

Overview of Q4 2006

February 15, 2007
Rakuten, Inc

This presentation includes forward-looking statements relating to our future plans, targets, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation – and expressly disclaims any such obligation – to update or alter its forward-looking statements.

1 Rakuten Group Strategy

2 2006 Full Year: Consolidated Operating Results

3 2006 Fourth Quarter: Consolidated Operating Results

4 Operating Results by Key Business Units

1. Rakuten Ichiba Business
2. KC Business
3. Personal Finance Business
4. Travel Business
5. Securities Business
6. Infoseek Business
7. Professional Sports Business

■ Steady Recovery in Group Financial Performance



- Issues related to business diversification and expansion identified; Rakuten KC business restructured (November)
- EBITDA (excluding Rakuten KC) up +34.7% (YoY) ;high growth rate maintained
- Substantial improvement in group profitability since bottom in 3Q

■ Further expand Rakuten eco-system (Rakuten's economic zone)



- Improve services for Rakuten members to enhance “gravitational pull” of Rakuten eco-system
- Promote cross-use

■ Create new management structure



- Introduction and enforcement of Growth Management Program (GMP)
 - Establish standards for investment in new businesses
-

1 Rakuten Group Strategy

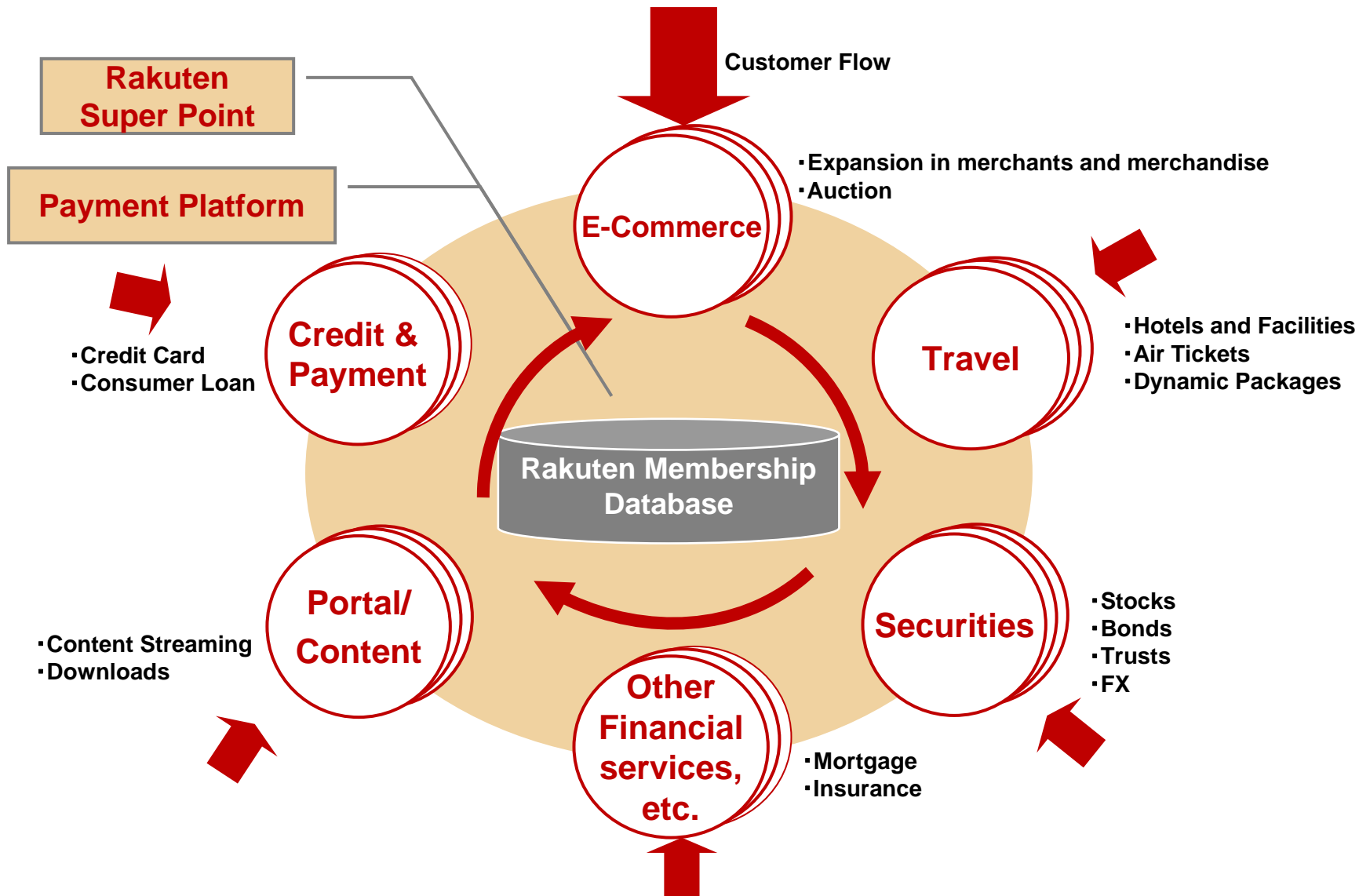
1. Expand Rakuten eco-system (Rakuten's economic zone)
2. Promote group synergies
3. Policy for new business investments under Growth Management Program (GMP)

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-1 Expand Rakuten eco-system
(Rakuten's economic zone)

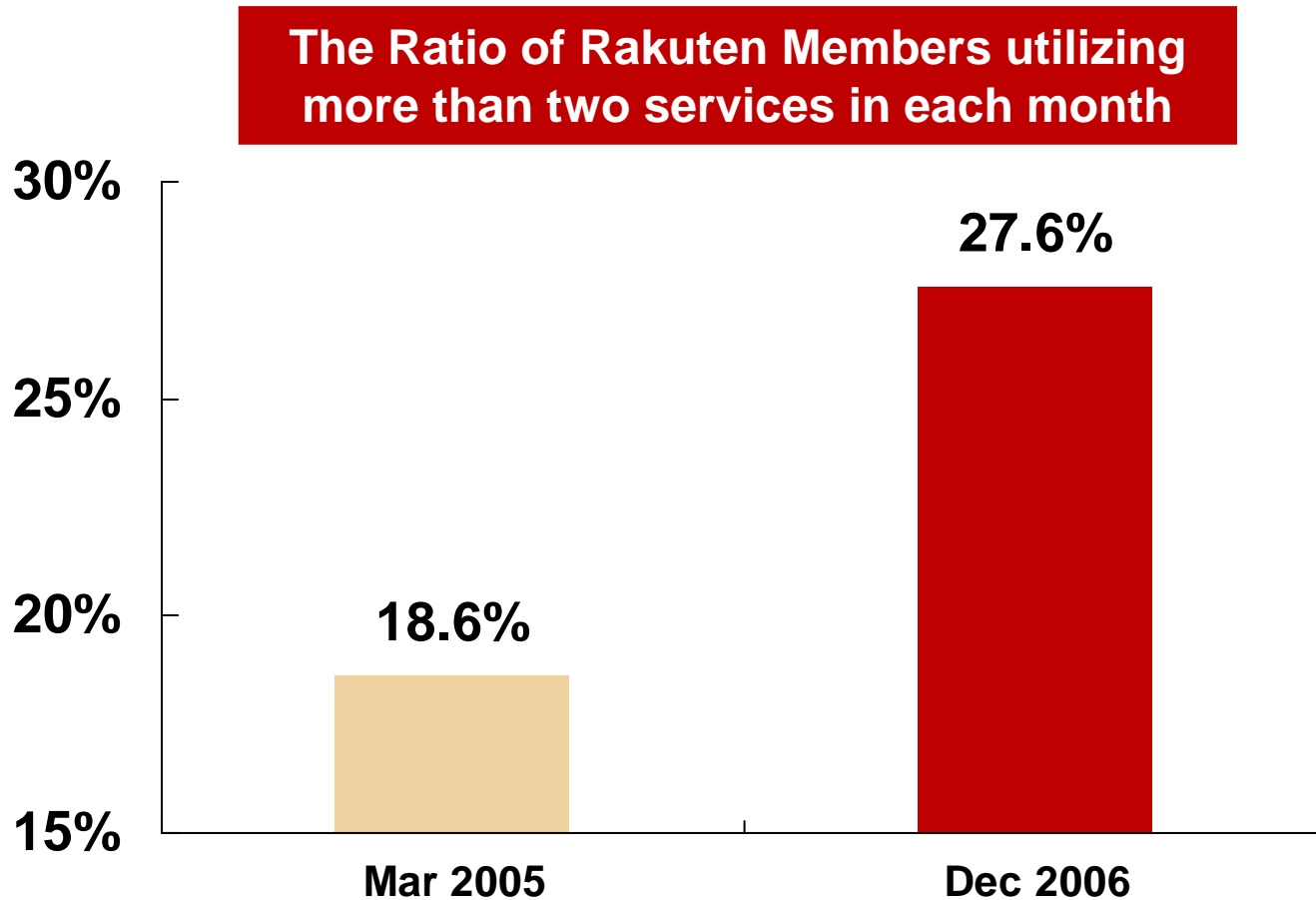
More Than Web

Expand Rakuten eco-system (Rakuten's economic zone)



1 -2 Promote group synergies

- Cross-use has been positively impacted through the Point Program



* The ratio of users utilizing a service which earned Rakuten Super Point in said month and utilizing the other services during the trailing twelve months

* Limited to the services which can earn Rakuten Super Points (excluding online brokerage service, etc.)

- Large increase in use of Rakuten Travel by Rakuten Ichiba users
- Cross-use improved

Point Campaign for new users at Rakuten Travel

ポイントキャンペーン
楽天トラベル&楽天市場の
W利用で1,000ポイントプレゼント

楽天トラベルを使って旅行&楽天市場でお買い物すると1,000ポイントをプレゼント！旅行に出かけたいこの時期に、W利用を狙ってみよう！（キャンペーン期間：2006年9月7日（木）0:00～9月30日（土）23:59）

■攻略方法

その① 楽天トラベル初利用の方

+
なんと1,000ポイントプレゼント

※1 楽天市場で今月お買い物。
 ※2 楽天トラベルを初めてご利用かつ、今月中にご予約、10月末までにご宿泊の方。（国内宿泊）
 ※1,2の合計が10,000円以上の方が対象です。

もしくは…

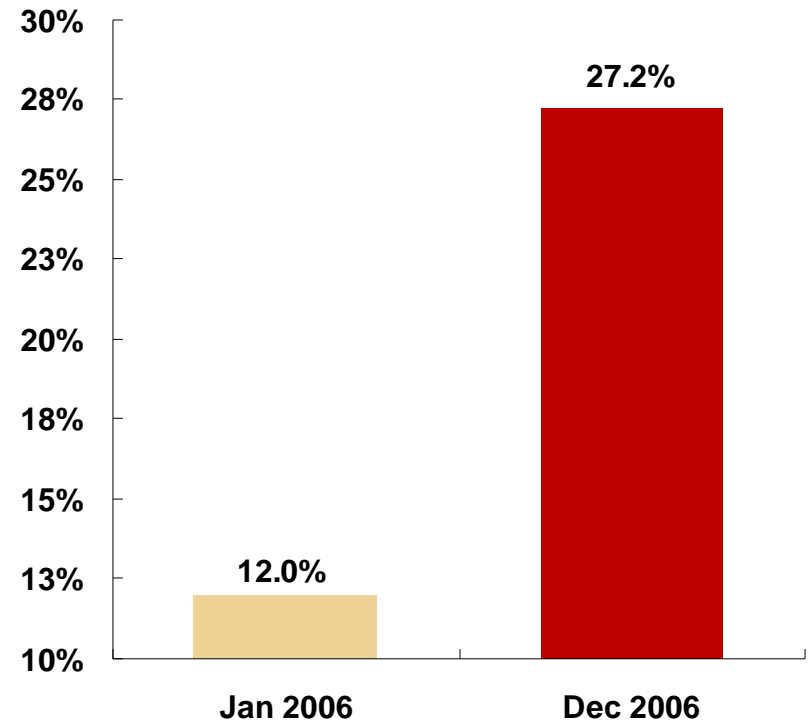
その② 楽天市場初利用の方

+
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※1 楽天トラベルを今月中にご予約、10月末までにご宿泊の方。（国内宿泊）
 ※2 楽天市場で初めてお買い物、かつ今月ご利用の方。
 ※1,2の合計が10,000円以上の方が対象です。

まずはエントリー

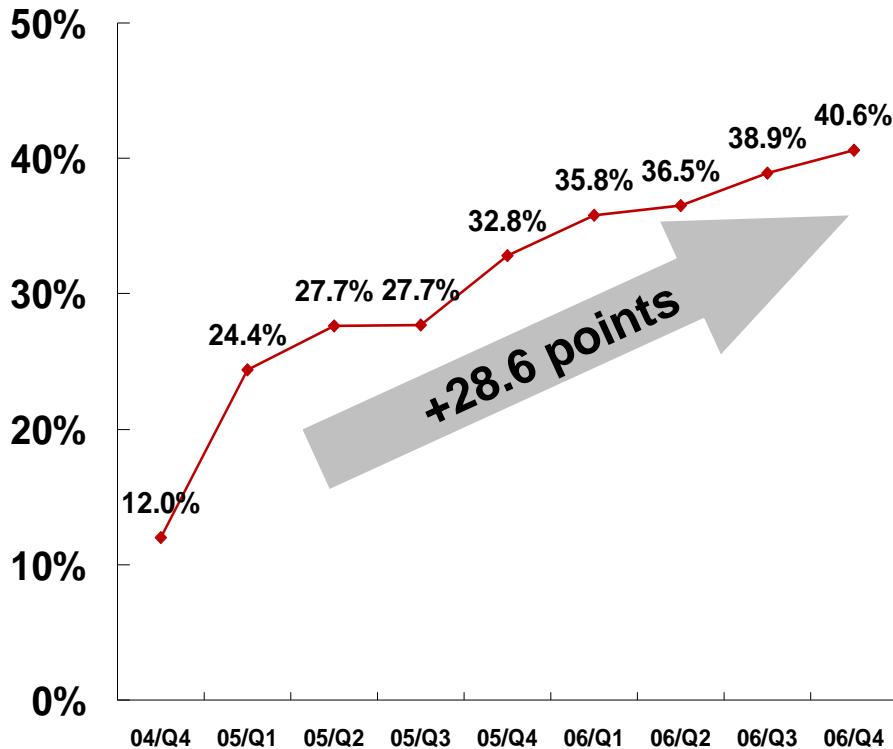
Dual Use of Rakuten Travel by Rakuten Ichiba Users



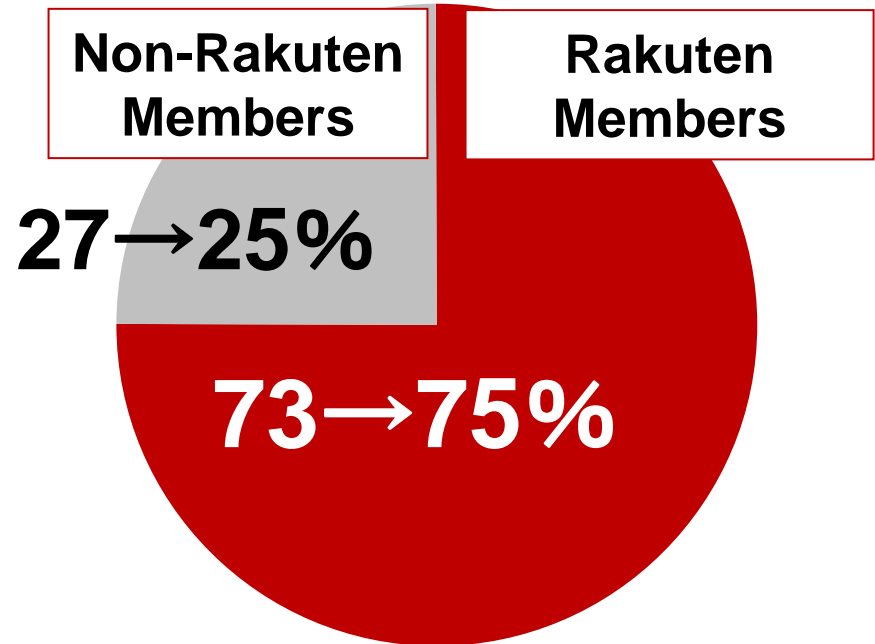
* The ratio of use of Rakuten Travel during the trailing twelve months by the users who utilize Rakuten Ichiba shopping services in given month.

