, costs of the pre-opening adversiting campaign and the media events which took place in February and March 2002.

(b) Fixed asset sales / write-offs

In fiscal year 2003, the Group sold three apartment developments used to provide housing to employees within close proximity to the site. The transaction generated a gain of € 11.0 million. The Group continues to operate the apartment developments under leases with the buyers.

20 Income Taxes

Income tax expense is calculated using the statutory tax rate in effect as of the balance sheet date. For fiscal years 2003 and 2002, this rate was approximately 35.4%. During fiscal years 2003 and 2002, no income tax was payable as no taxable income was generated by the Group. Accordingly, the Group's effective tax rate for these periods was 0%.

At September 30, 2003, unused tax loss carryforwards were approximately € 770 million, of which, approximately € 310 million, if not utilised, will expire before fiscal year 2008. The remaining tax losses can be carried forward indefinitely; however, due to the uncertainty of the ultimate realisation of these tax benefits, the Group has not recorded any deferred tax assets.

21 Stock Options

In 1994, the Company's shareholders approved the implementation of an employee stock option plan (the "1994 Plan") authorising the issuance of stock options for acquisition of up to 2.5% of the Company's outstanding common stock. Through September 30, 2003, the Company had granted a total of 7,726,863 options, net of cancellations and exercises, (to acquire one share of common stock each) to certain managers and employees at a market exercise price which represented the average closing market price over the preceding 20 trading days. The options are valid for 10 years from their issuance date and become exercisable over 5 years in equal instalments beginning one year from the date of grant. Upon termination of employment, any unvested options are cancelled. However, options that are exercisable as of the date of termination, may be exercised within a specified period of time or else they are cancelled.

In March 1999, the Company’s shareholders approved the implementation of a second employee stock option plan, with substantially the same terms as the 1994 Plan, authorising the issuance of stock options for acquisition of up to 2.5 % of the Company’s outstanding common stock. The options granted under that plan are valid for 8 years from their issuance date. Through September 30, 2003, the Company had granted a total of 21,582,800 options, net of cancellations and exercices, under this plan.

In May 2003, the Company's shareholders approved the implementation of a third employee stock option plan, with substantially the same terms as the two previous ones, authorising the issuance of stock options for acquisitions of up to 2,5% of the company's outstanding common stock. The options granted under that plan are valid for 8 years from their issuance date. As of September 30, 2003, the Company had not granted any options under this plan.

A summary of the Company's stock option activity for the years ended September 30, 2003 and 2002, is as follows:

	Number of Options *(in thousands)*	Weighted-average Exercise Price *(in €)*
Balance at September 30, 2001	**25,325**	**0.98**
Options granted	9,893	1.10
Options exercised	(142)	0.81
Options cancelled	(1,729)	0.96
Balance at September 30, 2002	**33,347**	**1.02**
Options granted	-	-
Options exercised	-	-
Options cancelled	(4,037)	0.96
Balance at September 30, 2003	**29,310**	**1.02**

The following table summarises information about stock options at September 30, 2003:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number of Shares (in thousands)	Weighted-average Remaining Contractual Life (in years)	Weighted-average Exercise Price	Number of Shares (in thousands)	Weighted-average Exercise Price
€ 0.77 – 1.00	13,219	6	€ 0.80	6,496	€ 0.80
€ 1.01 – 2.00	15,460	5	€ 1.16	8,504	€ 1.21
€ 2.01 – 2.50	631	2	€ 2.32	631	€ 2.32
	29,310	5	€ 1.02	15,631	€ 1.09

22 Financial Instruments

22-1 Interest rate risk management transactions

The Group uses interest rate swaps and other instruments to manage its exposure to changes in interest rates. The impact of changes in interest rates affects financial income and expense as well as lease rental expense of the Group.

The following table summarises the underlying notional amounts of borrowings subject to interest rate hedging contracts during the years ended September 30, 2003 and 2002.

(€ in millions)	Underlying Borrowings
Balance at September 30, 2001	563.8
Additions	-
Maturities/Terminations	-
Balance at September 30, 2002	563.8
Additions	485.0
Maturities/Terminations	(517.1)
Balance at September 30, 2003	531.7

During fiscal year 2001, the Group entered into several interest rate swap agreements which became effective at or near September 30, 2001 and had a term of 2 years expiring at or near September 30, 2003. These agreements required the Group to pay fixed interest rates ranging from 3.79% to 4.69% and to receive interest payments calculated based upon 3-month EURIBOR on the outstanding notional amounts.

During fiscal year 2003, the Group entered into several interest swap agreements which became effective at or near September 30, 2003 and have a term of one year expiring at the end of fiscal year 2004. Those agreements will require the Group to pay fixed interest rates ranging from 2.05% to 3.56% and to receive interest payments calculated based upon 3-month or 6-month Euribor on the outstanding notional amounts.

The total interest rate differential resulting from interest rate hedging instruments was a loss of € 9.1 million and € 5.4 million in fiscal year 2003 and fiscal year 2002, respectively. The fair value of these contracts is estimated to be the same as the cost or gain to the Group to terminate its interest rate hedging contracts. At September 30, 2003 taking into account the prevailing interest rate environment and credit worthiness of counterparties, this amount would represent a loss of € 5.5 million (€ 7.4 million at September 30, 2002).

22-2 Currency risk management transactions

The Group's exposure to foreign currency risk relates principally to variations in the value of the U.S. dollar and British pound.

The Group's objective is to reduce earnings and cash flow volatility associated with foreign exchange rate changes to allow management to focus its attention on its core business issues and challenges. Accordingly, the Group enters into various contracts that change in value as foreign exchange rates change to protect the value of its existing foreign currency assets and liabilities, commitments and anticipated foreign currency revenues and expenses.

At September 30, 2003 and 2002, the Group had € 70.6 million and € 54.3 million, respectively, of foreign currency hedge contracts outstanding, consisting of forward exchange contracts and options. The fair value of these contracts is estimated to be the same as the cost or gain to the Group of terminating its foreign exchange contracts. This amount was a loss of € 0.2 million and € 0.1 million at September 30, 2003 and 2002, respectively.

22-3 Concentrations of credit risk

Management believes no significant concentration of credit risk exists with respect to the Group's financial instruments. The Group utilises a variety of off-balance sheet instruments for hedging purposes. At September 30, 2003 and 2002, neither the Group nor the counterparties were required to collateralise their respective obligations under the terms of these hedging contracts.

23 Committents and Contingencies

There are various legal proceedings and claims against the Group relating to construction and other activities incident to the conduct of its business. Management has established provisions for such matters and does not expect the Group to suffer any material additional liability by reason of such actions, nor does it expect that such actions will have a material effect on its liquidity or operating results.

The Company is jointly liable for all Phase IA Financing Company obligations under the Phase IA credit agreement until their scheduled maturity date in November 2009. These obligations total € 263.7 million as of September 30, 2003.

EDL Hôtels S.C.A. has guaranteed all Phase IB Financing Companies' obligations under the Phase IB credit facility and the Phase IB partner's advances until their scheduled maturity date (2016 at the latest). These obligations total € 236.1 million as of September 30, 2003.

As part of the terms of the 1994 financial restructuring, the Company was required to pay a one-time development fee of € 182.9 million to TWDC upon the satisfaction of certain conditions, including conditions relating to the launch and financing of a second phase of development. In order to obtain the approval for the financing of Walt Disney Studios Park from the lenders, TWDC agreed to amend the terms and conditions of the development fee so that it will not be due until future events occur, including the repayment of the existing bank debt of the Company and of the CDC Walt Disney Studios Park loans and the achievement by the Group of specified cash flow levels.

24 Leased Assets

The Group owns Walt Disney Studios Park, Disneyland Hotel, the Davy Crockett Ranch, the golf course, the underlying land thereof and the land on which the other five hotels and Disney Village are located, and leases substantially all of the remaining operating assets. Pursuant to options available under French accounting principles, the Group has not capitalised these leases and has accounted for them as operating leases.

24-1 Disneyland Park and Hotel Leases

Description

The Group leases Disneyland Park, the Phase IB Facilities and the Newport Bay Club Convention Centre, directly or indirectly, from eight special purpose financing companies. The following discussion summarises the significant terms of each lease:

- **Disneyland Park - Phase IA Lease**

  Originally, pursuant to the Phase IA financing agreements, the Company leased Disneyland Park directly from the Phase IA Financing Company under a *crédit-bail* (financial lease) which commenced Opening Day and was to end when the underlying borrowings and interest were repaid in full by the Phase IA Financing Company. Pursuant to the terms of the 1994 financial restructuring, a new leasing structure for Disneyland Park assets was implemented.

  Under the new lease structure, effective June 30, 1994, the original financial lease was cancelled and a new financial lease established whereby the Phase IA Financing Company leases Disneyland Park to EDA SNC with terms similar to the original financial lease. The Company, in turn, is subleasing Disneyland Park from EDA SNC for a term of 12 years with rent substantially equal to the amount invoiced by the Phase IA Financing Company to EDA SNC. At the end of the sublease term, the Company will have the option to acquire the leasehold position of EDA SNC upon payment of an option fee of approximately € 78.7 million. If the Company does not exercise this option and thereby elects to discontinue leasing Disneyland Park, EDA SNC may continue to lease the assets, with an ongoing option to purchase them for an amount approximating the balance of the Phase IA Financing Company's then outstanding debt. Alternatively, EDA SNC could terminate the lease, in which case EDA SNC would pay the Phase IA Financing Company an amount equal to 75% of its then outstanding debt, and could then sell or lease the assets on behalf of the Phase IA Financing Company, in order to satisfy the remaining debt, with any excess proceeds payable to EDA SNC.

- **Disneyland Park - Additional Capacity Attractions Lease**
  As part of the 1994 financial restructuring, EDA SNC purchased certain tangible fixed assets, principally Disneyland Park attractions constructed subsequent to Opening Day, for their book value of € 213.4 million and subsequently leased the assets back to the Company for a period of 12 years for a fixed annual lease payment of € 2.1 million. At the end of the lease term, the Company will have the option to purchase the assets for € 213.4 million. If this option is exercised, TWDC has agreed to provide financing over an eight-year term at an interest rate of 1% per annum. As an alternative to this purchase option, the Company may enter into a new 12-year financial lease for these assets with EDA SNC at the end of the original lease term, with terms substantially similar to those of the financing for the purchase option described above. At the end of this second lease term, the Company will have the option of purchasing the leased assets for a nominal amount.

- **Hotel - Phase IB Facilities Leases**
  EDL Hôtels S.C.A. leases the Phase IB Facilities from the six Phase IB Financing Companies. The leases will terminate in February 2011. The Group has the option to acquire at any time during the term of the lease the leased assets for an amount approximating the balance of the Phase IB Financing Companies' outstanding debt.

- **Hotel - Newport Bay Club Convention Centre Lease**
  EDL Hôtels S.C.A. has sale-leaseback agreements with Centre de Congrès Newport S.A.S., for the Newport Bay Club Convention Centre. The lease began in November 1997 and has a term of 20 years, at the end of which EDL Hôtels S.C.A. has the option to repurchase the convention centre for a nominal amount. Annual lease payment amounts are based upon the construction costs of the asset and an interest rate of 6 month EURIBOR + 20 basis points.

Lease rental expense was € 193.8 million and € 188.8 million for the years ended September 30, 2003 and 2002, respectively. The rental expense under these leases consists of the lessor's debt service payments (principal and interest), including those related to the long-term loans granted by the Group (as described in Note 4), and any operating costs (primarily property taxes) incurred by the lessor. Thus, lease rental expense fluctuates principally with the lessor's interest expense variations, due to variable interest rates and interest forgiveness rate changes, and the timing of principal repayments on the leasing entities' debt.

Lease Commitments

The following table summarises the gross amount of future minimum rental commitments (excluding operating costs) due to the Financing Companies, under non-cancellable operating leases. The future commitments calculation is based upon the following assumptions:

- Average future EURIBOR of 3.5%.
- The Group will exercise its purchase options on the Phase IB Facilities at the end of the Phase IB lease terms in February 2011 for an estimated amount of € 280 million. This option fee is included in the following commitment table in the line Thereafter.
- The Company will exercise its option at the end of the 12th year of Disneyland Park Phase IA lease. In this event, the Company will pay an option fee of € 78.7 million and will continue to lease the assets. The option fee and the resulting lease obligations are reflected in the following commitment table in fiscal year 2006 and Thereafter.
- The Company will exercise its option under Disneyland Park - Additional Capacity Attractions Lease - and will purchase the leased assets for € 213.4 million. The purchase price of the leased assets is included in the following commitment table in fiscal year 2006.

Lease commitments as of September 30, 2003 are as follows:

		Loans granted by the Group to Lessors (see Note 4)		
(€ in millions)	Commitments (Gross amounts)	Interest Payments	Principal Repayments	Commitments (Net amounts)
2004	220.2	(60.3)	(67.3)	92.6
2005	232.1	(56.7)	(74.7)	100.7
2006	542.3	(52.7)	(90.0)	399.6
2007	265.6	(47.9)	(101.7)	116.0
2008	281.7	(42.6)	(115.5)	123.6
Thereafter	2,003.1	(86.5)	(783.7)	1,132.9
	3,545.0	(346.7)	(1,232.9)	1,965.4

Lease rental commitments include principal and interest amounts due to the Group as repayment of the long-term loans granted by the Group to the Phase I SNCs. However, the portion of the rental commitments related to principal and interest amounts on the long-term loans granted by the Group to the Phase I SNCs has no cash flow impact on the Group as the cash outflow for this portion of lease rental expense is exactly offset by the cash inflow of interest and principal repayments. Therefore, the portion of the gross rental commitment related to the repayment of these long-term loans is separately identified to arrive at a total net lease commitment.

The net rental commitment is thus calculated based upon the underlying debt of the Financing Companies or the related capital lease obligations, which totalled € 1,400.9 million as of September 30, 2003 and was composed of:

	September 30,	
(€ in millions)	**2003**	2002
CDC Phase I loans (a)	**361.3**	361.3
Phase IA credit facility (b)	**263.7**	290.8
Phase IB credit facility (c)	**139.2**	148.7
Phase IA partners' advances (d)	**304.9**	304.9
Phase IB partners' advances (e)	**96.9**	96.9
EDA SNC lease financing arrangement (f)	**213.4**	213.4
Newport Bay Club Convention Centre lease financing arrangement (f)	**21.5**	22.4
	1,400.9	1,438.4

a) CDC Phase I loans

Pursuant to the original credit agreement and the 1994 financial restructuring, the Company borrowed from the CDC € 86.9 million senior debt and € 274.4 million subordinated debt. The senior debt is secured by Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. The subordinated debt is unsecured. The loans originally bore interest at a fixed rate of 7.85%; however, effective as of September 30, 1999, the terms of these loans were modified so as to reduce the interest rate to 5.15%, defer principal repayments and to extend the final maturity date from fiscal year 2014 to fiscal year 2024.

(b) Phase IA credit facility

The Phase IA credit facility consists of several tranches and is collateralised by a mortgage on Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. The Company is a co-obligor on this facility with the Phase IA Financing Company. The loan bears interest at EURIBOR plus 1.03% (3.16% at September 30, 2003). Principal repayments commenced in fiscal year 2001.

(c) Phase IB credit facility

The Phase IB credit facility is secured by the Phase IB Facilities. The loan bears interest at EURIBOR plus 1.33% (3.46% at September 30, 2003). Principal repayments commenced in fiscal year 1998.

(d) Phase IA partners' advances

These advances are related to Phase IA assets and bear interest at a fixed rate of 3.0%, however, pursuant to the terms of the 1994 financial restructuring, the applicable interest rate was reduced by 54% in both fiscal years 2003 and 2002. Principal repayments are scheduled to commence in fiscal year 2010. These advances are unsecured and subordinated to the CDC Phase I loans and the Phase IA credit facility.

(e) Phase IB partners' advances

These advances currently consist of two tranches, including € 18.8 million of bank borrowings, and are collateralised by Phase IB assets. The bank borrowings totalling € 18.8 million bear interest at EURIBOR plus 1.46% (3.59% at September 30, 2003). The remaining advances totalling € 78.0 million bear interest at a fixed rate of 3.0%, however, pursuant to the terms of the 1994 financial restructuring, the applicable interest rate was reduced by approximately 35% in both fiscal years 2003 and 2002. Principal repayments are scheduled to commence in fiscal year 2006.

(f) Lease financing arrangements

See discussion above providing the description of these agreements.

Book value of leased assets

As the Group accounts for these commitments as operating leases pursuant to an option in the French accounting rules, the historical cost and depreciation of the assets, and related secured indebtedness are not included in the Group's consolidated financial statements. The book value and depreciation of the assets, which are carried by the Financing Companies, are summarised as follows:

	September 30, 2003			
(€ in millions)	Historical Cost	Accumulated Depreciation	Net Book Value	Estimated Useful Lives
Intangible assets	15.6	14.2	1.4	10 years
Land and secondary infrastructure	302.6	134.3	168.3	10 to 25 years
Buildings	1,852.5	846.9	1,005.6	25 to 33 years
Leasehold improvements, furniture, fixtures and equipment	405.9	339.5	66.4	5 to 25 years
	2,576.6	1,334.9	1,241.7	

Depreciation expense using the straight-line method, as reported by the Financing Companies, was € 90.5 million and € 105.9 million for the years ended September 30, 2003 and 2002, respectively.

Had the Group chosen to capitalise these leases, the fiscal year 2003 net loss would have been increased by an estimated € 5.3 million and equity as of September 30, 2003 would have been reduced by an estimated € 1.1 billion.

24-2 Other Leases

The Group has other operating leases, primarily for office and computer equipment and vehicles, for which total rental expense was € 27.9 million and € 27.4 million for the years ended September 30, 2003 and 2002, respectively. Future minimum rental commitments under these non-cancellable operating leases as of September 30, 2003 are as follows:

(€ in millions)	
2004	14.8
2005	14.9
2006	14.0
2007	9.6
2008	8.3
Au-delà	33.5
	95.1

25 Employees

The weighted-average number of employees employed by the Group was:

	Year ended September 30,		
	2003	2002	2001
Cadres	**2,328**	2,287	1,997
Non cadres	**9,895**	10,180	9,112
	12,223	12,467	11,109

Total employee costs for the years ended September 30, 2003 and 2002 were € 365.7 million and € 352.0 million, respectively.

All employees participate in state funded pension plans in accordance with French laws and regulations. Certain employees also participate in a supplemental defined contribution plan. Contributions to all plans are based on gross wages and are shared between the employees and the Group. Contributions paid by the Group are expensed as incurred. In addition, retirement indemnities are paid under the terms of the Group's collective bargaining agreement.

A new collective bargaining agreement became effective in April 2001, which among other things increased the retirement benefits provided by the Group to its employees. Under the agreement, a retirement indemnity ranging from one-half a month to 3 months of gross wages is provided to employees who retire from the Group at the age of 60 or older after completing at least 1 year of service.
As of September 30, 2003, the future commitment with respect to these retirement indemnities was estimated to be € 8.3 million compared to € 6.4 million as of September 30, 2002.