Accelerating Customer Flow from Rakuten Ichiba to Rakuten Securities

Percentage of New Accounts through Rakuten Ichiba of Total New Accounts



Percentage of Rakuten Members of New Customers

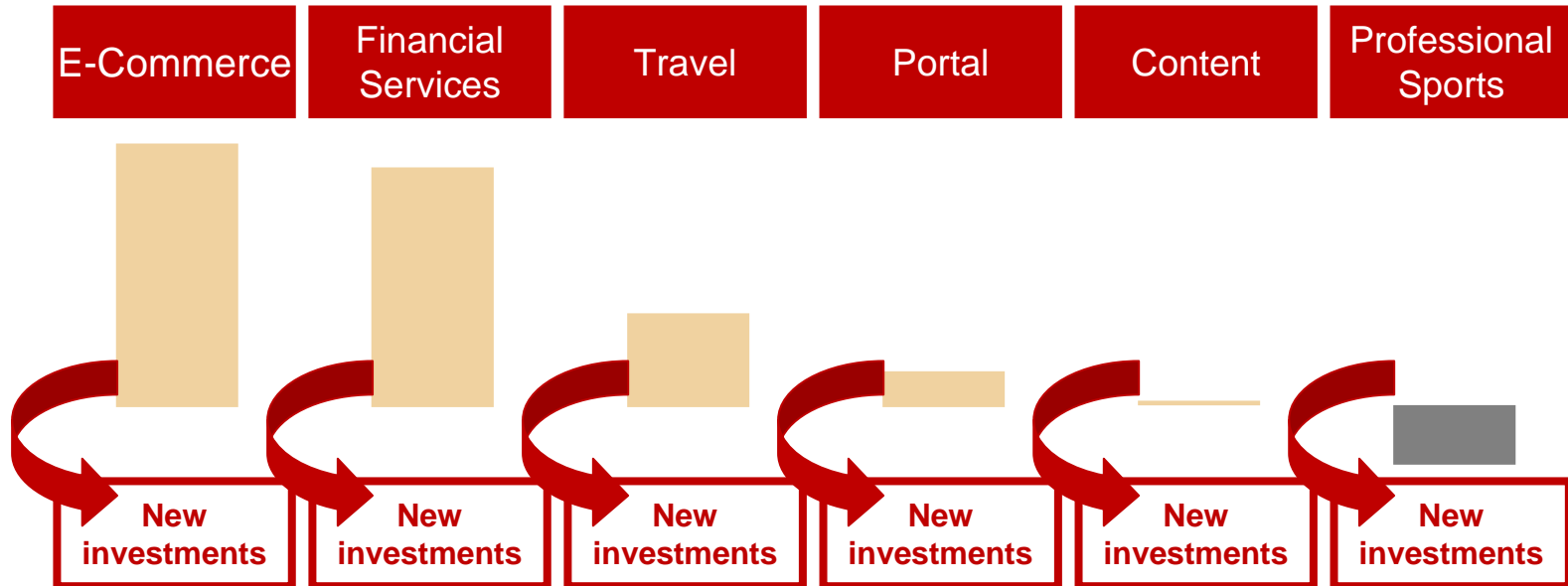


* Survey Results from New Customers

*3Q =>4Q

1 -3 Policy for new business investments under Growth Management Program (GMP)

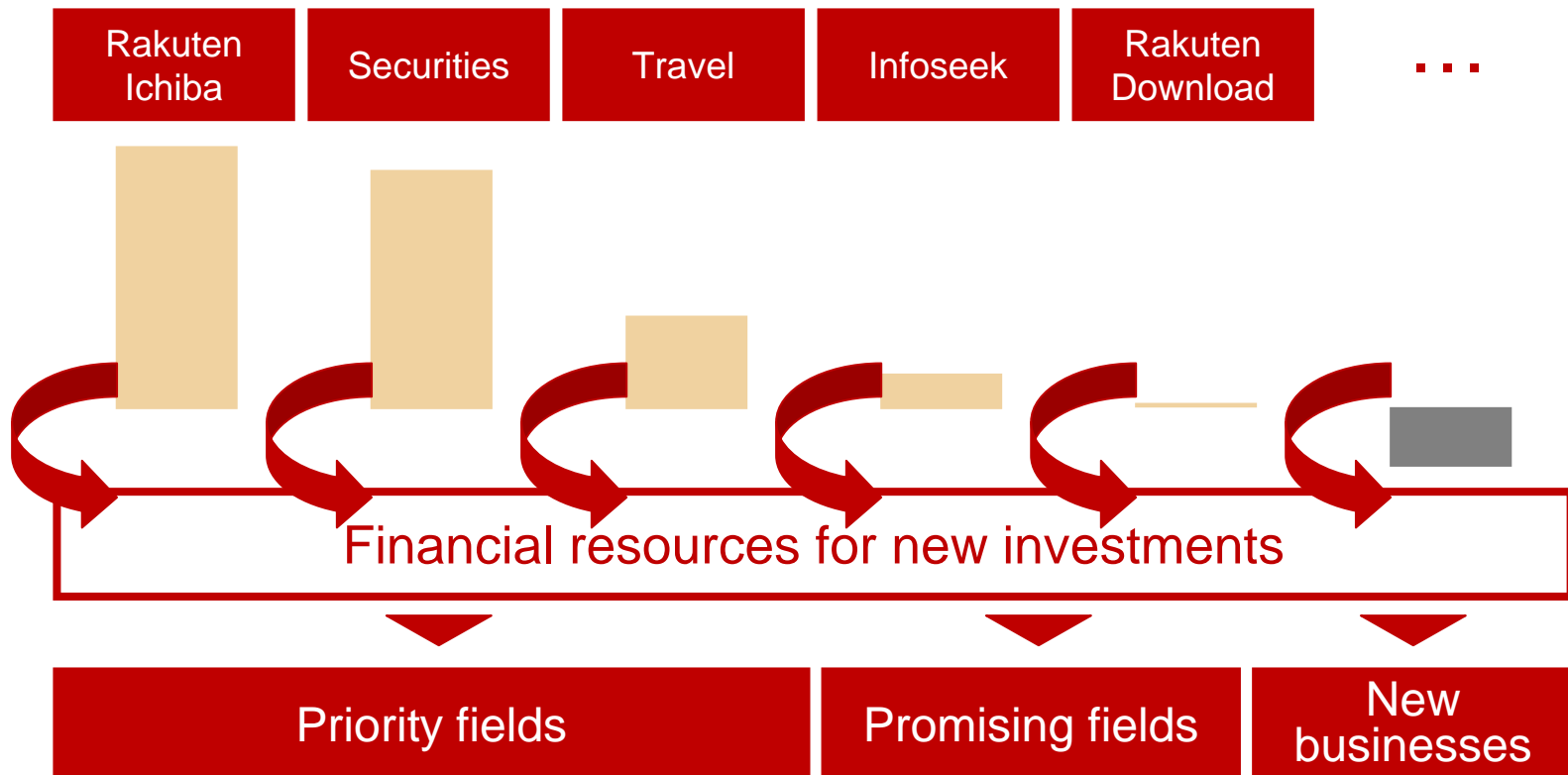
New investments conducted ad hoc from earnings of individual companies



I. Issues

1. Limits companies having opportunities for major new investment
2. Strategic investment on a groupwide basis is hard

Pool financial resources to make strategically allocated new investments

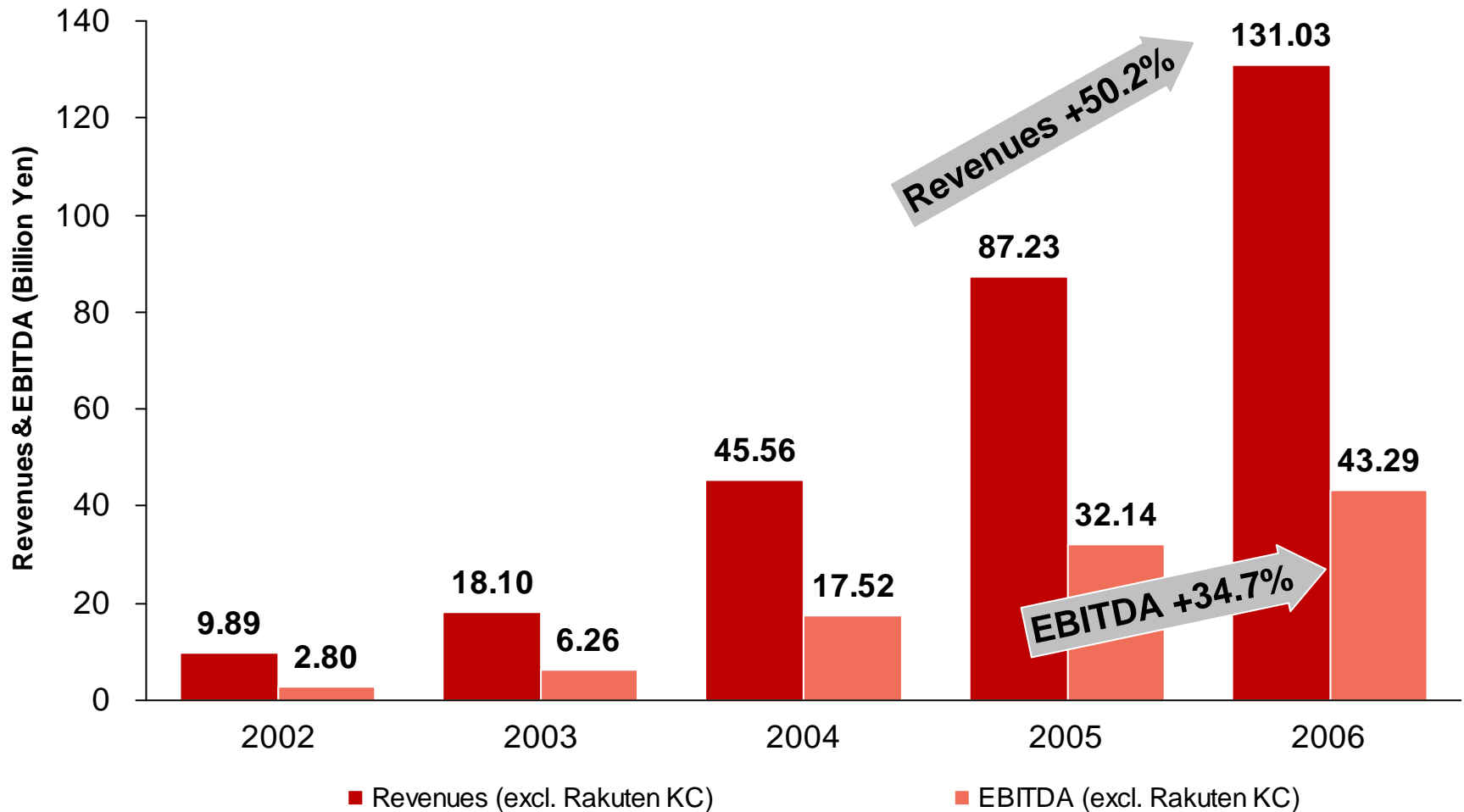


2 2006 Full Year: Consolidated Operating Results

- Laid foundation during the year
 - Restructured financial services; core businesses grew steadily
 - Revenues were ¥203.2 billion (+56.6% YoY)
 - Revenues excluding Rakuten KC were ¥131.0 billion (+50.2% YoY)
 - EBITDA excluding Rakuten KC was ¥43.29 billion (+34.7% YoY)
-
- Incurred losses in Rakuten KC due to business restructuring and changes in operating environment
 - Loss incurred due to transfer of non-core business; reserve established to provide for the impact of new regulations in the money-lending industry
-
- Improvement in balance sheet
 - Increased capital by ¥106.3 billion through public stock offering; streamlined and improved balance sheet by restructuring Rakuten KC
 - Total assets were ¥1,296.0 billion (down ¥361.6 billion from Dec. 31, 2005)
 - Equity ratio was 14.6% (4.6% at Dec. 31, 2005)
-

Yearly Consolidated Revenues (excl. Rakuten KC) Rakuten

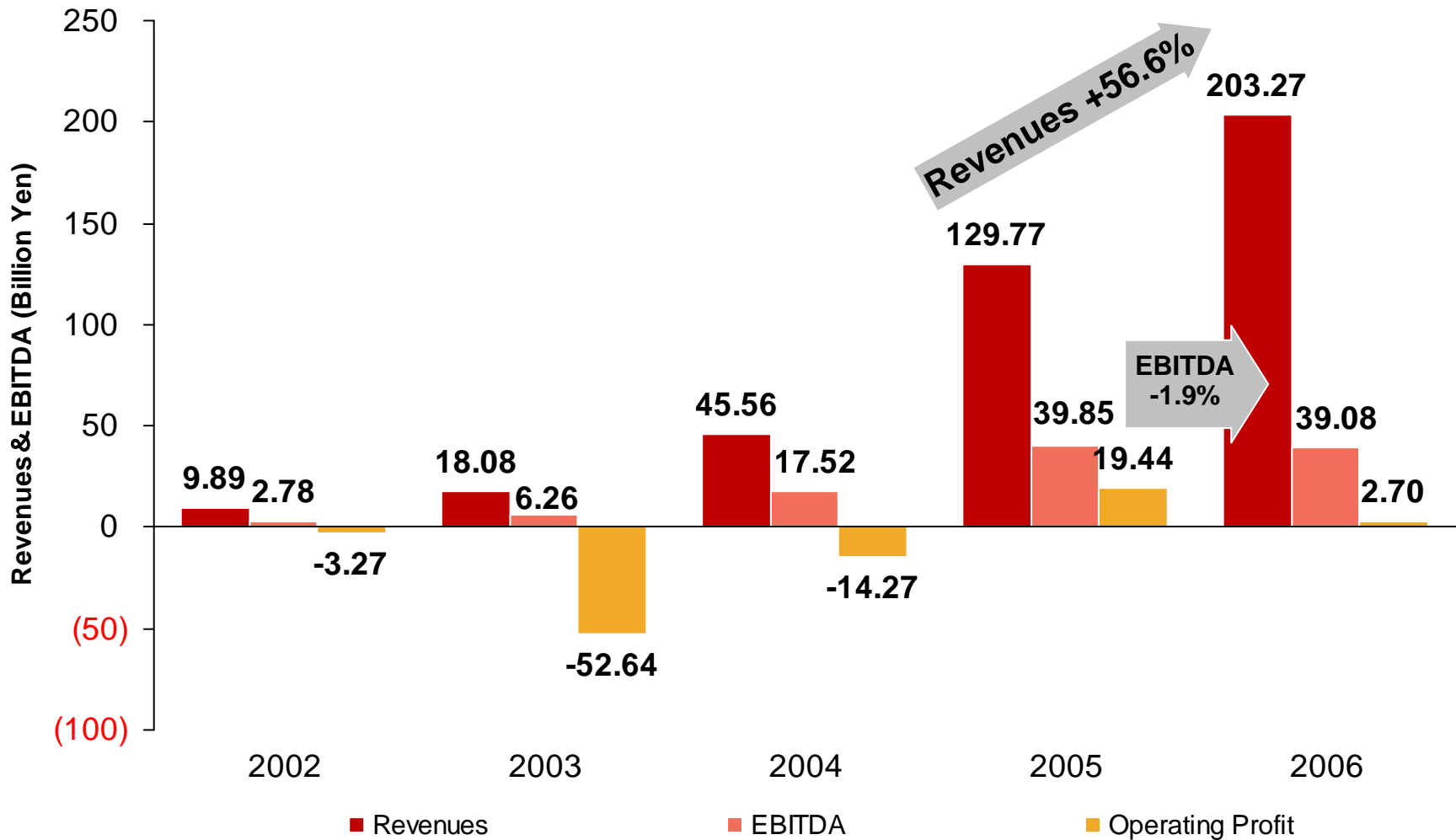
■ EBITDA excluding Rakuten KC keeping high growth: +34.7% YoY



* EBITDA = Operating Profit + Depreciation and Amortization (recorded as operating costs)

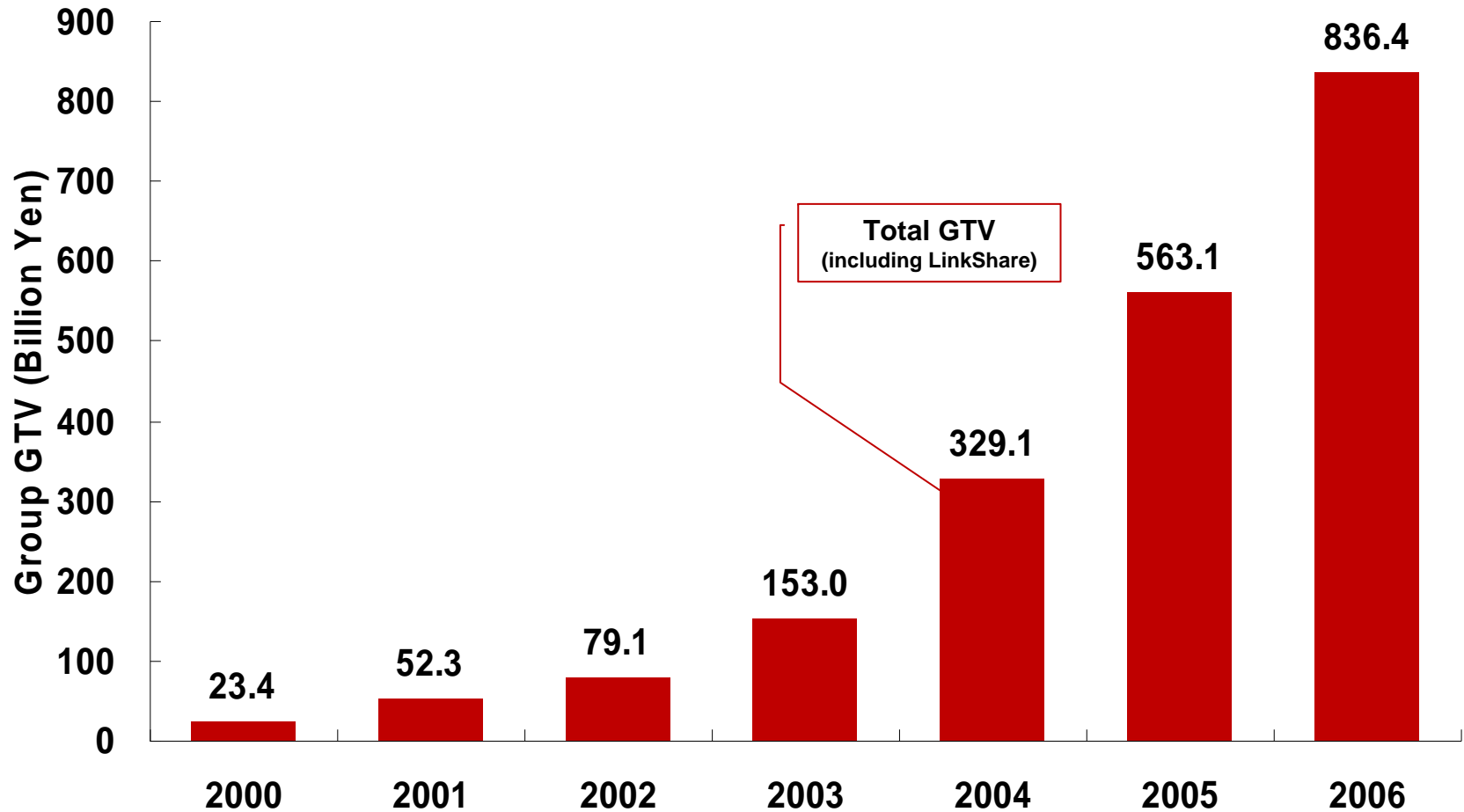
Yearly Consolidated Revenues

■ Steady growth in revenues; slight decrease in EBITDA due to Rakuten KC restructuring

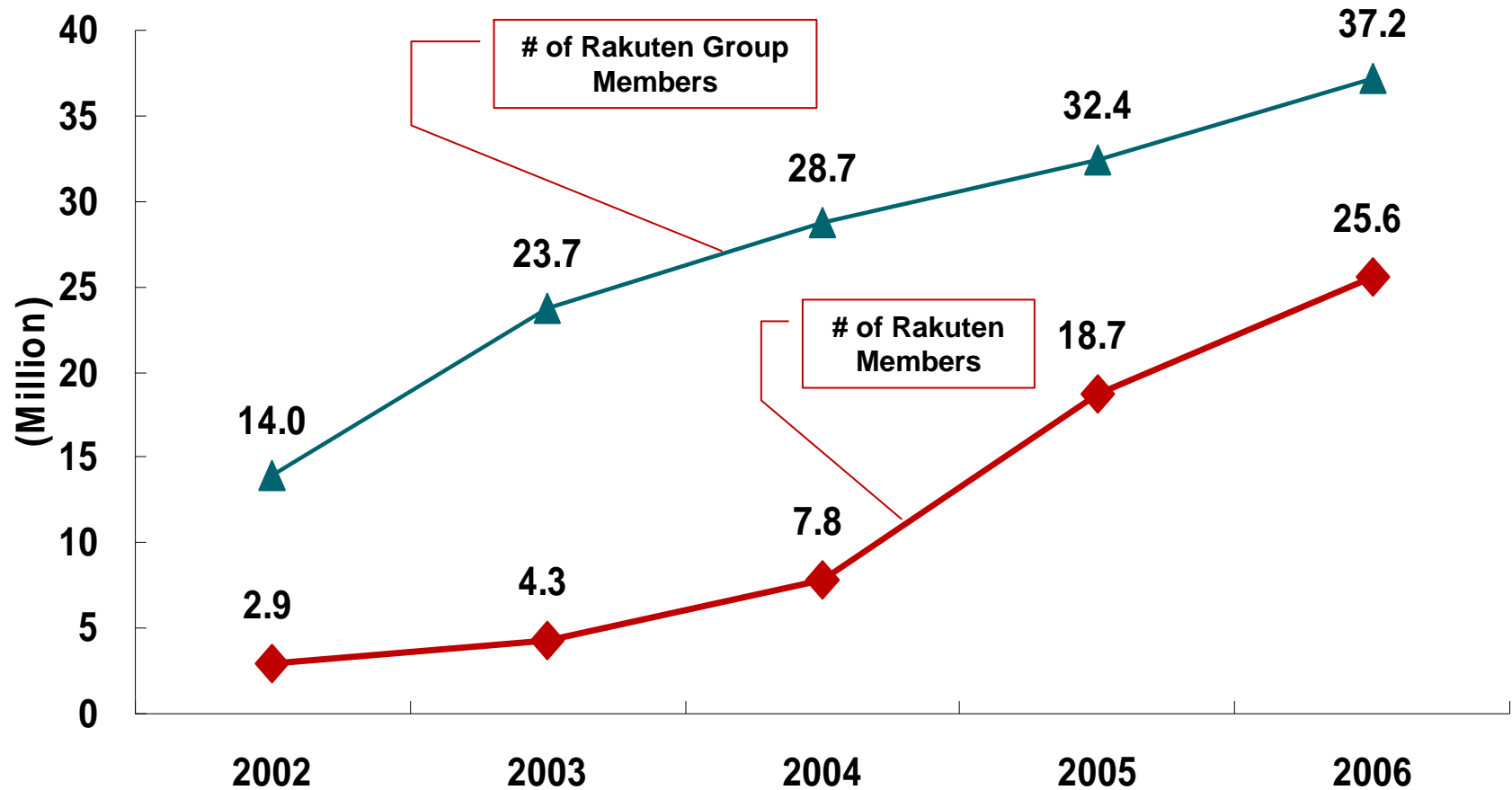


* EBITDA = Operating Profit + Depreciation and Amortization (recorded as operating costs)

■ Group Gross Transaction Value achieved 800 billion



■ Substantial increase in Rakuten Membership and Rakuten Group Membership



2006 Consolidated Financial Results (YoY) Rakuten

(Billion Yen)

	Revenues	YoY	Operating Profit	YoY	Operating Profit Margin	Ordinary Profit*	YoY	Ordinary Profit Margin
E-Commerce Business	59.15	+68.7%	17.65	+51.3%	29.9%	20.26	+63.3%	34.3%
Credit and Payment Business	79.60	+68.9%	-6.14	-	-7.7%	-5.41	-	-6.8%
Portal and Media Business	13.07	+38.6%	0.39	-79.6%	3.0%	0.50	-76.0%	3.8%
Travel Business	10.72	+45.6%	4.65	+56.2%	43.4%	5.40	+47.3%	50.4%
Securities Business	40.55	+53.0%	15.35	+20.0%	37.9%	17.41	+33.7%	42.9%
Professional Sports Business	7.26	-1.6%	-1.39	-	-19.2%	-1.34	-	-18.6%
Internal Elimination	-7.10	-	-1.37	-	-	-3.40	-	-
Consolidated	203.27	+56.6%	29.14	-16.4%	14.3%	33.41	-9.0%	16.4%

* Excluding amortization of consolidation adjustment account from SG&A expenses

3

2006 Fourth Quarter: Consolidated Operating Results

2006 Fourth-Quarter Consolidated Financial Highlights Rakuten

■ Profitability recovered, particularly in Rakuten Ichiba Business



- Consolidated EBITDA margin recovered to 28.5%, on a par with 2005 4Q
- Recovery in operating profit ratio: E-Commerce segment 33.8%; Rakuten Ichiba 54.7%

■ Achieved gross transaction value of ¥1 trillion (on annualized basis)



- Achieved quarterly gross transaction value of ¥255.1 billion for the Group (including LinkShare)

■ Rakuten KC advanced toward recovery



- Results improved due to transfer of credit business
- Business restructuring progressed
- Returned to profit-making operations due to temporary effects of change of estimation method for allowance for bad debt, etc.