26 Director's Fees

During the years ended September 30, 2003 and 2002, fees paid to members of the Company's Supervisory Board were € 160,071 and € 133,393, respectively. TWDC employees are not paid for serving on the Company's Supervisory Board

27 Disclosures concerning the Group's results under U.S. Generally Accepted Accounting Principles

Disclosures concerning U.S. Generally Accepted Accounting Principles are included in the section of this Annual Report entitled "Supplemental U.S. GAAP Disclosures" and will be available on our website **www.eurodisney.com** at the time of our filing of the annual Form 20-F with the SEC.

General Report of the Supervisory Board on the Management of the Euro Disney S.C.A. Group

Ladies and Gentlemen,

We are pleased to present to you our General Report on the management of Euro Disney S.C.A. (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the fiscal year ended September 30, 2003 ("**Fiscal Year 2003**").

We do not have any particular comments on the Management Report of the *Gérant* on the Group, which we have reviewed and which has been submitted to you.

The results of the Group for Fiscal Year 2003 show a net loss of € 56.0 million, as compared to a net loss of € 33,1 million reported for the previous fiscal year.

We inform you that following a change in generally accepted accounting principles in France and in accordance with the applicable transition rules, the Group elected, effective October 1st, 2002, to modify its accounting policy for major fixed asset renovations, which are now accrued in advance on a straight-line basis as operating expense instead of being capitalized and amortized over five years.

The Supervisory Board reviewed this modification in liaison with the Company's statutory auditors and has no particular comment on the adoption of this modification.

Excluding the impact of this modification, which resulted in a € 10.6 million net increase in operating expenses reported for Fiscal Year 2003, the Group's net loss is in the amount of € 45.4 million.

The total revenues of the Group for Fiscal Year 2003 amounted to € 1,053.1 million, a decrease of 2.1% as compared to the prior fiscal year. This decrease reflects the impact on the Group's activities and performance of the economic downturn prevailing in the overall European tourism industry, as well as the negative effect of other factors such as social unrest in France during the Fiscal Year 2003.

Revenues generated by the Theme Parks decreased by 3.3% as compared to the previous fiscal year, due to a lower attendance at 12.4 million guests partially offset by higher admission prices and per cap spending in merchandises and food & beverages.

During Fiscal Year 2003, the average hotel occupancy reached 85.1% while guest spending per room slightly increased to reach € 183.5.

The revenues generated by real-estate activities represented € 23.6 million as compared to € 27.3 million for the prior year.

On March 28, 2003, the *Gérant* and The Walt Disney Company (Netherlands) B.V. agreed to renounce to the base management fees and the license fees in relation to the last three quarters of Fiscal Year 2003, and to receive payment of these fees for fiscal year 2004 on a year-end rather than quarterly basis. As a result of these agreements, which were submitted to the Supervisory Board as described in our special report on related-party agreements, the license fees and the management fees paid by the Company amounted to € 8.1 million in Fiscal Year 2003, a € 27.4 million decrease as compared to the fees paid for fiscal year 2002 (€ 35.5 million).

Lease and net financial charges increased to € 200.3 million, as compared to € 170.8 million in fiscal year 2002, primarily as a result of scheduled increases in lease rental expense related to principal repayments on the debt of the financing companies.

As of September 30, 2003, the principal indebtedness of the Group (excluding accrued interests) totaled € 806.4 million and amounted 2,207.3 million including the debt of the unconsolidated financial companies, as compared to € 781.4 million and 2.219,8 million, respectively, as of September 30, 2002.

The exceptional income is in the amount of € 11.9 million, reflecting mainly the gain generated by the sale of three apartment developments used to provide housing to Group's employees and which the Group continues to operate under lease agreements.

On November 5, 2003 the Group announced that it had obtained waivers from its lenders, effective through March 31, 2004, with respect to certain financial covenants and other obligations, including a reduction in certain deposit requirements, and that The Walt Disney Company (« TWDC ») agreed to provide the Group with a new € 45 million subordinated credit facility which can be drawn until March 31, 2004 but only after full drawing of the existing € 167.7 million standby facility provided by TWDC.

The purpose of the foregoing is to give the management of the Group, the lenders and TWDC time to find a satisfactory resolution regarding the Group's financial situation. Since absent such a resolution the Group would not be able to meet its debt obligations, your attention is being drawn to the uncertainty about the Group's ability to continue as a going concern.

We inform you that the Supervisory Board met four times during Fiscal Year 2003 to review the financial situation of the Group, its activities, and the outlook and strategy being pursued. We also inform you that the Audit Committee met four times during Fiscal Year 2003 to review on behalf of the Supervisory Board the financial reporting process and the audit thereof, the internal control environment and the review thereof. The Committee reviewed also the internal and external audit functions.

Yours sincerely,

Paris, February 9, 2004

The Supervisory Board
Antoine Jeancourt-Galignani

Report of the Statutory Auditors on the Consolidated Financial Statements - Translated from French

(Year ended September 30, 2003)

This version of the report is a translation from the original, which was prepared in French. In all matters of interpretation of information, views or opinions expressed therein, the original language version of the report takes precedence over this translation.

To the Shareholders of
EURO DISNEY S.C.A.
Chessy

Dear Sirs,

In compliance with the assignment entrusted to us by your Shareholders' Annual General Meeting, we have audited the accompanying consolidated financial statements of **Euro Disney S.C.A.**, expressed in Euros, for the year ended September 30, 2003.

These consolidated financial statements have been approved by Euro Disney S.A., Gérant of Euro Disney S.C.A. Our role is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of Euro Disney S.C.A. and its subsidiaries' financial position and their assets and liabilities as of September 30, 2003 and of the results of their operations for the year then ended, in accordance with French accounting principles and regulations.

Without qualifying the opinion expressed above, we draw your attention to the existence of a significant uncertainty about the Group's ability to continue as a going concern. As described in Note 1-3, on November 3, 2003, the Group obtained waivers from its lenders, effective through March 31, 2004, with respect to the application of certain conditions of the financing agreements. The purpose of the agreement is to give the parties involved the time necessary to develop a long-term solution to the financial needs of the Group. Absent such an agreement as of March 31, 2004, the Group would be unable to meet all of its debt obligations.

Based on the negotiation process described above, the consolidated financial statements have been prepared assuming the Group will continue as a going concern as disclosed in Note 2. In our opinion, applying this principle is appropriate in the above-mentioned situation.

We also draw your attention to the adoption of the transition rules of the *"Comité de le Réglementation Comptable 2002-10"* which were refined by the *"Comité d'Urgence of July 9, 2003"* concerning the accounting for accruals relating to major renovation expenditures described in Note 2. During the preceding years, the Group capitalised and amortised over a period of five years the costs of major renovation programs for the assets of Disneyland Resort Paris. In our opinion, the early adoption of the transition rules appropriately reflects the future obligations of the Group concerning major renovation expenditures.

We have also reviewed the information given in the management report. We have no comments as to its fair presentation and its conformity with the consolidated financial statements.

Paris, November 14, 2003

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT — **CADERAS MARTIN**

Jean-Christophe Georghiou — Antoine Gaubert

Parent Company Information

5-year Financial Review Euro Disney S.C.A.

Year ended September 30,	2003	2002	2001	2000	1999
Capital at the end of the period					
– Share Capital (*in €*)	802,512,670	804,883,343	804,768,524	804,757,074	585,277,704
– Number of outstanding ordinary shares	1,055,937,724	1,055,937,724	1,055,787,093	1,055,772,071	767,834,014
– Maximum amount of shares					
which can be created by way of:					
* conversion of bonds	-	-	23,158,755	32,856,360	33,871,745
* conversion of ORAs	26,728,794	26,728,794	26,728,794	26,728,794	173,140
* exercise of Warrants	103,338,319	103,338,319	103,338,319	103,338,461	96,668,500
* exercise of employee stock options	29,309,663	33,347,171	25,325,000	20,020,000	15,879,000
Result of the period (*€ in millions*)					
– Sales (net of VAT)	937.7	961.2	910.4	857.2	840.6
– Income (loss) before income taxes, depreciation					
and provisions	(5.8)	6.7	48.3	78.1	43.0
– Income taxes / (tax benefits)	(5.2)	(2.8)	(8.4)	(7.9)	(10.8)
– Net Income (loss)	(110.2)	(46.1)	31.0	36.3	22.6
– Dividends distributed	-	-	-	-	-
Earnings per share (*in €*)					
– Earnings per share before depreciation					
and provisions but after income taxes	-	0.01	0.05	0.08	0.07
– Earnings (loss) per share after income taxes					
and depreciation and provisions	(0.10)	(0.04)	0.03	0.04	0.03
– Net dividend per share	-	-	-	-	-
Employees					
– Average number of employees	12,143	12,389	11,029	11,352	10,496
– Total payroll costs (*€ in millions*)	265.8	255.3	227.4	220.1	200.8
– Total employee benefit costs (*€ in millions*)	94.3	91.7	74.5	72.6	77.6

Supplemental U.S. GAAP Disclosures

Euro Disney S.C.A. files an annual report on Form 20-F with the Securities and Exchange Commission ("SEC") in the United States within six months of September 30 each year. As explained in the summary of significant accounting policies, the consolidated financial statements have been prepared in accordance with accounting principles generally accepted in France ("French GAAP"). French GAAP varies in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP") particularly for leases of operating assets, which are accounted for as operating leases in accordance with one of the options allowed by French GAAP, rather than being capitalised. Additionally, in connection with the 1994 financial restructuring, the Group's computation of interest expense under French GAAP differs significantly from U.S. GAAP.