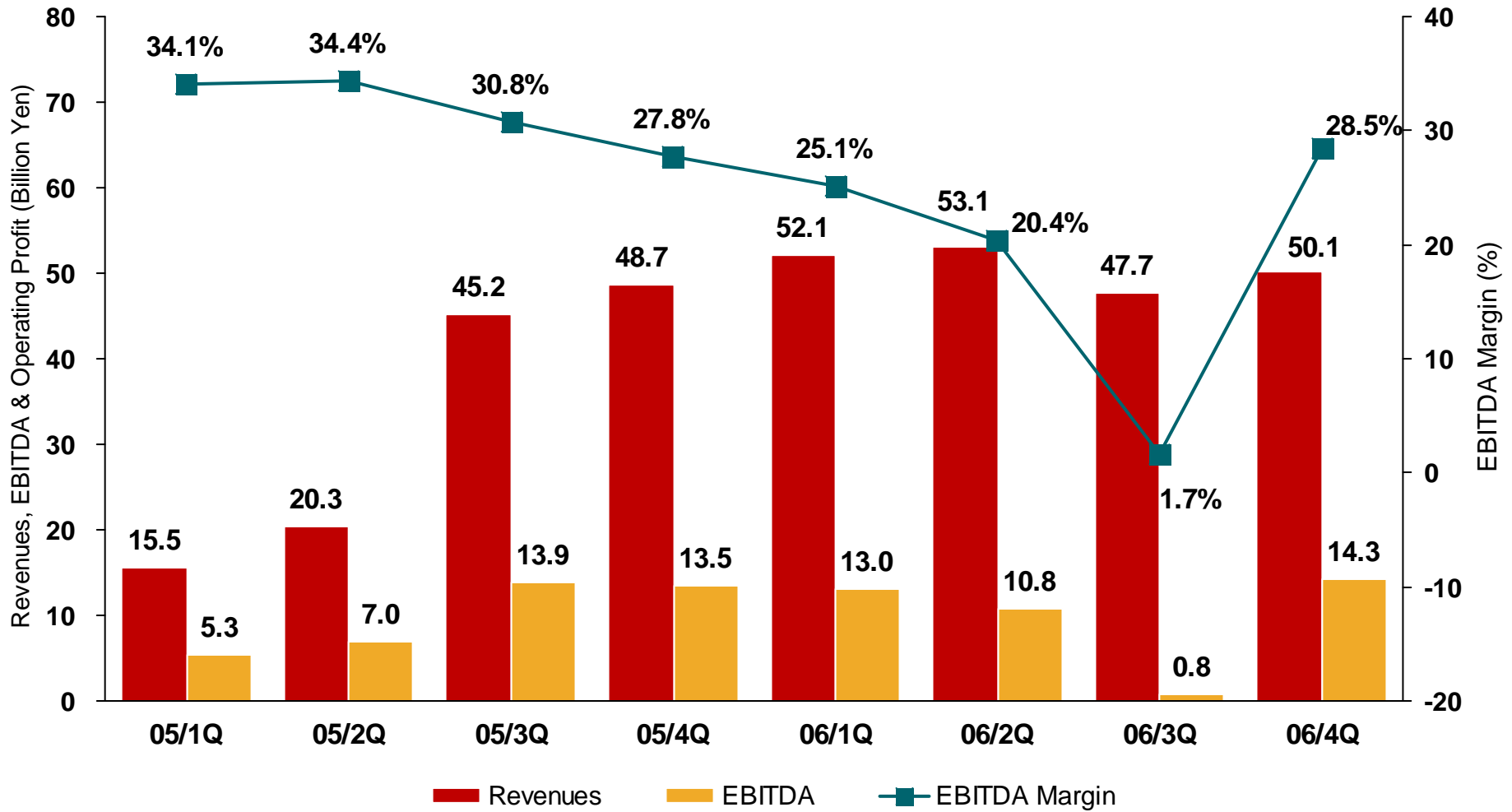
■ Posted strong growth in key businesses



- Travel Business maintained high growth and high profitability
- Securities Business achieved ordinary profit on a par with 3Q
- Infoseek Business returned to the black

Quarterly Consolidated Revenues and EBITDA Rakuten

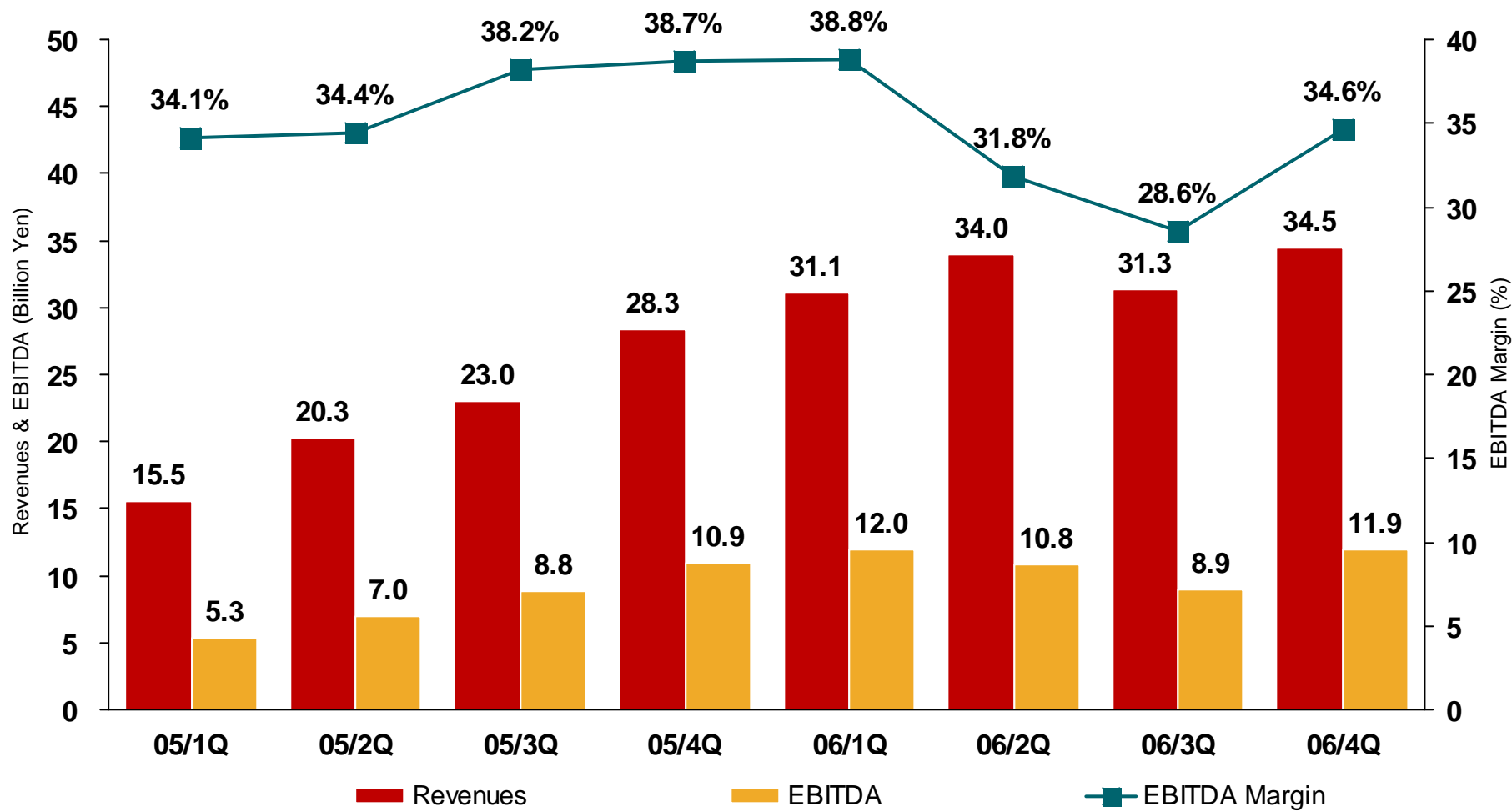
■ Recovering in Consolidated EBITDA Margin on a par with 05/4Q



* EBITDA = Operating Profit + Depreciation and Amortization (recorded as operating costs)

Quarterly Consolidated Revenues and EBITDA (excl. Rakuten KC) Rakuten

■ Consolidated revenues and EBITDA excluding Rakuten KC recovered

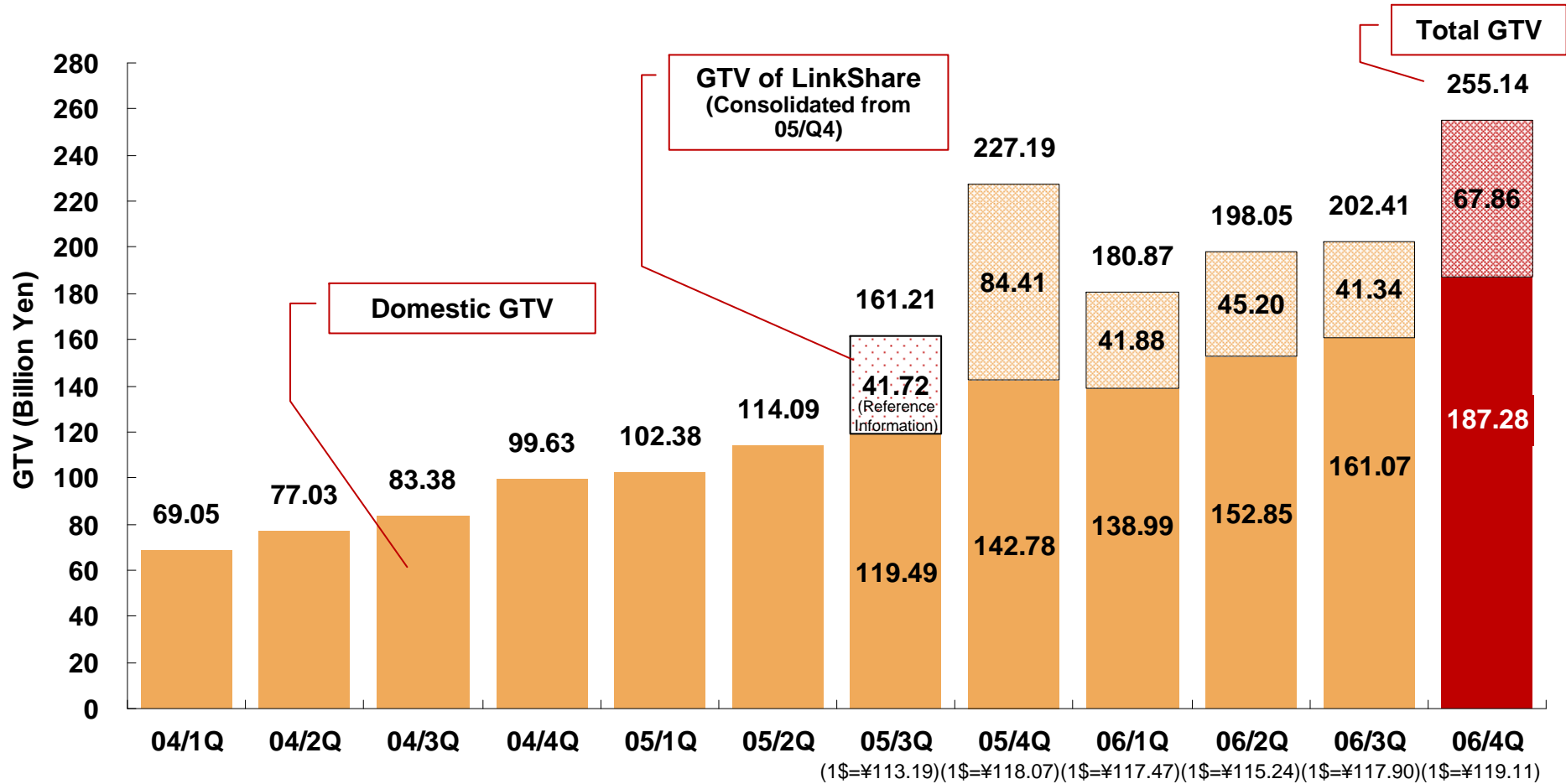


* EBITDA = Operating Profit + Depreciation and Amortization (recorded as operating costs)

Group Gross Transaction Value



Continuous growth in E-Commerce and Travel Businesses
Achieved 1 trillion Yen on an annualized Basis



Q4/06 Consolidated Financial Results (YoY)



(Billion Yen)

	Revenues	YoY	Operating Profit	YoY	Operating Profit Margin	Ordinary Profit*	YoY	Ordinary Profit Margin
E-Commerce Business	18.45	+51.7%	6.24	+51.7%	33.8%	6.98	+47.0%	37.9%
Credit and Payment Business	17.78	-18.6%	2.57	+25.8%	14.5%	2.81	+28.2%	15.8%
Portal and Media Business	3.48	+20.6%	0.17	-65.3%	5.0%	0.20	-59.8%	6.0%
Travel Business	2.90	+28.4%	1.32	+48.4%	45.5%	1.52	+28.4%	52.4%
Securities Business	8.47	-13.7%	2.25	-59.5%	26.6%	2.56	-53.5%	30.3%
Professional Sports Business	1.12	+12.5%	-0.75	-	-67.5%	-0.74	-	-66.5%
Internal Elimination	-2.06	-	-0.31	-	-	-0.76	-	-
Consolidated	50.15	+2.9%	11.49	+0.1%	22.9%	12.58	+4.6%	25.1%

* Excluding amortization of consolidation adjustment account from SG&A expenses

Q4/06 Consolidated Financial Results (QoQ) Rakuten

(Billion Yen)

	Revenues	QoQ	Operating Profit	QoQ	Operating Profit Margin	Ordinary Profit*	QoQ	Ordinary Profit Margin
E-Commerce Business	18.45	+30.0%	6.24	+80.6%	33.8%	6.98	+69.1%	37.9%
Credit and Payment Business	17.78	-3.4%	2.57	-	14.5%	2.81	-	15.8%
Portal and Media Business	3.48	+10.5%	0.17	-	5.0%	0.20	-	6.0%
Travel Business	2.90	-4.0%	1.32	-0.7%	45.5%	1.52	-0.0%	52.4%
Securities Business	8.47	+2.5%	2.25	+0.7%	26.6%	2.56	+42.0%	30.3%
Professional Sports Business	1.12	-57.7%	-0.75	-	-67.5%	-0.74	-	-66.5%
Internal Elimination	-2.06	-	-0.31	-	-	-0.76	-	-
Consolidated	50.15	+5.0%	11.49	-	22.9%	12.58	-	25.1%

* Excluding amortization of consolidation adjustment account from SG&A expenses

4 Main Business Unit Topics

1. Rakuten Ichiba Business
2. KC Business
3. Personal Finance Business
4. Travel Business
5. Securities Business
6. Infoseek Business
7. Professional Sports Business

EC Business
Rakuten Ichiba ^{*2}
Greeting Service ^{*2}
Business Service ^{*2}
Stuffed Animal Greeting Cards ^{*2}
Golf ^{*2}
Auto ^{*2}
Delivery ^{*2}
Books & Media
Auction
Fine Wine
Dining
Tickets
LinkShare

Portal and Media Business
Infoseek
Advertising
Blog
Research
Staffing Agency
Target
Downloads
CS Television
Internet Television
Cross Media

Credit and Payment Business
Personal Finance
KC

Securities Business
Securities
Capital Investments
Asset Management
Property Management

Travel Business
Travel

Pro Sports Business
Pro Sports

*1 Excluding Incubation Businesses

*2 E-Commerce businesses operated by Rakuten, Inc in 4Q/2006

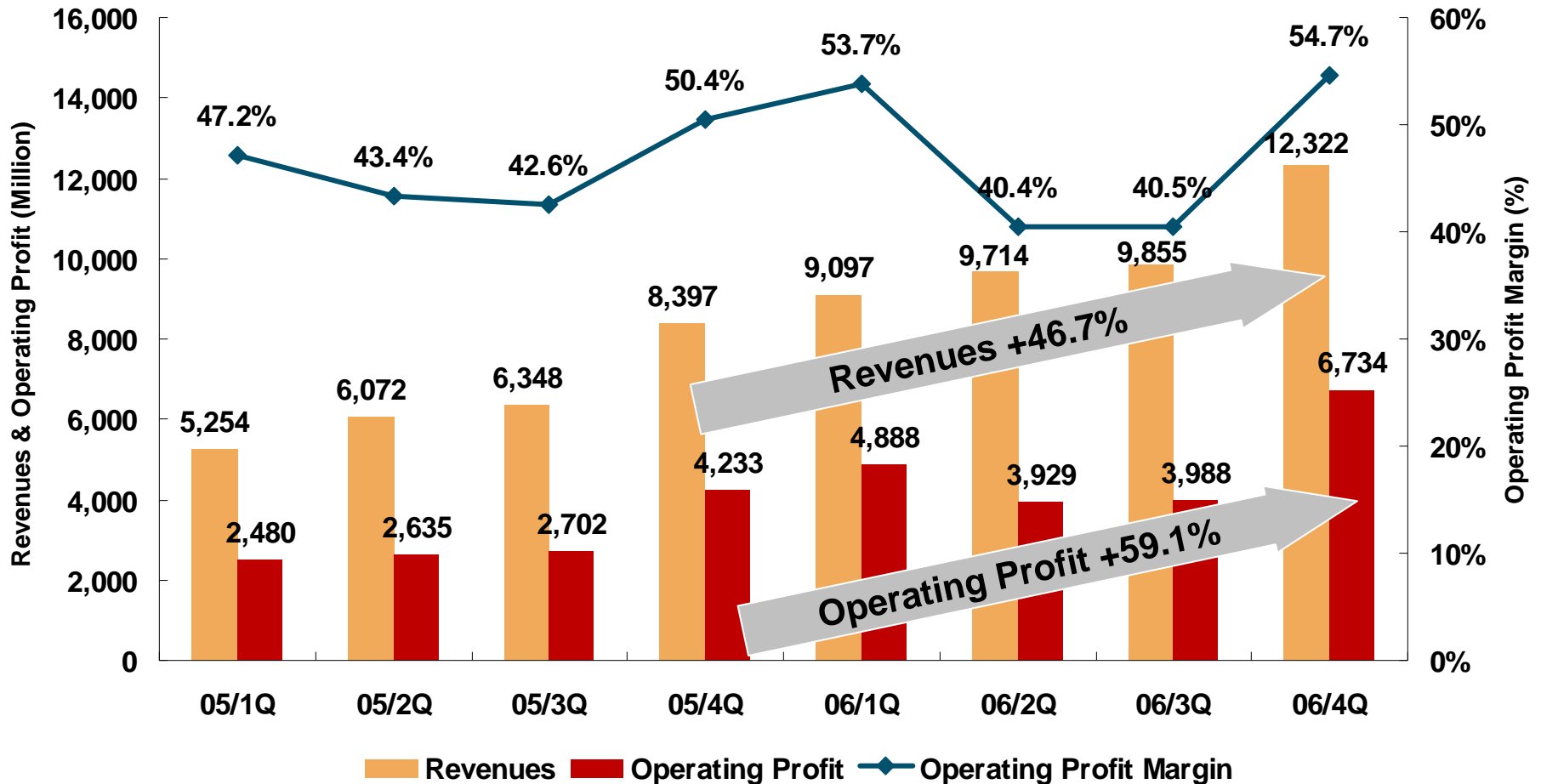
4 -1 Rakuten Ichiba Business

- Operating profit ratio recovered; maintained high growth rate
 - ▶ Operating profit ratio recovered substantially to 54.7%
 - High growth maintained; posted YoY increases in revenues and operating profit of +46.7% and +59.1%, respectively
- Services became more attractive to users; increased “gravitational pull” of Rakuten Ichiba
 - ▶ Number of unique buyers surpassed 4.71 million per quarter (up +32.3% YoY)
 - Average amount spent per customer up +1.6% YoY
- Support for merchants was effective; steady increase in both gross merchandise sales and number of stores
 - ▶ Rakuten Ichiba remained on growth track with gross merchandise sales up +34.6% YoY
 - Healthy growth in advertisement sales
 - Steady growth in number of stores, with 18,637 stores opened (+23.0% YoY)

Rakuten Ichiba Revenues and Operating Profit



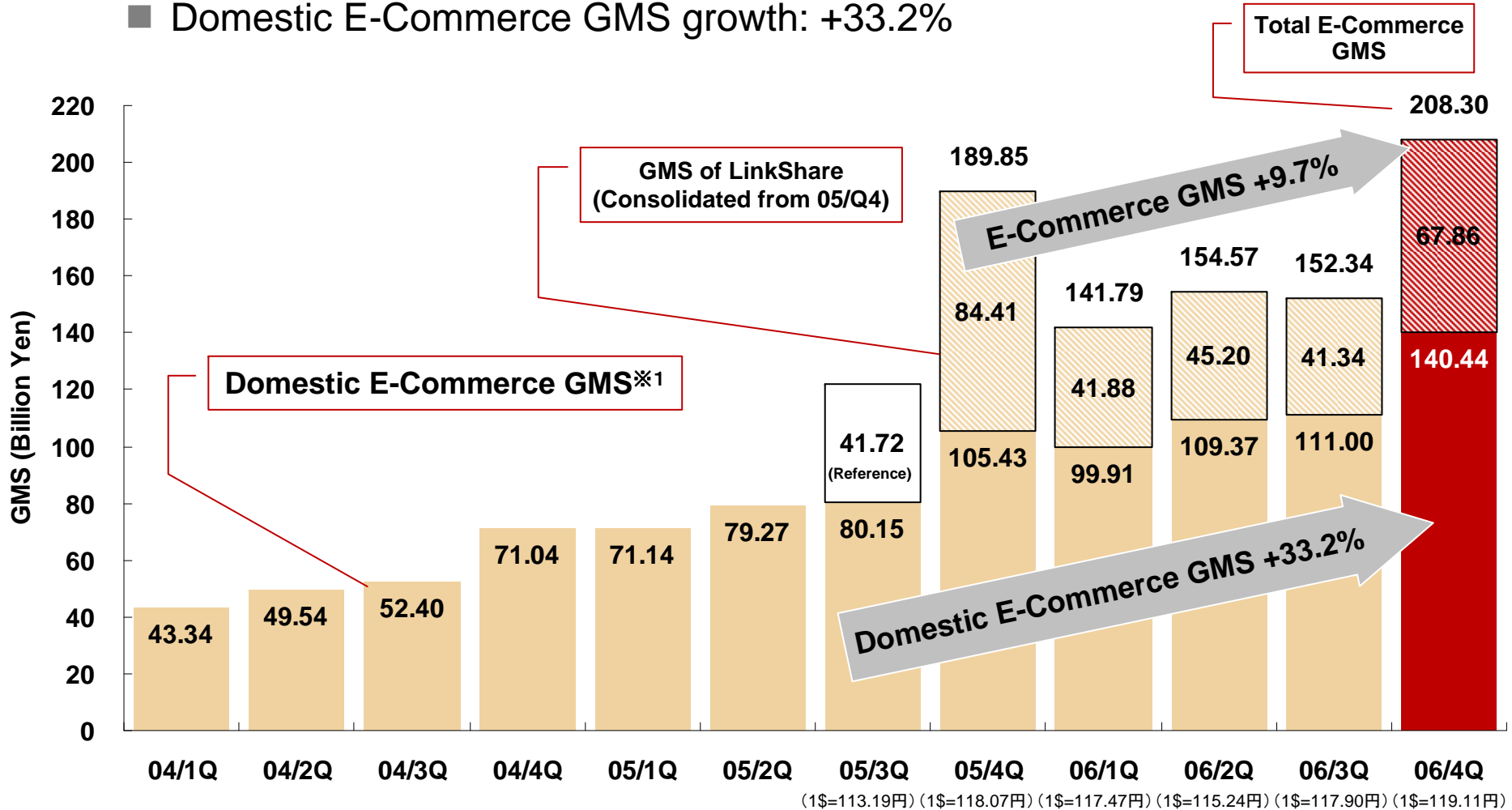
- High operating profit ratio recovered: operating profit recorded high score of 6.73 billion yen
- Revenues +46.7% (YoY), Operating profit +59.1% (YoY)



* Gaps between "Rakuten Business", 82 page and above are E-commerce businesses operated by Rakuten, Inc for Golf, Finewine, Auto and Dining.

Gross Merchandise Sales (E-Commerce Business)

- E-Commerce GMS (including LinkShare) growth: +9.7% YoY
- Domestic E-Commerce GMS growth: +33.2%



* GMS = Mall (Fixed Price, Super Auction, Group Buy), Flea Market, Mobile, Business Service, Golf, Books. From Sept 03 GORA included, From 04/Q1 Rakuten Download included

* Change made in business segment, Entertainment Business included form 05/1Q

Rakuten Ichiba Buyer Metrics

(including mobile commerce, based on e-mail address)



- Increase in “gravitational pull” of Rakuten Ichiba,
- Unique buyers up +32% YoY, Quarterly GMS per buyer +1.6% YoY

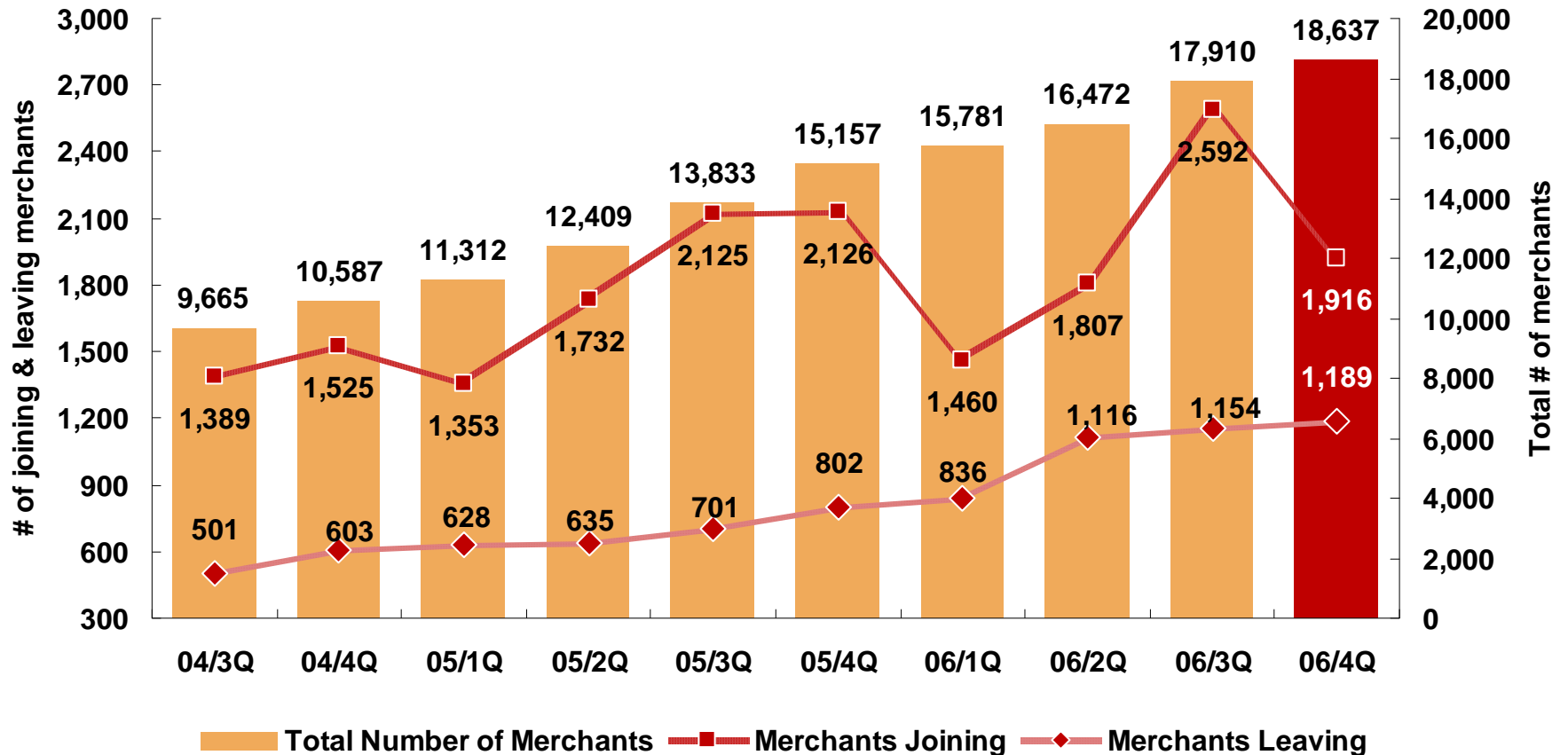
	2005/2Q	2005/3Q	2005/4Q	2006/1Q	2006/2Q	2006/3Q	2006/4Q
Unique Buyers ('000)	2,920	2,970	3,560	3,680	3,970	4,070	4,710
# of Transactions ('000)	7,920	7,940	10,060	10,260	11,790	11,650	14,290
Average # of Transactions per Buyer	2.7	2.7	2.8	2.8	3.0	2.9	3.0
Average Basket Price	¥8,800	¥8,800	¥9,400	¥8,800	¥8,300	¥8,500	¥8,900
Quarterly GMS Per Buyer	¥23,849	¥23,543	¥26,512	¥24,479	¥24,650	¥24,249	¥26,942

* Based on E-mail address

* Fixed-Price and Group Buy Purchase made at Rakuten Ichiba and mobile

Merchants Joining vs. Merchants Leaving

■ “Rakuten Tenth-Anniversary GANBARE! Plan” contributes to increase in Total number of the merchants