The reconciliations of net income and equity between French and U.S. GAAP are shown below, followed by a condensed consolidated balance sheet prepared under U.S. GAAP. A description of the accounting principles which materially differ also follows:

Reconciliation of Net Loss

	Year ended September 30,	
(€ in millions)	**2003**	2002
Net Loss, as reported under French GAAP	**(56.0)**	(33.1)
Lease and interest adjustments	**7.2**	(35.7)
Other	**(5.6)**	1.5
Net Loss under U.S. GAAP	**(54.4)**	(67.3)
Comprehensive Income Items:		
Interest rate hedges	**2.1**	0.7
Comprehensive Loss under US GAAP	**(52.3)**	(66.6)

Reconciliation of Shareholders' Equity

	September 30,	
(€ in millions)	**2003**	2002
Shareholders' Equity, as reported under French GAAP	**1,084.3**	1,244.8
Cumulative lease and interest adjustments	**(1,279.8)**	(1,287.0)
Effect of revaluing the ORAs and sale/leaseback transactions	**178.1**	178.1
Other	**77.8**	(23.3)
Shareholders' Equity under U.S. GAAP	**60.4**	112.6

Summary Balance Sheet under U.S. GAAP

(€ in millions)	September 30, 2003	2002
Current assets	**256.9**	271.3
Other assets	**111.8**	61.3
Fixed assets	**2,578.1**	2,743.9
Total Assets	**2,946.8**	3,076.5
Current liabilities	**2,633.8**	543.7
Non-current liabilities	**252.6**	249.2
Long-term borrowings	**-**	2,171.0
Shareholders' equity	**60.4**	112,6
Total Liabilities and Equity	**2,946.8**	3,076.5

Lease and interest adjustments

The Group leases substantially all of its operating assets under various agreements. Under French GAAP, the Group has not capitalised these leases and is accounting for them as operating leases. Under U.S. GAAP, the underlying assets and liabilities and related depreciation and interest expense are reflected in the Group's financial statements.

Under U.S. GAAP, all interest charges relating to debt instruments whose interest rates are scheduled to change or have interest "holidays" or forgiveness periods are required to be calculated in accordance with the "effective interest method". This method calculates the estimated interest charges over the life of the debt, and allocates this amount evenly over the term of the debt using an effective yield. During fiscal years 2003 and 2002, this adjustment resulted in less interest expense under U.S. GAAP than that reported under French GAAP, as interest expense calculated using this method differs from actual interest paid.

Other Adjustments

During fiscal year 2003, the Group adopted new accounting rules in France related to major fixed asset renovations (see Note 2 of the Consolidated Financial Statements). Under French GAAP, the retroactive impact of this change was recorded as a € 104.4 million charge to shareholder's equity. Under U.S. GAAP, the Group continues to defer major fixed asset renovation costs and amortises them over a period of five years. Fiscal year 2003 other adjustments include the impact of this change.

In addition, during fiscal year 2003, the Group sold and leased back three employee housing developments, which generated a € 11.0 million gain under French GAAP. Under U.S. GAAP, this gain will be recognised straight-line over the terms of the related leases.

Financial Instruments

U.S. GAAP requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship. For fair-value hedges in which the Company is hedging changes in an asset's, a liability's, or a firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash flow hedges in which the Company is hedging the variability of cash flows related to a variable-rate asset, variable-rate liability, or a forecasted transaction, the effective portion of the gain or loss on the derivative instrument will be reported in other comprehensive income. The gain or loss on the derivative instrument that is reported in other comprehensive income will be reclassified as earnings in the periods during which earnings are impacted by the variability of the cash flows of the hedged items. The ineffective portion of all hedges will be recognised in current-period earnings.

During fiscal years 2003 and 2002, the Company recorded the change in the fair value of its interest rate derivative financial instruments in comprehensive income. For foreign exchange financial derivatives, the Company recorded a loss of € 0.1 million and a gain of € 2.0 million in financial results for fiscal years 2003 and 2002, respectively, representing the change in the market value of all foreign exchange derivatives outstanding at the end of each period.

Extraordinary items

Under French GAAP the definition of exceptional items differs significantly from the U.S. GAAP definition of extraordinary items. No exceptional items in the French GAAP Statement of Income would be classified as extraordinary or non-operating under U.S. GAAP during fiscal years 2003 and 2002.

Comprehensive Income

Comprehensive income is a term used to define all non-owner changes in shareholders' equity. Comprehensive income is a concept not addressed by French GAAP. Under U.S. GAAP, comprehensive income includes, in addition to net income:

- Net unrealised holding gains/losses arising during the period on available for sale securities
- Movements in cumulative translation adjustments
- SFAS 133 mark to market adjustments on derivative financial instruments as a designated hedge, and
- Minimum pension liability adjustments.

Included in other comprehensive income in fiscal years 2003 and 2002 are a gain of € 2.1 million and a gain of € 0.7 million, respectively, representing the change in value of interest rate derivatives designated as cash flow hedges.

Employee stock options

Under U.S. GAAP, the Group follows Statement of Financial Accounting Standards 123, Accounting for Stock-Based Compensation ("SFAS 123"). The Group has elected under the provisions of SFAS 123 to continue to measure compensation costs using the method of accounting prescribed by Accounting Principles Board Opinion 25, Accounting for Stock Issued to Employees.

Earnings per share

Under U.S. GAAP, the Group follows Statement of Financial Accounting Standards 128, Earnings per Share, which requires the presentation of basic and diluted earnings per share ("EPS"). Basic EPS excludes all dilution and is calculated using the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Under U.S. GAAP, basic and diluted loss per share amounts for fiscal years 2003 and 2002 were € 0.05 and € 0.06, respectively. As of September 30, 2003 and 2002, 159 million and 163 million, respectively of potential shares were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

Borrowings

Reconciliation of Borrowings

	September 30,	
(€ in millions)	**2003**	2002
Total Borrowings, as reported under French GAAP[1]	**806.4**	781.4
Unconsolidated Phase I SNCs debt and lease financing arrangements	**1,400.9**	1,438.4
Total Borrowings, including unconsolidated Financing Companies	**2,207.3**	2,219.8
U.S. GAAP adjustments to revalue lease financing arrangements and ORAs	**1.6**	(1.2)
Current portion of long-term borrowings[2]	**(2,208.9)**	(47.6)
Total Long-term Borrowings under U.S. GAAP[1]	**-**	2,171.0

(1) Excluding accrued interest.
(2) All borrowings have been classified as current as the Company may not be able to meet its debt obligations during fiscal year 2004. See Note 1-3 of the Consolidated Financial Statements.

Description of Unconsolidated Phase I SNC's debt and Lease Financing Arrangements

Under French GAAP as described in Note 24 of the Consolidated Financial Statements, the Group has not capitalised leases for its operating assets but has accounted for them as operating leases. Under U.S. GAAP, the underlying assets and liabilities are reflected in the Group's balance sheet. The underlying assets associated with these leases are set out in Note 24 above. Set out below is a schedule of U.S. GAAP obligations associated with these leases:

	September 30,	
(€ in millions)	**2003**	2002
CDC Phase I loans (a)	**361.3**	361.3
Phase IA credit facility (b)	**263.7**	290.8
Phase IB credit facility (c)	**139.2**	148.7
Phase IA partners' advances (d)	**304.9**	304.9
Phase IB partners' advances (e)	**96.9**	96.9
EDA SNC lease financing arrangement (f)	**213.4**	213.4
Newport Bay Club Convention Centre lease financing arrangement	**21.5**	22.4
	1,400.9	1,438.4
Discount on EDA SNC lease financing arrangement (f)	**(38.1)**	(42.8)
	1,362.8	1,395.6

(a) CDC Phase I loans

Pursuant to the original credit agreement and the 1994 financial restructuring, the Company borrowed from the CDC € 86.9 million senior debt and € 274.4 million subordinated debt. The senior debt is secured by Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. The subordinated debt is unsecured. The loans originally bore interest at a fixed rate of 7.85%; however, effective as of September 30, 1999, the terms of these loans were modified so as to reduce the interest rate to 5.15%, defer principal repayments and to extend the final maturity date from fiscal year 2014 to fiscal year 2024. At September 30, 2003 and 2002, accrued interest related to these loans was € 16.9 million.

(b) Phase IA credit facility

The Phase IA credit facility consists of several tranches and is collateralised by a mortgage on Disneyland Park, Disneyland Hotel, Davy Crockett Ranch, other related facilities and the underlying land thereof. The Company is a co-obligor on this facility with the Phase IA Financing Company. The loan bears interest at EURIBOR plus 1.03% (3.16% at September 30, 2003). Principal repayments commenced in fiscal year 2001.

(c) Phase IB credit facility

The Phase IB credit facility is secured by the Phase IB Facilities. The loan bears interest at EURIBOR plus 1.33% (3.46% at September 30, 2003). Principal repayments commenced in fiscal year 1998.

(d) Phase IA partners' advances

These advances are related to Phase IA assets and bear interest at a fixed rate of 3.0%, however, pursuant to the terms of the 1994 financial restructuring, the applicable interest rate was reduced by 54% in both fiscal years 2003 and 2002 Principal repayments are scheduled to commence in fiscal year 2010. These advances are unsecured and subordinated to the CDC Phase I loans and the Phase IA credit facility.

(e) Phase IB partners' advances

These advances currently consist of two tranches, including € 18.8 million of bank borrowings, and are collateralised by Phase IB assets. The bank borrowings totalling € 18.8 million bear interest at EURIBOR plus 1.46% (3.59% at September 30, 2003). The remaining advances totalling € 78.0 million bear interest at a fixed rate of 3.0%, however, pursuant to the terms of the 1994 financial restructuring, the applicable interest rate was reduced by approximately 35% in both fiscal years 2003 and 2002. Principal repayments are scheduled to commence in fiscal year 2006.