Merchants Joining vs. Merchants Leaving

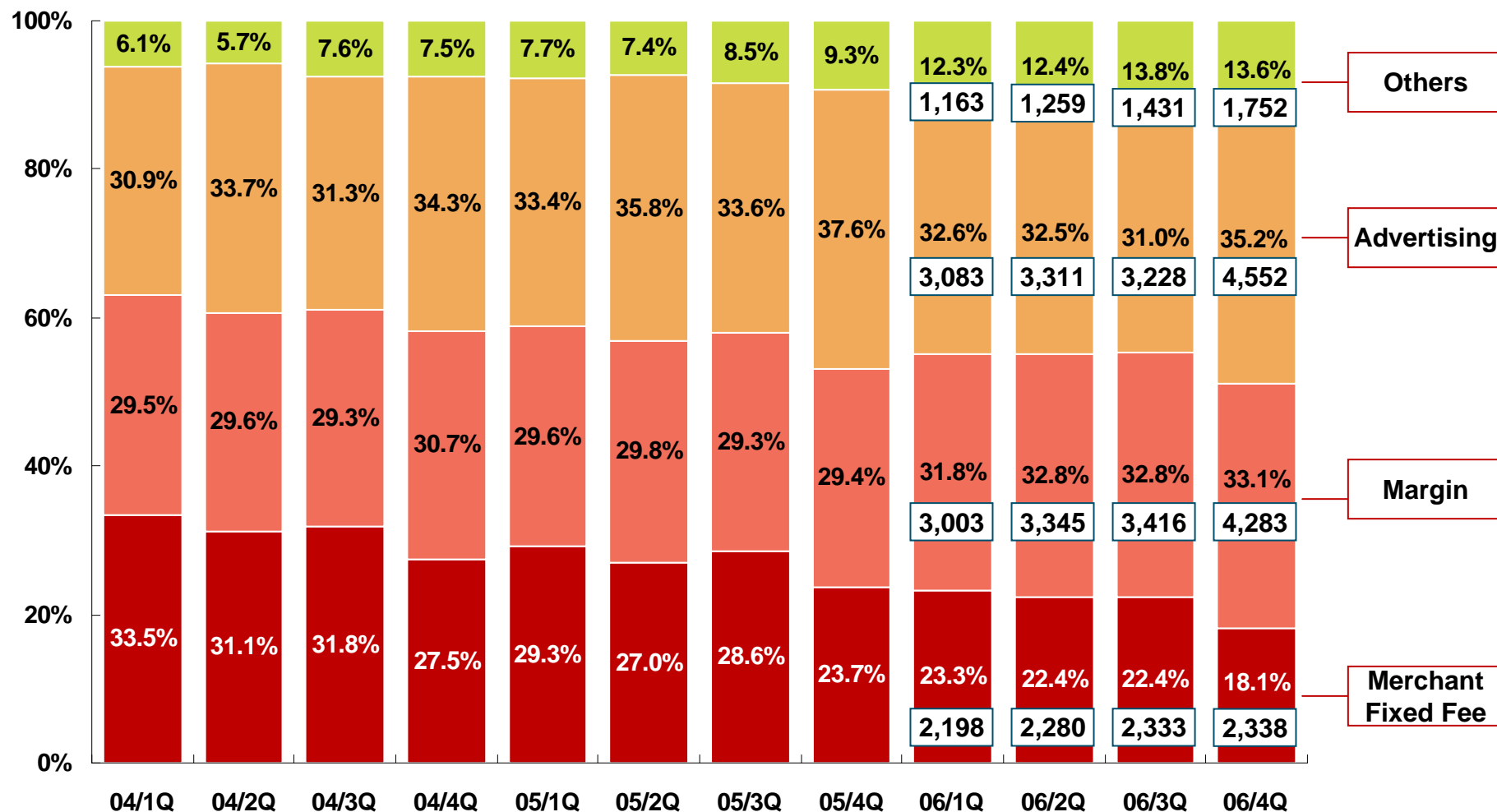


	Jul/06	Aug/06	Sep/06	Oct/06	Nov/06	Dec/06
Merchants Joining	1,001	806	785	654	725	537
Light, Premium light	109	50	58	54	69	54
GANBARE	795	696	647	532	582	439
Transition (from Others to GANBARE)	42	54	23	38	58	45
Merchants Leaving	385	369	400	441	352	396
Light, Premium light	312	299	281	348	264	286
GANBARE	-	-	-	-	-	-
Total # of Merchants in Mall	17,088	17,525	17,910	18,123	18,496	18,637
Light, Premium light	6,209	5,960	5,737	5,443	5,248	5,016
GANBARE	1,128	1,878	2,548	3,118	3,758	4,242

* Stores paying fixed monthly fee

Non-Consolidated Revenue Breakdown (Excluding Portal and Media Business Results)

Healthy increase in advertising revenue and margin revenue at Rakuten Ichiba



□ = Million Yen

4**-2 KC Business**

- (1) Rakuten KC: 2006 review
- (2) Rakuten KC: Operating results for the quarter ended
December 31, 2006
- (3) Rakuten KC: Policies for growth

4 -2-(1) Rakuten KC: 2006 review

**Concentrated
on Core
Businesses**

**Responded to
Changes in
Operating
Environment**

Transfer of credit business

November 2006

(completed)

Implement rationalization measures
(promote early retirement, close offices, etc.)

July 2006 (early retirement)
November 2006 onwards
(office closures, etc.)

(completed)

(under way)

Enforce management team;
improve operational efficiency

Commenced
September 2006

(under way)

Change of estimation method for
allowance for interest repayment

End of December 2006

(completed)

Change of estimation method for
allowance for bad debt

End of December 2006

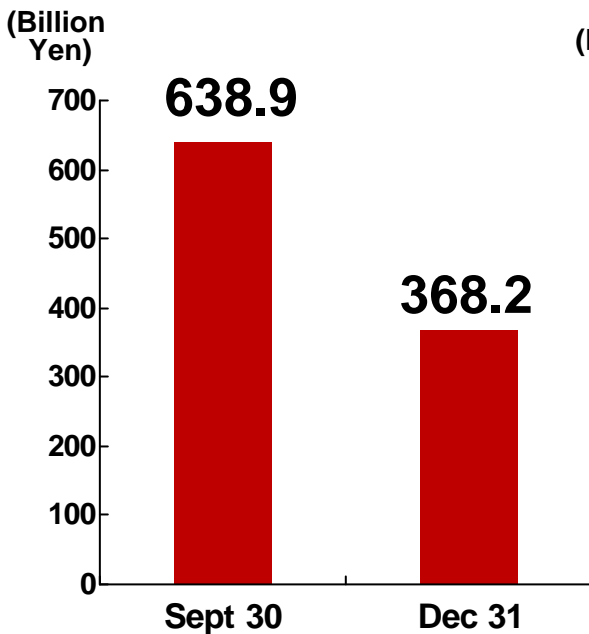
(completed)

Respond to regulations in money-
lending industry
Launch internal project in February 2007

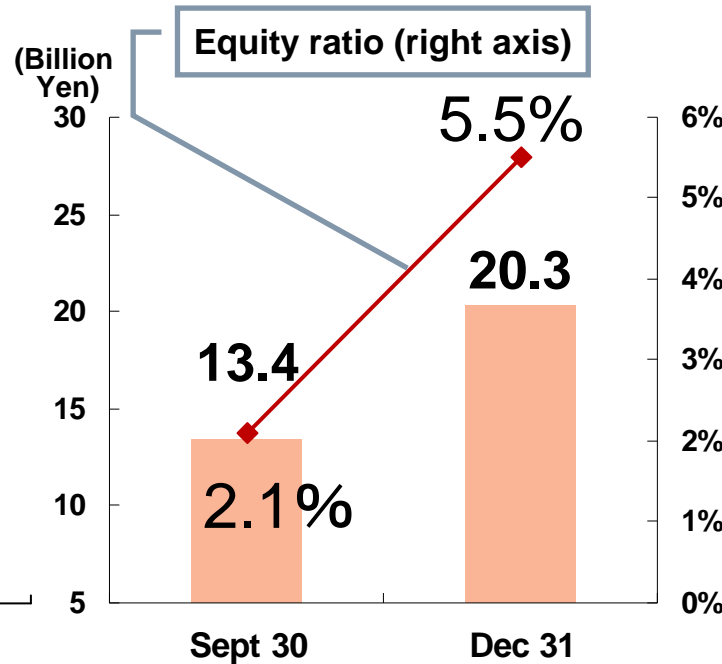
Cut in maximum interest rate for new loans
from fall 2007
currently under consideration

- Total assets decreased from ¥638.9 billion to ¥368.2 billion
- Loan receivables decreased from ¥836.4 billion to ¥415.9 billion

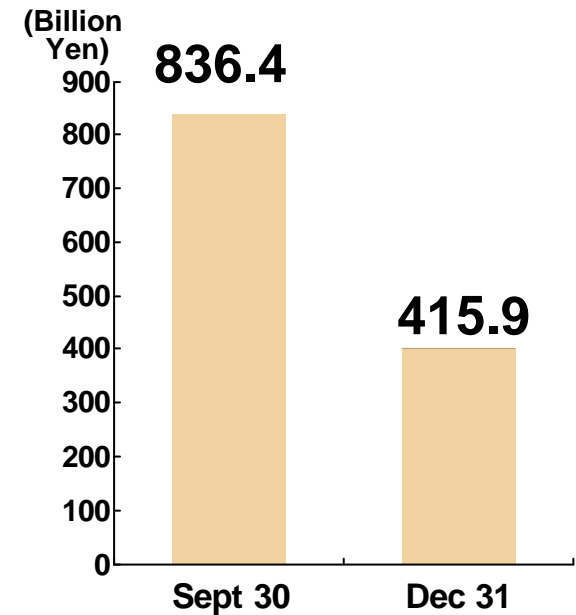
Total Assets



Equity vs. Equity Ratio



Balance of Loan Receivables



4

-2-(2) Rakuten KC:

Operating results for the quarter ended
December 31, 2006

Balance Sheet (Dec 31, 2006)

(Billion Yen; Amounts Less Than ¥0.1 Billion Omitted)

CURRENT ASSETS	321.1	CURRENT LIABILITIES	219.9
Cash and cash equivalents	57.5	Accounts payable; guarantee contracts	5.0
Installment accounts receivable	167.2	Short-term borrowings	154.4
Installment accounts receivable, guarantee contracts	5.0	Other current liabilities	60.4
Beneficial interest in securitized assets	73.2	FIXED LIABILITIES	127.9
Other current assets	48.1	Long-term borrowing	123.7
Allowances for bad debt	-29.9	Other current fixed liabilities	4.1
		TOTAL LIABILITIES	347.9
FIXED ASSETS	47.0	EQUITY	20.4
Tangible fixed assets	16.3	Common capital stock	3.0
Land and buildings	15.0	Common capital stock surplus	51.3
Other intangible fixed assets	1.3	Retained earnings	-17.9
		Treasury stock	-16.0
Intangible fixed assets	2.8	Valuation and translation adjustments	0.0
Investment and other assets	27.7		
		TOTAL NET ASSET	20.3
TOTAL ASSETS	368.2	TOTAL LIABILITIES AND NET ASSETS	368.2

Income Statement

(Billion Yen)

	2006 (10-12) 4Q	2006 (7-9) 3Q	2005 (10-12) 4Q
Revenues	15.6	16.4	20.3
Operating Expense	13.8	25.0	18.2
SG & A	12.0	22.9	16.0
Interest Expense	1.7	2.1	2.2
Operating Profit (Loss)	1.7	-8.6	2.1
Non-Operating Profit	0.0	0.0	0.0
Ordinary Profit (Loss)	1.7	-8.6	2.1
Extraordinary Loss	-0.2	-29.1	-0.8
Earnings (Losses) Before Tax	1.5	-37.7	1.3
Provision for income taxes	-5.3	-5.0	1.0
Net Income (Loss)	6.9	-32.7	0.3

Effect of Securitizing Loan Receivables

New loans	-		3.2
Existing loans	-1.6	-1.8	-1.0
Effect of securitization	-1.6	-1.8	2.2

Overview and Temporary Factors

- Revenues decreased due to transfer of credit business
- Temporary freeze on loan receivable securitization
→ due to recommence from 2007 1Q
- Changes in accounting method in accordance with the accounting standards for financial products
 1. Reversal of allowance for bad debt following establishment of new standards for the allowance
→ profitability restored on ordinary profit basis
 2. Effect on earnings from non-recognition of accrued interest
→ however, related portion is also reversed in the allowance for bad debt
- Effect of deferred tax accounting
→ 2006 4Q return to net income following 3Q net loss

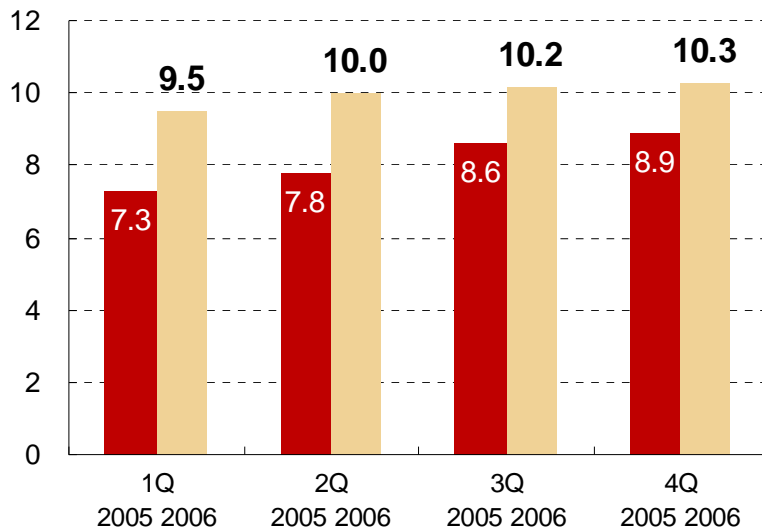
Breakdown by Business

- Revenues grew strongly as Rakuten KC continued to tighten credit control and improve collection of loans
- In line with the accounting standards for financial products, accrued interest is not recognized from 2006 4Q
 Negative effect on revenues for 2006 4Q: Credit Card Business ¥360 million reduction;
 Consumer Loans Business ¥270 million reduction

Credit Card

YoY
+15.7%

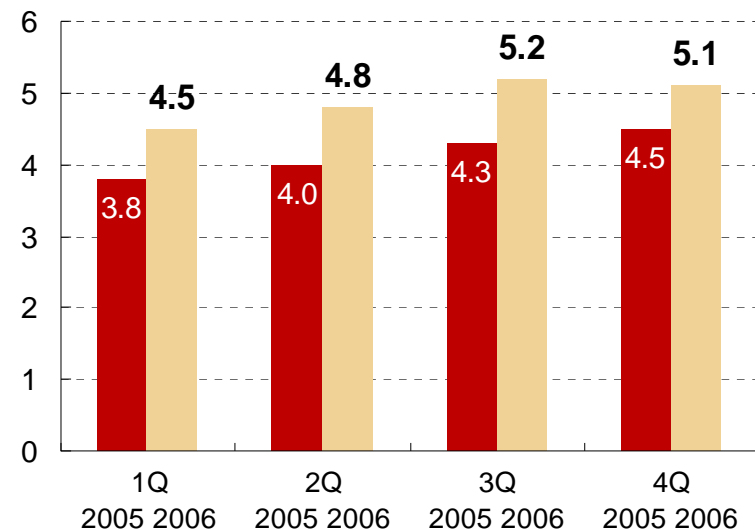
(Billion Yen)



Consumer Loans

YoY
+13.3%

(Billion Yen)