(f) EDA SNC lease financing arrangement

Represents the Group's obligation under Disneyland Park-Additional Capacity Attractions lease with EDA SNC (as described in Notes 1-2 and 24). Under U.S. GAAP, this transaction is considered a financing arrangement at a rate below market levels; therefore, the obligation was discounted to reflect current market rates of interest at the inception of the lease. The discounted obligation is being accreted and will arrive at its maturity value in June 2006 at which time the Group will have the option to repay the purchase price in eight equal annual installments at an annual interest rate of 1% per annum. As of September 30, 2003 and 2002, the discounted value of this obligation was € 175.3 million and € 170.6 million, respectively.

These outstanding borrowings have the following scheduled maturities as of September 30, 2003, assuming no acceleration of debt repayments.

(€ in millions)	
2004	40.9
2005	50.9
2006	61.1
2007	101.7
2008	112.9
Thereafter	995.3
	1,362.8

Bonds redeemable in shares ("ORAs")

Under French GAAP, the ORAs were recorded at face value as quasi-equity. Under U.S. GAAP, the ORAs were recorded at their discounted fair value upon issuance and included in the Group's outstanding borrowings. Upon maturity in 2004, these bonds will be redeemed in shares of the Company and € 38.1 million will be transferred to shareholders' equity. The difference between the discounted fair value of the ORAs at their issuance and their maturity value is being amortised to interest expense. As of September 30, 2003 and 2002, the carrying value of the ORAs included in U.S. GAAP borrowings was € 39.7 million and € 41.6 million, respectively.

Royalties and Management Fees

The Group is party to a licensing agreement under which the Group pays royalties to an indirect wholly-owned subsidiary of TWDC. In addition, the Company is bound by the terms of its by-laws to pay management fees to Euro Disney S.A., also an indirect wholly-owned subsidiary of TWDC. As part of the 1994 financial restructuring, the terms of the licensing agreement and the terms of the Company's by-laws were modified to reduce the amounts of these fees. See Note 18(b) for a full description. Under both French and U.S. GAAP, royalties and management fees have been recorded as due in accordance with the terms of the modified contracts.

The table below compares the total amount of the royalties and management fees recorded in the Consolidated Statements of Income to that which would have been recorded under the original terms of the modified contracts. Pro forma net loss and net loss per share reflect the loss for the periods as if the royalties and management fees had not been reduced.

	September 30,	
(€ in millions, except per share data)	**2003**	2002
Pro-forma royalties and management fees under terms of the original contracts	**107.3**	111.9
Reduction due to 1994 financial restructuring	**(74.6)**	(77.2)
Reduction due to 2003 waiver	**(24.6)**	-
Royalties and management fees recorded	**8.1**	34.7
Pro-forma US GAAP Net Loss	**(153.6)**	(144.5)
Pro-forma US GAAP Net Loss Per Share (in €)	**(0.15)**	(0.14)

Significant operating contracts

Agreements with French Governmental Authorities

On March 24, 1987, TWDC entered into an agreement on the creation and operation of Euro Disneyland in France (the "Master Agreement") with the Republic of France, the Region of Ile-de-France, the Department of Seine-et-Marne, the Public Establisment for the Development of the New Town of Marne-la-Vallée ("EPA-Marne") and the Suburban Paris Transportation Authority ("RATP") for the development of the Resort and other various development phases for the 1,943 hectares for the undeveloped land located 32 kilometres east of Paris in Marne-la-Vallée, France. Immediately after TWDC assigned its rights and obligations under the Master Agreement to Euro Disney Corporation, a wholly-owned subsidiary incorporated in Delaware. The French governmental authorities party to the Master Agreement have subsequently waived all rights of recourse against TWDC under the Master Agreement. In addition, in 1988 a new governmental authority named the EPA-France, with responsibility for the development of the entirety of the Site, was created pursuant to the Master Agreement, and became a party thereto. The Company and the Phase IA Financing Company became parties to the Master Agreement in April 1989, as well as Euro Disney Associés S.N.C in January 1995 following the Financial Restructuring. While the Company, the Phase IA Financing Company and Euro Disney Associés S.N.C are severally responsible to the French public authorities for the performance of the Master Agreement, the Company, in its capacity as main partner and the main beneficiary of the undertakings of the Master Agreement, has ultimate responsibility for the performance obligations under the Master Agreement.

The Master Agreement, as amended from time to time, determines the general outline of each phase of development as well as the legal and initial financial structure. It provides that loans with specific terms and conditions shall be granted. The significant components thereof are summarised below.

Development planning

The Master Agreement sets out a master plan for the development of the land and a general development program defining the type and size of facilities that the Company has the right to develop, subject to certain conditions over a 30-year period ending in 2017. Before beginning any new development phase, the Company must provide EPA-France and several French public authorities, a proposal and other relevant information for approval. On the basis of the information provided, the Company and the authorities involved develop a detailed development programme.

After having concluded a detailed programme for the second phase of the Val d'Europe urban development on December 9, 1997, the Company and EPA-France concluded a detailed programme for the third phase of the Val d'Europe urban development on July 9, 2003.

Financing of infrastructure

The Master Agreement specifies the infrastructure to be provided by the French authorities to the Resort. The relevant French public authorities have a continuing obligation to finance construction of the primary infrastructure, such as highway interchanges, primary roadways to access the Site, water distribution and storage facilities, rain water and waste water treatment installations, waste treatment facilities, gas and electricity distribution systems, as well as telecommunication networks. The Master Agreement also specifies the terms and conditions of the Company's contribution to the financing of certain infrastructure.

Infrastructure provided by the French governmental authorities included the extension of the "A" line of the RER suburban rail link (which links Paris and its eastern and western suburbs to Disneyland Resort Paris with two stations), the construction of two interchanges linking the Resort directly to the A4 motorway, a TGV (high speed train) station linking the Resort to other major cities of Europe and the completion of an access road around the Resort site.

Land rights

The Master Agreement provides for the right of the Company, subject to certain conditions, to acquire the land necessary for the expansion of the Disneyland Resort Paris on the Marne-la-Vallée site. The exercise by the Company of these acquisition rights is subject to certain development deadlines, which if not met would result in the expiration of these rights. To date, all minimum development deadlines have been met and no land rights have expired unused. The next deadline for the expiration of land right options will be December 31, 2007.

In order to maintain our land acquisition rights for the remaining undeveloped land around the Resort (approximately 1,000 hectares), the Company is required to pay annual fees to EPA-France. For fiscal year 2003, these fees totaled € 0.8 million.

As of September 30, 2003, approximately 1,000 hectares of land had been developed or were the subject of undertakings for development.

Department of Seine-et-Marne Tax Guarantee

Pursuant to the Master Agreement, the Company, the Phase IA Financing Company, EDA SNC and the Republic of France guaranteed a minimum level of tax revenues to the Department of Seine-et-Marne. If the Department's tax revenues are less than the amount of charges borne by the Department for primary and secondary infrastructure during the period from 1992 to 2003, the Republic of France and the Company will each reimburse, in equal shares to the Department, the difference between the tax revenues collected and the charges borne, up to an aggregate amount of approximately € 45.0 million (adjusted for inflation from 1986). No amounts were due with respect to this tax guarantee as of the end of the first measurement period on December 31, 1998. A second and last assessment, covering the entire period, will be made on December 31, 2003, and finalized in April 2004. The provisions for risks and charges include € 22.5 million for this guarantee. Nevertheless negociations are in progress between the Company and the representatives of the « *Conseil Général* » of Department of Seine-et-Marne in order to spread the payment of the amount which would be due according to this guarantee for a period of ten years.

Participant Agreements

The Company has entered into long term participant agreements with companies that are leaders in their fields. To date 14 participant agreements are in effect, with the following companies : Coca-Cola, Esso, France Telecom and its subsidiary Orange, General Motors, Hasbro Inc., Hertz, IBM, Kellogg's, Kodak, McDonald's, Nestlé and its subsidiary Perrier-Vittel, and Visa. These participant agreements provide the Disneyland Resort Paris participants with the following rights in exchange for an individually negotiated fee: (i) a presence on site through the sponsoring of one or more of Disneyland Park,

Walt Disney Studios Park or Disney Village's attractions, restaurants or other facilities, (ii) promotional and marketing rights with respect to the category of product which is covered by the participant agreement, and (iii) the status of privileged supplier of the Group. Each participant agreement terminates automatically in the event of termination of the License Agreement between The Walt Disney Company (Netherlands) B.V. and the Company (see license Agreement hereafter).

Undertakings and Agreements with The Walt Disney Company and Subsidiaries

Undertakings

In connection with the 1994 Financial Restructuring, TWDC agreed, so long as certain indebtedness is outstanding to the Group's major creditors, to hold at least 34% of the common stock of the Company until June 10, 1999, at least 25% until June 10, 2004 and at least 16.67% thereafter. In connection with the financing of Walt Disney Studios Park, TWDC has committed to the CDC to hold at least 16.67% of the common stock of the Company until 2027.

The Company and Euro Disneyland Participations S.A., an indirect 99.9%-owned subsidiary of TWDC (which is also a partner of the Phase IA Financing Company), have agreed to indemnify the partners of the Phase IA Financing Company as to all liabilities arising under the Master Agreement of the Company and the Phase IA Financing Company. To the extent the resources of the Company and the Phase IA Financing Company are insufficient to cover any such indemnity, TWDC, through a wholly-owned subsidiary, has agreed to indemnify the partners of the Phase IA Financing Company up to € 76.2 million. In connection with the Financial Restructuring, EDA SNC also undertook certain indemnification obligations in favour of the partners of the Phase IA Financing Company with respect to certain liabilities arising under the Master Agreement.