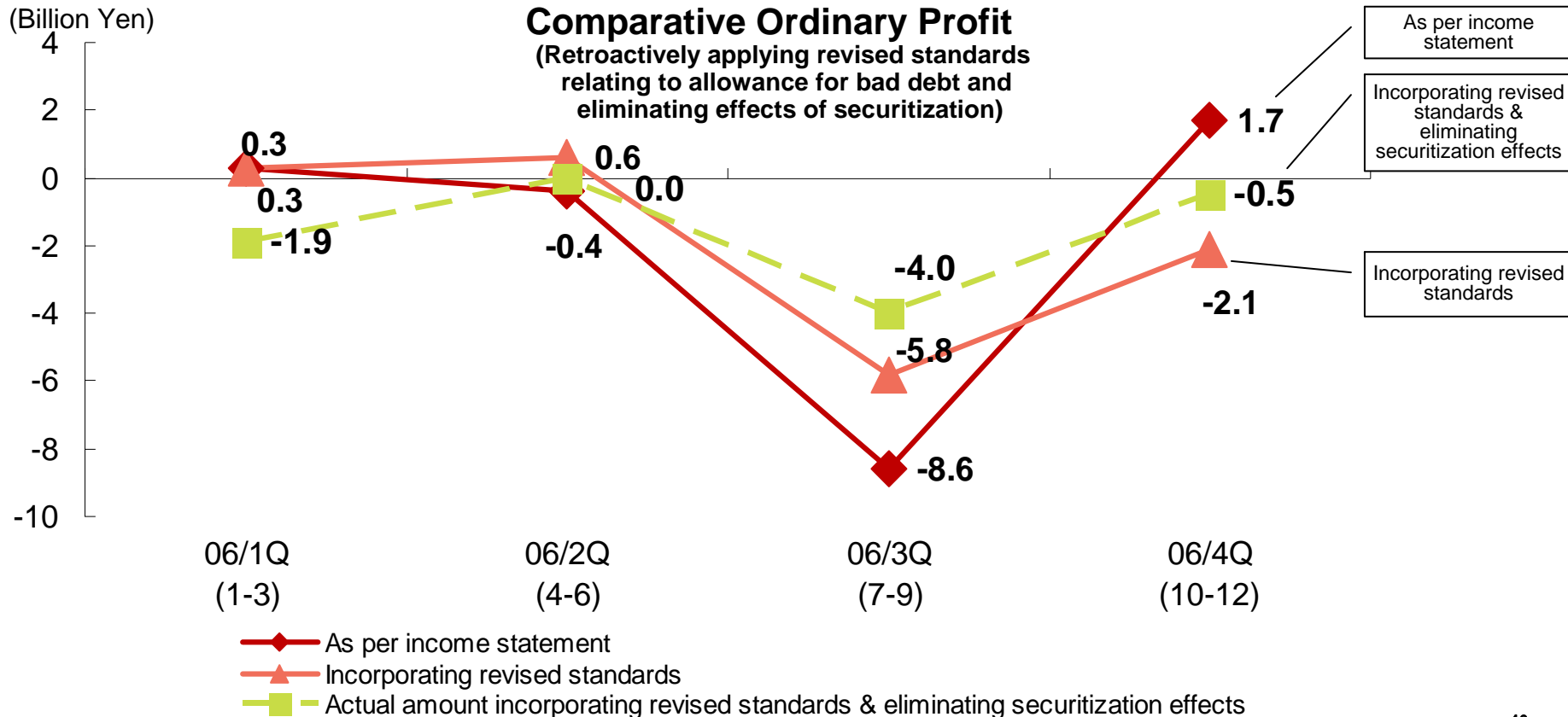


Note: Figures denote revenues prior to adjustments for current market value of securitization

Rakuten KC: Profit and Loss During 2006 (for reference)



- Due to effect of revised standards relating to allowance for bad debt, 4Q operating profit was ¥1.7 billion
- Assuming the new standards relating to allowance for bad debt were applied retroactively from April 2006 and the effect of securitization was eliminated, actual operating profit amounted to negative ¥0.5 billion
- Actual operating profit bottomed out during 2006 3Q, and is set to recover from 2007 onwards



4 -2-(3) Rakuten KC: Policies for growth

Secure the customer base, revenue base and loan management and collection platform necessary for an Internet-based credit card company

Attract Customers

- Attract creditworthy customers:
Premium Card; Rakuten Bank Card
- Enhance customer services through ID integration (e-NAVI)
- Issue IC card

Increase Revenues

- Generate revenues through settlement services (including acquiring)
- Promote use of revolving payment for purchases: currently used by **6% of active members**
- Secure **2 million active members** (of a total **4.5 million members**)

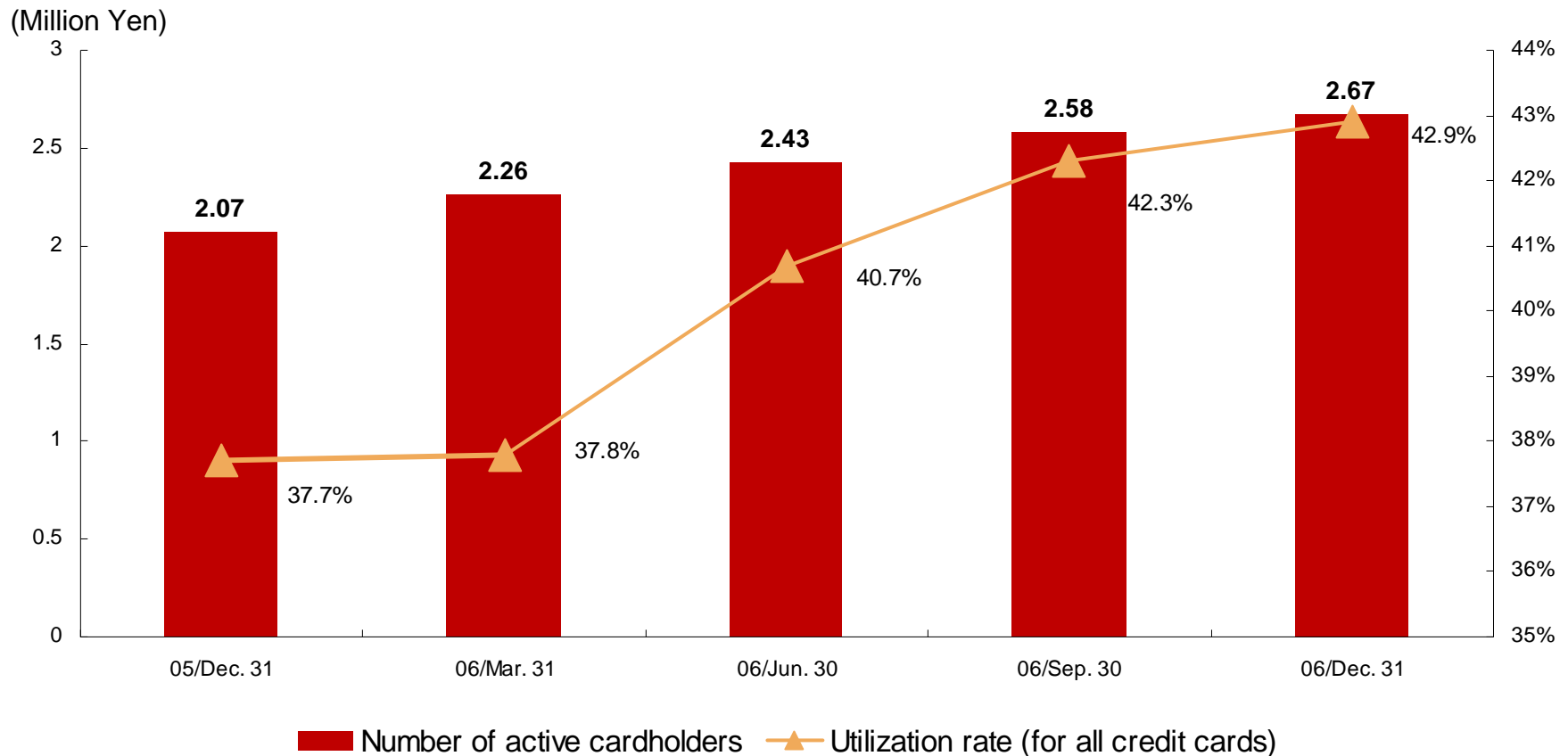
Bolster Loan Management and Collection

- Improve system for loan management and collection
Reduce bad loan-related costs
- Initial screening/monitoring
Revise credit control system

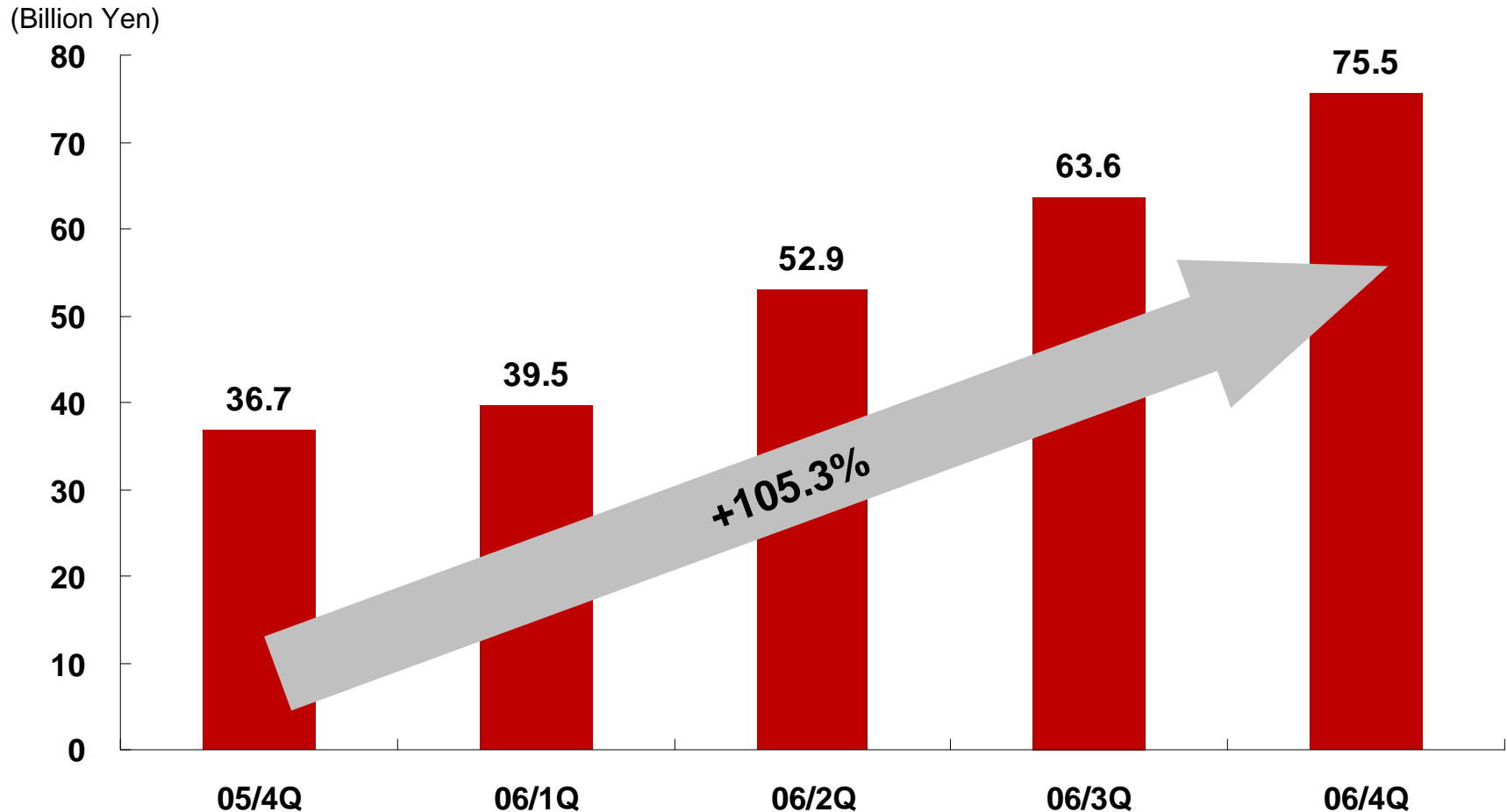
Number of Credit Card Users and Utilization Rates



- Approximately 187,000 new credit card users acquired during 4Q
- Number of active cardholders increased by approximately 90,000 on a net basis quarter on quarter



- Increases in the value of Rakuten Card-based payments have supported significant gains in overall shopping turnover



■ Evolution of the Rakuten Card

I. Rakuten Premium Card Issued

Rakuten's "Gold Card"

Unique benefits offered according to Rakuten Ichiba membership level*

Retain creditworthy customers—gross merchandise sales increases

Higher revenues



*For example: Free annual membership for platinum members; half-price annual membership for gold members; full-price annual membership (¥10,500) for silver members