Development Agreement

Pursuant to the development agreement dated February 28, 1989 with the Company (the «Development Agreement»), Euro Disney S.A. provides and arranges for other subsidiaries of TWDC to provide a variety of technical and administrative services to the Company. These services are in addition to the services Euro Disney S.A. is required to provide as the *Gérant* of the Company and include, among other things, the development of conceptual designs for our existing Theme Parks and future facilities and attractions, the manufacture and installation of specialised show elements, the implementation of specialised training for operating personnel, the preparation and updating of operations, maintenance and technical manuals, and the development of a master land use plan and real estate development strategy. As the Development Agreement concerns the entire Resort, the services provided by Euro Disney S.A. pursuant to the Development Agreement extend to all the installations of Walt Disney Studios Park, primarily for the design and construction of said installations. Euro Disneyland Imagineering S.A.R.L. (“EDLI”), an indirect subsidiary of TWDC, was responsible for management and administration of the overall design as well as the construction of our Theme Parks, including the design and procurement of the show-and-ride equipment. Most of the other facilities of the Resort were designed under the supervision of the Group with the administrative and technical assistance of affiliates of TWDC specialised in the development of hotels, resorts and other retail and commercial real estate projects in the United States, in accordance with the related services agreements.

The Company reimburses Euro Disney S.A. for all of its direct and indirect costs incurred in connection with the provision of services under the Development Agreement. These costs include, without limitation, (i) all operating expenses of Euro Disney S.A., including overhead and implicit funding costs, (ii) all costs incurred directly by Euro Disney S.A. or billed to it by third parties and (iii) certain costs plus 10% billed to Euro Disney S.A. for services performed by TWDC or any of its affiliates. Such costs vary substantially from one fiscal year to another depending upon the projects under development.

The Development Agreement has an initial term of 30 years and can be renewed for up to three additional 10-year terms at the option of either party. The Development Agreement may be terminated by Euro Disney S.A. and by the Company under certain conditions, in particular in case of a change of control of the Company and of the Phase IA Financing Company, or in case either company were to be liquidated.

Phase II Development Fee

As part of the terms of the Financial Restructuring, we are required to pay a one-time development fee of € 182.9 million upon the satisfaction of certain conditions, including conditions relating to Walt Disney Studios Park. In order to obtain the approval of the financing of Walt Disney Studios Park by our lenders and the lenders of the Phase I Financing Companies from which we lease a substantial portion of our operating assets, TWDC agreed in September 1999 to amend the terms for the development fee so that it will not be due unless and until future events occur, including the repayment of existing bank debt (as defined in the agreement) and the achievement of specified cash flow levels. The determination as to whether the specified cash flow levels have been achieved will be made on the date that the CDC loans for Walt Disney Studios Park are repaid and, in any case, no later than November 1, 2029.

License Agreement

Under the license agreement dated February 28, 1989, between The Walt Disney Company (Netherlands) B.V. (a subsidiary of TWDC which was granted a license by TWDC) and the Company (the « License Agreement »), the Company was granted a license to use any present or future TWDC intellectual or industrial property rights that may be incorporated into attractions and facilities designed from time to time by TWDC and made available to the Company. In addition, the License Agreement authorises the sale, at the Resort, of merchandise incorporating or based on TWDC intellectual property rights owned by, or otherwise available to, TWDC. These intellectual property rights are registered in the name of TWDC, which is responsible for the control of their protection in France. Royalties to be paid by the Company for the use of these rights were originally equal to:

(i) 10% of gross revenues (net of value-added tax (“VAT”) and other similar taxes) from rides, admissions and related fees (such as parking, tour guide and similar service fees) at all theme parks and attractions;

(ii) 5% of gross revenues (net of VAT and other similar taxes) from merchandise, food and beverage sales in or adjacent to any theme park or other attraction, or in any other facility (with the exception of the Disneyland Hotel), whose overall design concept is based predominantly on a TWDC theme;

(iii) 10% of all fees paid by Participants; and

(iv) 5% of all gross revenues (net of VAT and other similar taxes) from the exploitation of hotel rooms and related revenues at certain Disney-themed accommodations. None of our currently existing hotels at the Disneyland Resort Paris are considered Disney-themed as defined in the Licence Agreement, except the Disneyland Hotel which is specifically excluded.

As part of the Financial Restructuring, TWDC amended the License Agreement and, as a result, no royalties were due for fiscal years 1994 through 1998. Starting in fiscal year 1999 until fiscal year 2003 (inclusive), the royalties payable by the Company are being calculated at rates equal to 50% of the rates stated above.

On March 28, 2003, the *Gérant* and The Walt Disney Company (Netherlands) B.V. agreed to renounce to the base management fees and the license fees in relation to the last three quarters of Fiscal Year 2003 and to receive payment of these fees for fiscal year 2004 on a year-end rather than quarterly basis. As a result of these agreements, the license fees and the management fees paid by the Company amounted to € 8.1 million in Fiscal Year 2003, a € 27.4 million decrease as compared to the fees paid for fiscal year 2002 (€ 35.5 million).

Beginning in fiscal year 2004, the Company is responsible for the payment of 100% of the royalties stated above.

The License Agreement has an initial term of 30 years and can be renewed for up to three additional 10-year terms at the option of either party. The License Agreement gives TWDC substantial rights and discretion to approve, monitor and enforce the use of TWDC intellectual properties within the Resort. The License Agreement may be terminated by TWDC upon the occurrence of certain events, including the removal or replacement of the Management Company, a change in control, directly or indirectly, of the Company, certain affiliates and the Phase IA Financing Company, the liquidation of such companies, certain assignments of the Company's interests in the License Agreement, the imposition of laws or regulations that prohibit the Company, certain affiliates and the Phase IA Financing Company from performing any of their material obligations under the License Agreement or the imposition of taxes, duties or assessments that would materially impair the assets, surplus or distributable earnings of the Company or certain of its affiliates.

Legal Structure of Euro Disney S.C.A.

Euro Disney S.C.A. is a *société en commandite par actions* ("SCA") governed principally by Chapter II of the "*Code de commerce*" and decree no. 67-236 of March 23, 1967 on commercial companies. The Company was originally structured and incorporated in 1985 in the form of a French *société anonyme* ("SA"). In 1988, EDL Holding Company, currently owner of approximately 39.1% of the share capital of the Company, acquired 99% of the share capital of the Company. An extraordinary general meeting of the shareholders of the Company held on February 24, 1989 decided to modify its corporate form from an SA to an SCA. In November 1989, Euro Disneyland S.C.A. became a publicly held company as a result of a public offering of its common stock in France, the United Kingdom and Belgium. At the annual general meeting of the shareholders held on February 4, 1991, the Company's present corporate name, Euro Disney S.C.A., was adopted.

The four primary components of the Company's legal structure are:
• the Management ("*Gérant*"),
• the Supervisory Board,
• the General Partner,
• the limited partners or shareholders.

THE MANAGEMENT *(GERANT)*

Under French law, the primary responsibility of the *Gérant* of a *société en commandite par actions* is to manage the Company at all times in the Company's best interests. When the Company was formed Euro Disney S.A., a French *société anonyme* was appointed as its sole *Gérant*. The *Gérant* is an indirect 99%-owned subsidiary of TWDC. Under the Company's by-laws, the *Gérant* has the power to take any and all action in the name of the Company within the scope of the Company's corporate purpose and to bind the Company in all respects.

If the *Gérant* ceases to hold office for any reason, the General Partner, currently an indirect subsidiary of TWDC, has the exclusive right to appoint a successor. The *Gérant* may resign on giving six months' notice to the Supervisory Board and may only be removed from office in the following circumstances:

- for incapacity, including bankruptcy or judicial reorganisation by the General Partner,

- for any other reason with the consent of both the General Partner and holders of a two-thirds majority of the share capital of the Company in an extraordinary meeting; or

- by a court on the grounds of *cause légitime* (legitimate cause).

Under the by-laws, the *Gérant* is entitled to annual fees consisting of a base management fee and a management incentive fee, and is also entitled to a fee payable on the sale of hotels, each as described below. In addition, the by-laws provide that the *Gérant* is entitled to be reimbursed by the Company for all its direct and indirect expenses incurred in its role as *Gérant*. No amendment may be made to the entitlement of the *Gérant* to remuneration or reimbursement of expenses except by amendment to the Company 's by-laws which requires the approval of the General Partner and the shareholders.

Base Management Fee of the Gérant

The base management fee was originally equal to 3% (initially scheduled to increase to 6% in 1997) of the total revenues of the Group, as defined in the by-laws of the Company, less 0.5% of the net income for the relevant fiscal year.

As part of the Financial Restructuring, the *Gérant* permanently waived its base management fee for fiscal years 1992 through 1994. In addition, the Company's by-laws were amended, at an extraordinary general meeting of the shareholders held on June 8, 1994, such that the base management fee will equal the following percentages of the total revenues of the Group, as defined, for the relevant fiscal year:

- from October 1, 1993 to September 30, 1998: 0%;
- from October 1, 1998 to September 30, 2008: 1.0%;
- from October 1, 2008 to September 30, 2013: 1.5%;
- from October 1, 2013 to September 30, 2018: 3.0%;
- and from October 1, 2018 on: 6.0%.

On March 28, 2003, the *Gérant* and The Walt Disney Company (Netherlands) B.V. agreed to renounce to the base management fees and the license fees in relation to the last three quarters of Fiscal Year 2003 and to receive payment of these fees for fiscal year 2004 on a year-end rather than quarterly basis. As a result of these agreements, the license fees and the management fees paid by the Company amounted to € 8.1 million in Fiscal Year 2003, a € 27.4 million decrease as compared to the fees paid for fiscal year 2002 (€ 35.5 million).

Beginning on October 1, 2008, the right of the *Gérant* to receive payment of that portion of the base management fee in excess of an amount equal to 1% of the total revenues, as defined, will be contingent upon the Company achieving a positive consolidated net income before taxes for the fiscal year to which such fee relates, after taking into account all such remuneration, and upon the Company's legal ability to distribute dividends for such fiscal year. In addition, that portion of the base management fee in excess of an amount equal to 3% of the total revenues, as defined, for any fiscal year will not be due or payable until after certain indebtedness of the Company and the Phase I SNC's has been repaid in full, and may not exceed 40% of the Company's consolidated after-tax profits for such fiscal year (computed on the basis of a base management fee of 3%). Certain of the Company's debt agreements also provide for the deferral of payment of the base management fee under specified circumstances.

Management Incentive Fee

In connection with the Financial Restructuring, the by-laws of the Company were amended at an extraordinary general meeting of the shareholders held on June 8, 1994, to provide that the *Gérant*'s management incentive fee for a given fiscal year be fixed at 30% of any portion of pre-tax cash flow, as defined in the by-laws of the Company, in excess of 10% of the total consolidated gross fixed assets for the relevant fiscal year. The agreements related to the Financial Restructuring provide for the deferral of payment of the management incentive fee under specified circumstances.

Hotel Sale Fee

The Company must also pay to the *Gérant*, upon the sale of any of the hotels, a fee equal to 35% of pre-tax net revenue arising from the sale of any such hotel. This fee was not changed in the Financial Restructuring.

SUPERVISORY BOARD

The members of the Supervisory Board are elected by the shareholders. The by-laws provide for a minimum of three members, each of whom must be a shareholder. The Supervisory Board requires, under its own charter, that each of its members holds at least 1,000 shares.

The role of the Supervisory Board is to monitor the general affairs and the management of the Company, in the Company's best interest and in the best interest of the shareholders, as well as to monitor the transparency and quality of the information communicated to the shareholders. Pursuant to French law, the Supervisory Board is entitled to receive the same information and has the same rights as the statutory auditors of the Company. The Supervisory Board must present to the annual general meeting of the shareholders a report indicating irregularities or inaccuracies, if any, in the annual accounts.

The Supervisory Board must approve all agreements between the *Gérant* and the Company, as well as all contracts described in the paragraph “the Shareholders” below and any amendments thereto, and must report on such agreements, contracts and amendments thereto to the next general meeting of the shareholders following their conclusion. In addition, the by-laws provide that Supervisory Board approval is required to enable the *Gérant* to enter into any material agreements on behalf of the Company with TWDC or any subsidiary thereof, or before deciding any material amendment to such agreements. The by-laws also provide that any employees of the *Gérant* or any person affiliated with the Gérant or the Supervisory Board will be disqualified from voting on such agreements or any amendments thereto.

Members of the Supervisory Board are elected for a term of 3 years, from the date of the annual general meeting of shareholders called to elect or re-elect them.

GENERAL PARTNER

The General Partner has unlimited liability for all debts and liabilities of the Company.

The General Partner is EDL Participations SA, a French *société anonyme* that is a 99.8 %-owned subsidiary of EDL Holding Company. EDL Participations cannot be removed as General Partner without its consent and cannot dispose of any part of its interest as General Partner without the approval of such disposal by a vote of the holders of a majority of shares of common stock and a majority of the voting rights of the shareholders present or represented at a general shareholders' meeting. A unanimous vote of the shareholders is required to approve a transfer of EDL Participations' entire interest.

Except with regard to the election or removal of members of the Supervisory Board by the shareholders, a resolution may be adopted only by the shareholders in a general meeting with the prior approval of the General Partner. The General Partner is entitled to a distribution each year equal to 0.5% of the Company's net after-tax profits (after deduction of losses carried forward).

SHAREHOLDERS

The shareholders are convened to the general meetings of shareholders and deliberate in accordance with the legal and regulatory requirements in effect. During each general meeting, each shareholder is entitled to a number of votes equal to the number of shares that he or she holds or represents. In lieu of attending a meeting in person, each shareholder may give a proxy to another shareholder or his or her spouse, vote by mail, or send to the Company a blank proxy, under the conditions provided by law and regulations.

Matters requiring a resolution passed by the holders of a simple majority of shares at an ordinary general meeting include, without limitation:

- elections to the Supervisory Board;
- approval of the annual accounts and consolidated accounts, including payment of any dividend proposed by the Gérant; and
- approval of any contract or transaction (other than contracts or transactions entered into under standard terms and in the ordinary course of business) or amendments thereto, entered into directly or indirectly between the Company and the *Gérant* or any member of the Supervisory Board or any Company's shareholder holding more than 10% of the voting rights, or if this shareholder is a company the controlling company thereof within the meaning of Article L. 233-3 of the "*Code de commerce*", as well as any contract or transaction into which any one of these persons is indirectly interested or which is entered into between the Company and a company in which the *Gérant* or a member of the Company's Supervisory Board or a member of the *Gérant*'s board of directors has ownership or holds a position of general partner, manager, director, chief officer or member of the supervisory board. Shareholders with an interest in the contract or transaction are not prohibited from voting on such contract or transaction, unless they hold one of the positions set forth above.

Any resolution submitted for the vote of the shareholders at an ordinary or extraordinary meeting may be passed only with the prior approval of the General Partner, except for those relating to the election, resignation or dismissal of the members of the Supervisory Board.

A resolution passed by a two-thirds majority vote of the shareholders present or represented at an extraordinary general meeting is required for the approval of any amendment to the Company's bylaws, including any increase or reduction in the share capital, any merger or spin-off, or any conversion of the Company to another form of company.

Corporate Organisation of the Group Euro Disney S.C.A.

Operating Companies

Euro Disney S.C.A

The Company operates Disneyland Park and Walt Disney Studios Park, the Disneyland Hotel, the Davy Crockett Ranch and the Golf Course.

EDL Hôtels S.C.A.

EDL Hôtels S.C.A., a 99.9%-owned subsidiary of the Company, which operates all of the hotels except the Disneyland Hotel and the Davy Crockett Ranch, and also the Disney Village, is structured as a French *société en commandite par actions* (similar to a general partnership) governed by the same principles as the Company.

The general partner of EDL Hôtels S.C.A. is EDL Hotels Participations S.A., a French corporation *(société anonyme)* 99.9% owned by the Company. The *Gérant* of EDL Hôtels S.C.A. is Euro Disney S.A., which is also the *Gérant* of the Company.

Financing Companies

Phase IA Financing Company and Euro Disney Associés SNC

The Phase IA Financing Company owns Disneyland Park and leases it to Euro Disney Associés SNC ("EDA SNC"), an indirect wholly-owned affiliate of TWDC, pursuant to a leasing agreement entered into in connection with the Financial Restructuring. Both companies are structured as French partnerships (*sociétés en nom collectif*). EDA SNC, in turn, subleases Disneyland Park to the Company. Also, as part of the Financial Restructuring, the Company and the Phase IA Financing Company sold to EDA SNC certain Disneyland Park assets constructed after the opening of Disneyland Park for € 213.4 million, which are leased back to the Company by EDA SNC based upon a nominal interest rate of 1%. The Company has an option to repurchase such assets and the right to extend the term of the lease.

The partners of the Phase IA Financing Company are various banks, financial institutions and companies holding an aggregate participation of 83%, and Euro Disneyland Participations S.A., a French corporation and an indirect 99.9%-owned subsidiary of TWDC, holding a participation of 17%. The Group has no ownership interest in the Phase IA Financing Company. The Company is jointly liable for a significant portion of the indebtedness of the Phase IA Financing Company (approximately two-thirds of the outstanding indebtedness due under the Phase IA Credit Facility). The partners are subject to unlimited joint and several liability for the financial obligations of the Phase IA Financing Company. The banks which are parties to the Phase IA Credit Facility and the CDC, with regard to CDC *Prêts Participatifs*, however, have effectively waived any recourse against the partners of the Phase IA Financing Company. The Phase IA Financing Company has generated tax losses due to interest charges during the construction period and depreciation expense from the opening of Disneyland Park on April 12, 1992 until December 31, 1996. The legal structure of the Phase IA Financing Company enables its partners to take these French tax losses directly into their own accounts for French tax purposes. In return, the partners agreed to provide subordinated partners' advances to the Phase IA Financing Company at an interest rate below the market rate.

The Phase IA Financing Company is managed by a *gérant*, Société de Gérance d'Euro Disneyland S.A., a French SA and an indirect 99.8%–owned subsidiary of TWDC.

Phase IB Financing Companies

Hôtel New York Associés S.N.C., Newport Bay Club Associés S.N.C., Sequoia Lodge Associés S.N.C., Cheyenne Hotel Associés S.N.C., Hôtel Santa Fe Associés S.N.C. and Centre de Divertissements Associés S.N.C. are collectively, the Phase IB Financing Companies, each of which (i) rents the land on which the related hotel or Disney Village, as the case may be, is located, from EDL Hôtels S.C.A. pursuant to a building lease agreement relating to such land which is owned by EDL Hôtels S.C.A., (ii) owns the related hotel or Disney Village, as the case may be, and (iii) leases the related hotel or Disney Village to EDL Hotels S.C.A., and (iv) is structured as a French SNC governed by the same principles as the Phase IA Financing Company.

The partners of the Phase IB Financing Companies are various banks and financial institutions that are lenders of the Phase IB Financing Companies. The Group has no ownership interest in the Phase IB Financing Companies. EDL Hôtels S.C.A., a wholly-owned subsidiary of the Company, has guaranteed all the obligations of the Phase IB Financing Companies with respect to the loans extended by their lenders and partners. The partners of the Phase IB Financing Companies are subject to unlimited joint and several liability for the obligations of the Phase IB Financing Companies. However, the lenders of the Phase IB Financing Companies have waived any recourse against the partners of the Phase IB Financing Companies. The Phase IB Financing Companies have consistently generated tax losses

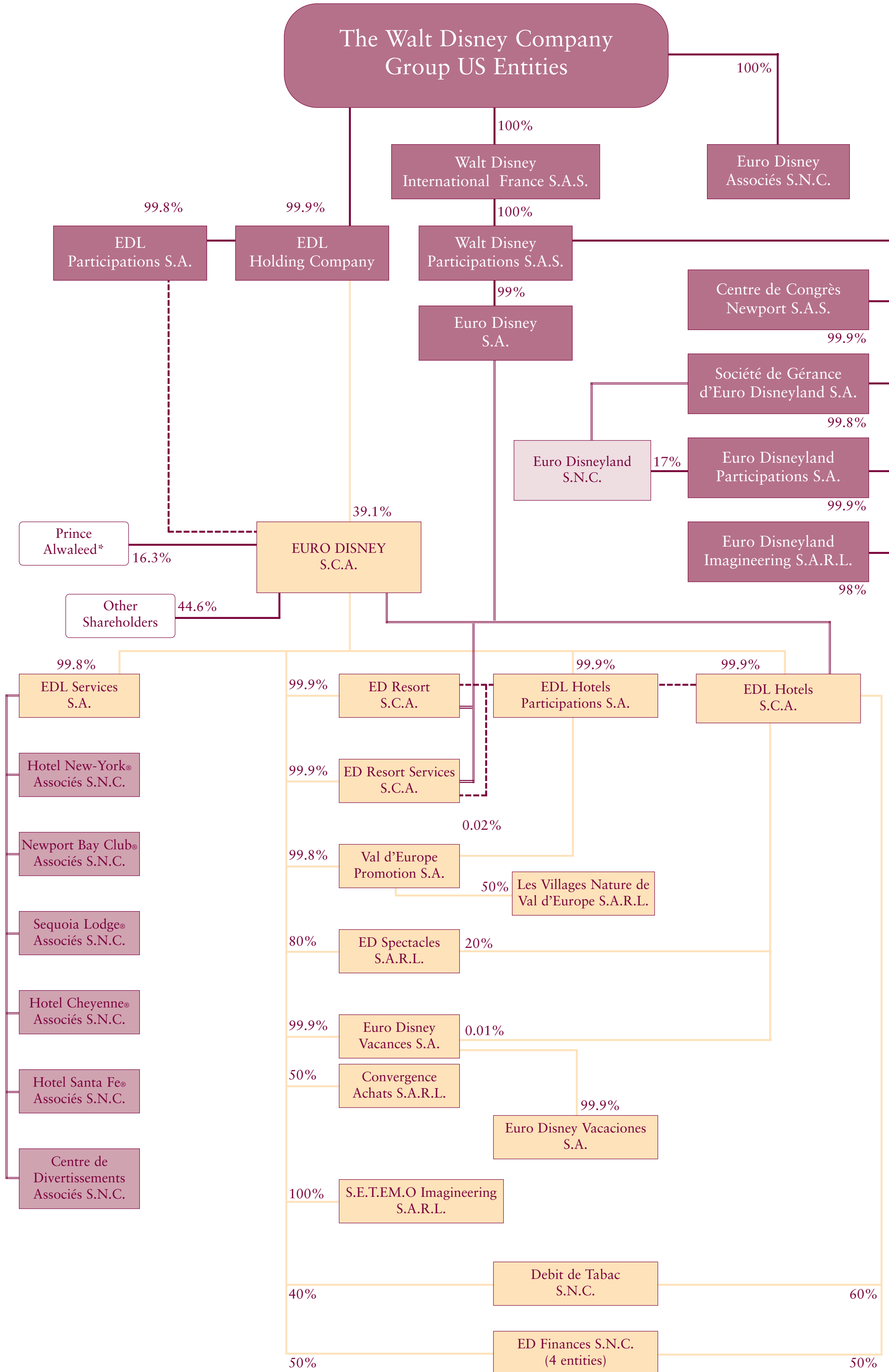
primarily due to interest charges during the construction period and depreciation expense from April 12, 1992 until December 31, 1995 with the exception of Centre de Divertissements Associés S.N.C., which generated tax losses until December 31, 1998. The legal structure of the Phase IB Financing Companies enabled their partners to take these French tax losses directly into their own accounts for French tax purposes. In return, the partners agreed to provide subordinated partners' advances to the Phase IB Financing Companies at an interest rate below the market rate.

Pursuant to the respective by-laws of the Phase IB Financing Companies, the *Gérant* of each of the Phase IB Financing Companies is EDL Services S.A., a French SA and a 99.8%–owned subsidiary of the Company.

Centre de Congrès Newport S.A.S.

Centre de Congrès Newport S.A.S., a 99.9% affiliate of TWDC, structured as a French *société par actions simplifiée*, entered into a building lease with EDL Hôtels S.C.A. pursuant to which it financed the construction of the Newport Bay Club Convention Center and, when completed, leased it back pursuant to a leasing agreement to EDL Hôtels S.C.A. EDL Hôtels S.C.A. has an option to repurchase such assets.

Overview of legal Group structure

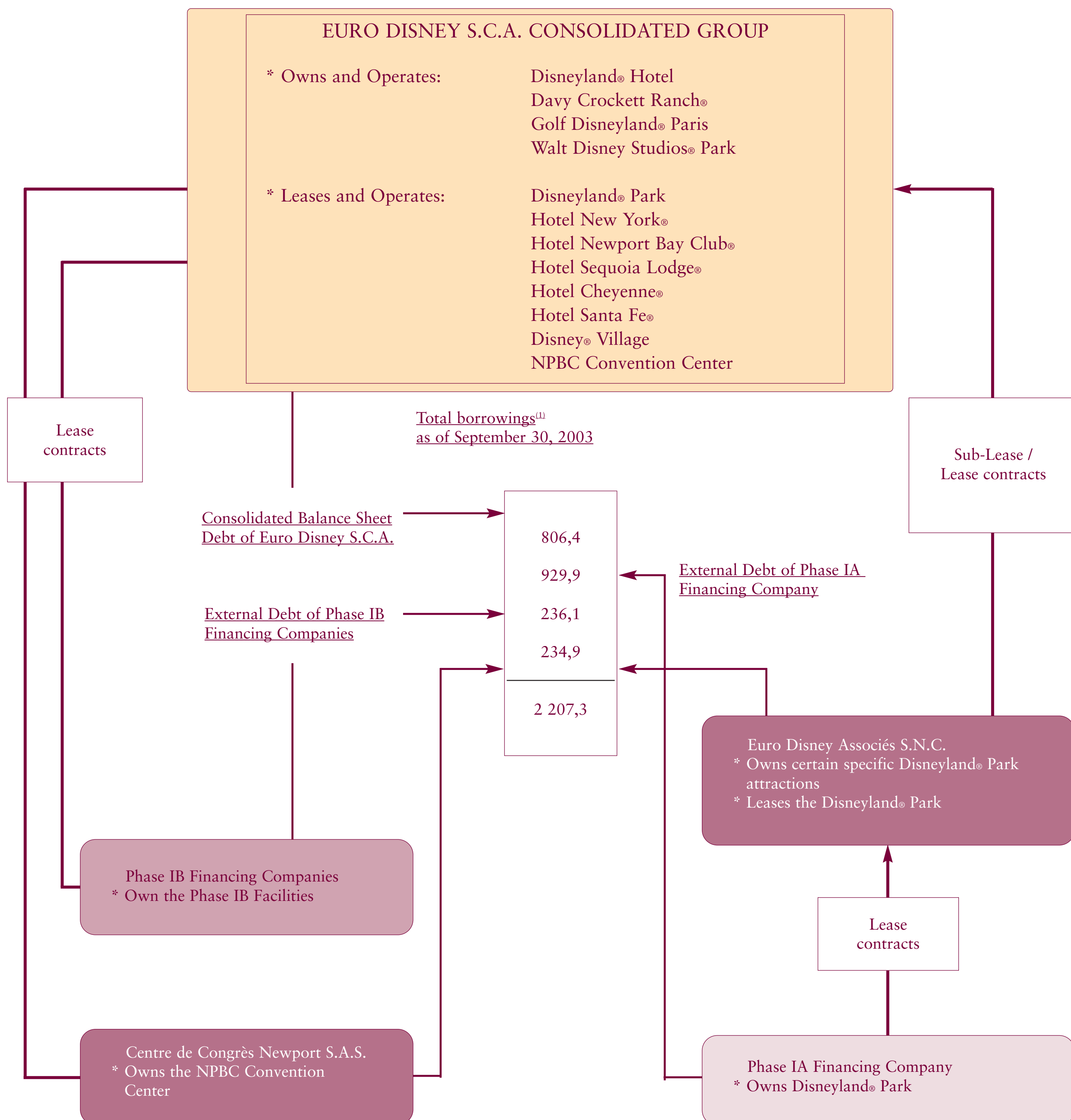


TWDC Subsidiaries
French Gaap Consolidated Group
Disneyland Park Financing Company
Hotel Financing Companies

Ownership
Management
General Partner

** via KINGDOM 5-KR-135. Ltd, a company whose shares are held by trusts for the benefit of Prince Alwaleed and his family.*

Overview of financing structure



(1) Represents total Borrowings including those of the Financing Companies, in millions of euros.

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