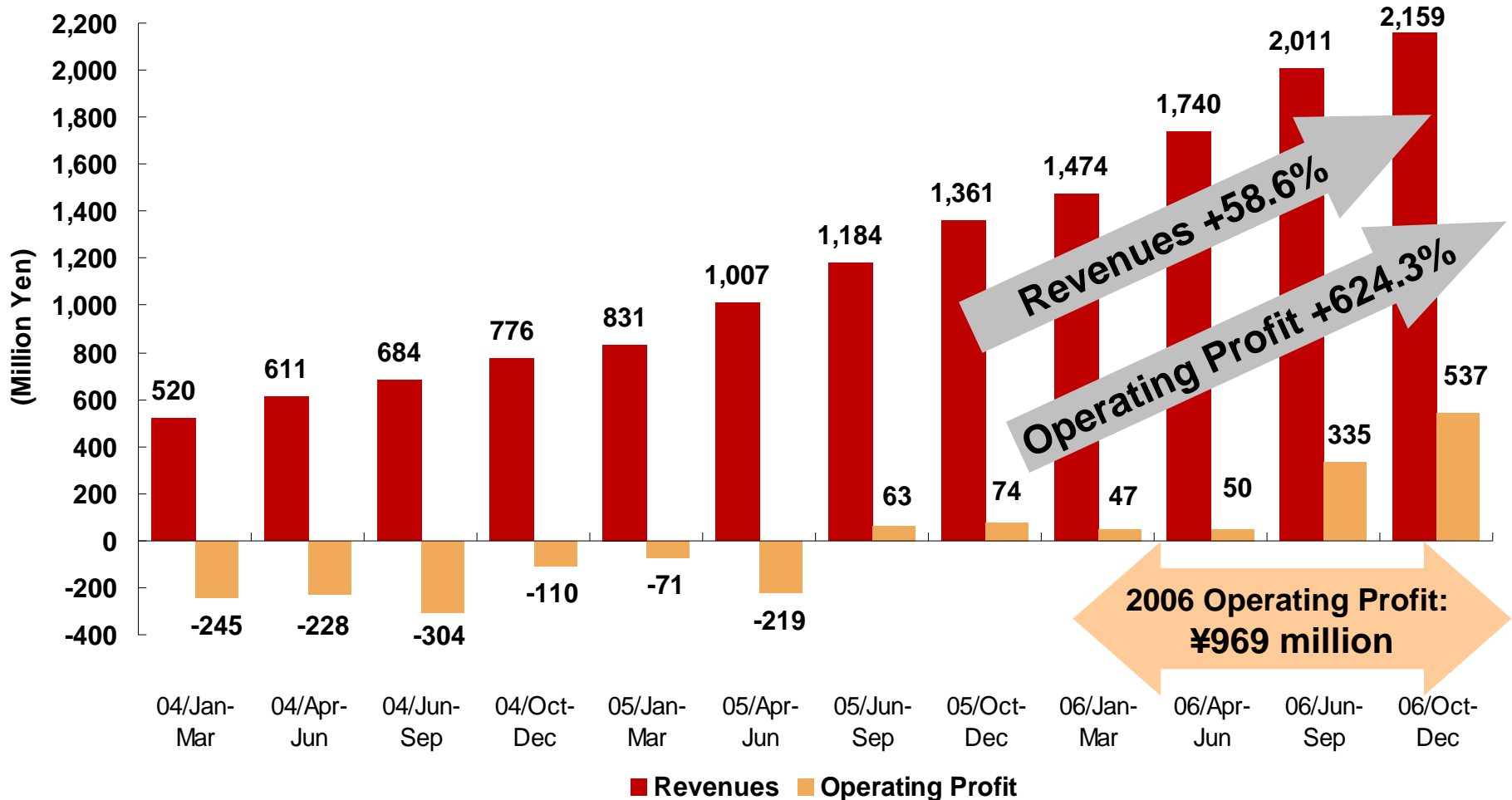
II. Rakuten Bank Card Issued

A Rakuten card that can be used as a cash card at Tokyo Tomin Bank

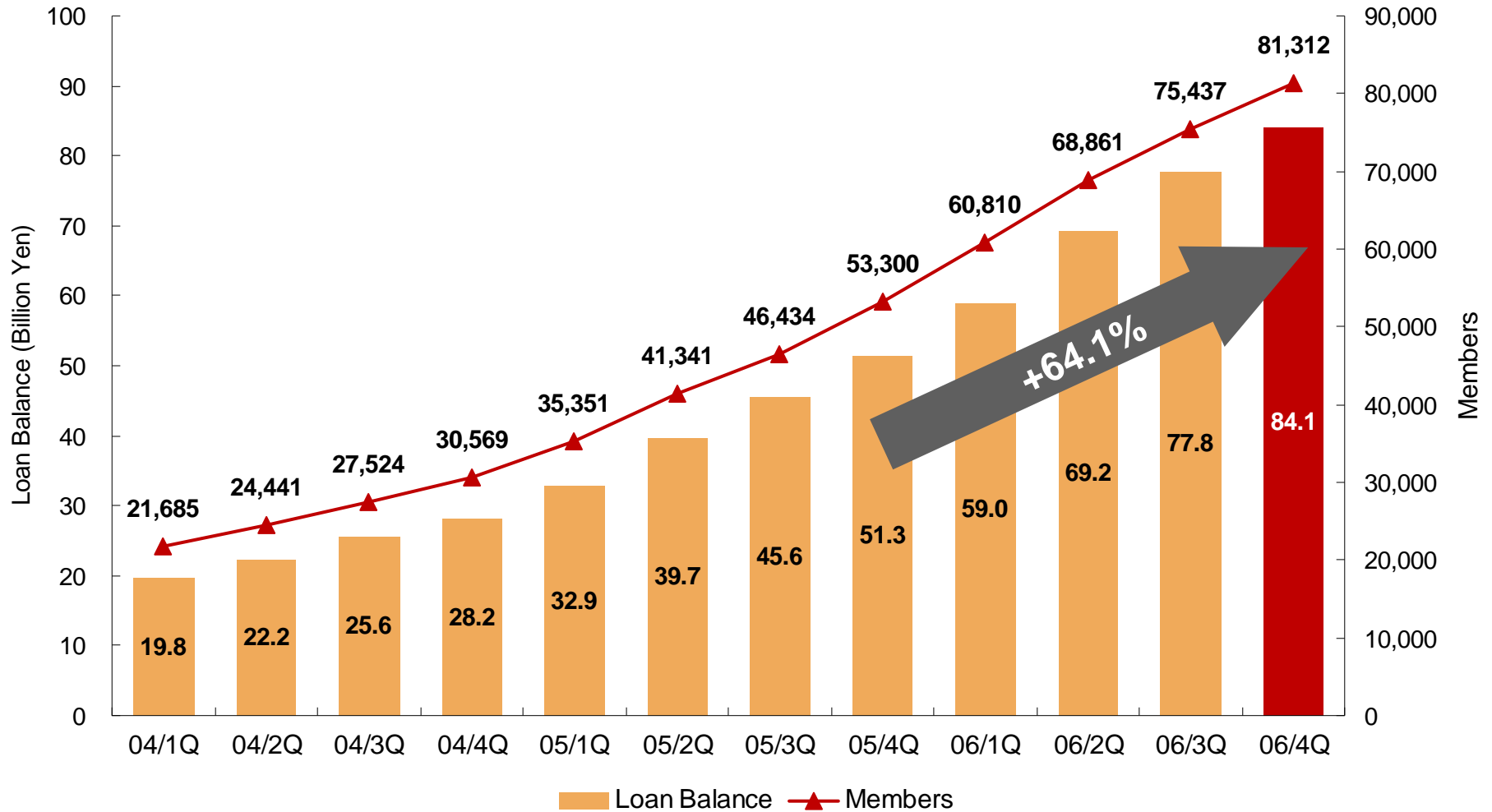
4 -3 Personal Finance Business (Rakuten Credit)

Rakuten Credit: Revenues and Operating Profit Rakuten

Revenue Growth +58.6% YoY, +7.3% QoQ
 Operating Profit +624.3% YoY, +60.0% QoQ



Loans Balance Growth +64.1% YoY, Maintaining Rapid Growth



Balance Sheet (Dec 31, 2006)

(Billion Yen; Amounts Less Than ¥0.1 Billion Omitted)

CURRENT ASSETS	86.5	CURRENT LIABILITIES	37.4
Cash and cash equivalents	3.5	Short-term borrowings	37.0
Loan receivables	82.9	Other current liabilities	0.4
Other current assets	0.6		
Allowances for bad debt	-0.5	FIXED LIABILITIES	45.7
		Long-term borrowing	45.7
		Other current fixed liabilities	0.0
		TOTAL LIABILITIES	83.2
FIXED ASSETS	2.0	EQUITY	5.2
Tangible fixed assets	0.0	Common capital stock	4.4
Intangible fixed assets	0.4	Common capital stock surplus	3.4
Investment and other assets	1.5	Retained earnings	-2.6
		Treasury stock	0.0
		Valuation and translation adjustments	0.1
		TOTAL NET ASSETS	5.3
TOTAL ASSETS	88.6	TOTAL LIABILITIES AND NET ASSETS	88.6

4 -4 Travel Business

■ Maintained high growth rate and profitability



- Operating profit reached ¥1.32 billion (up +48.4% YoY)
- Operating profit ratio was 45.5%; high level of profitability maintained

■ Support for hotels and enhanced convenience for users rewarded by steady gains in gross transaction value



- Gross booking value from reservations up +25.4% YoY
- Steady increase in number of contracted hotels and facilities

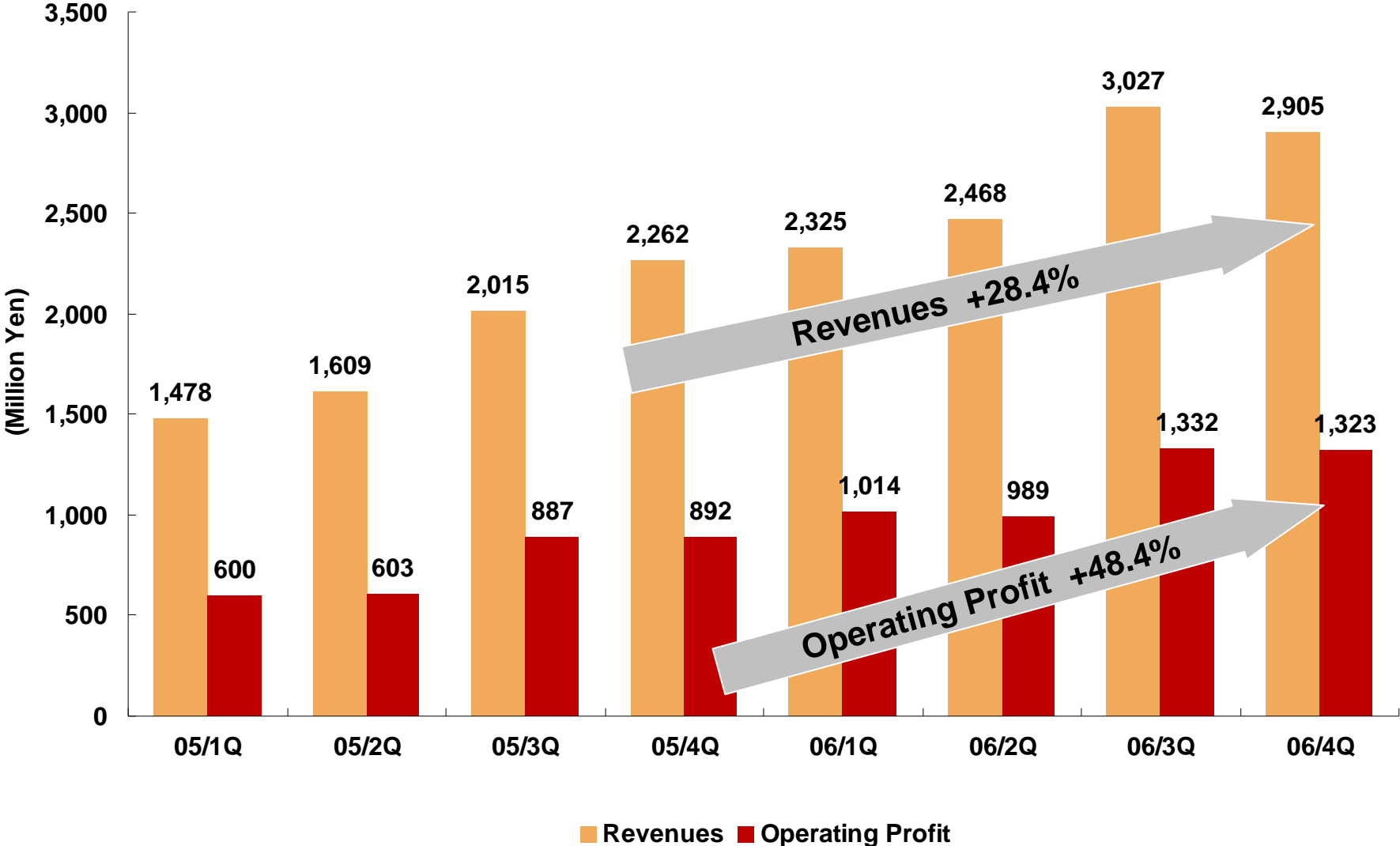
■ Number of hotel guests on a par with major travel agencies; increased contracts with top-tier exclusive hotels



- Number of hotel guests in Japan booked through Rakuten Travel exceeded 75% of number booked through JTB Corporation, Japan's largest travel agency
- Conducted more than twice as many guest questionnaires as JTB
- Launched PLATINUM COLLECTION

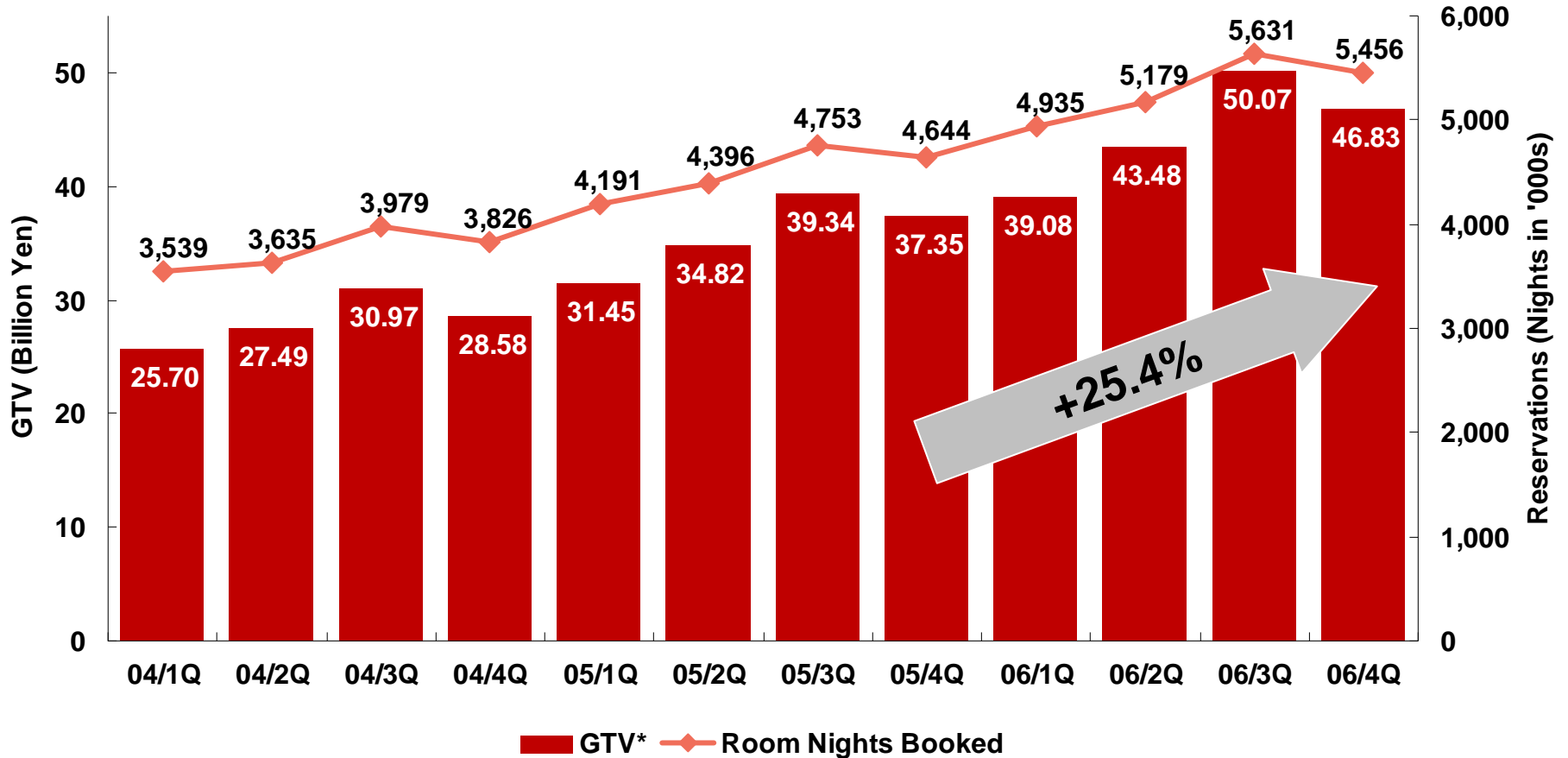
Travel Business Revenues & Operating Profit Rakuten

Revenues +28.4% (YoY), Operating Profit +48.4% (YoY)



Travel Business Reservations

New contracts promoted gross booking value, up +25.4% YoY



* Gross Transaction Volume at Time of Reservation (Before Cancellation, Tax Calculated)

* Travel Business: MyTrip.net and Rakuten Travel combined

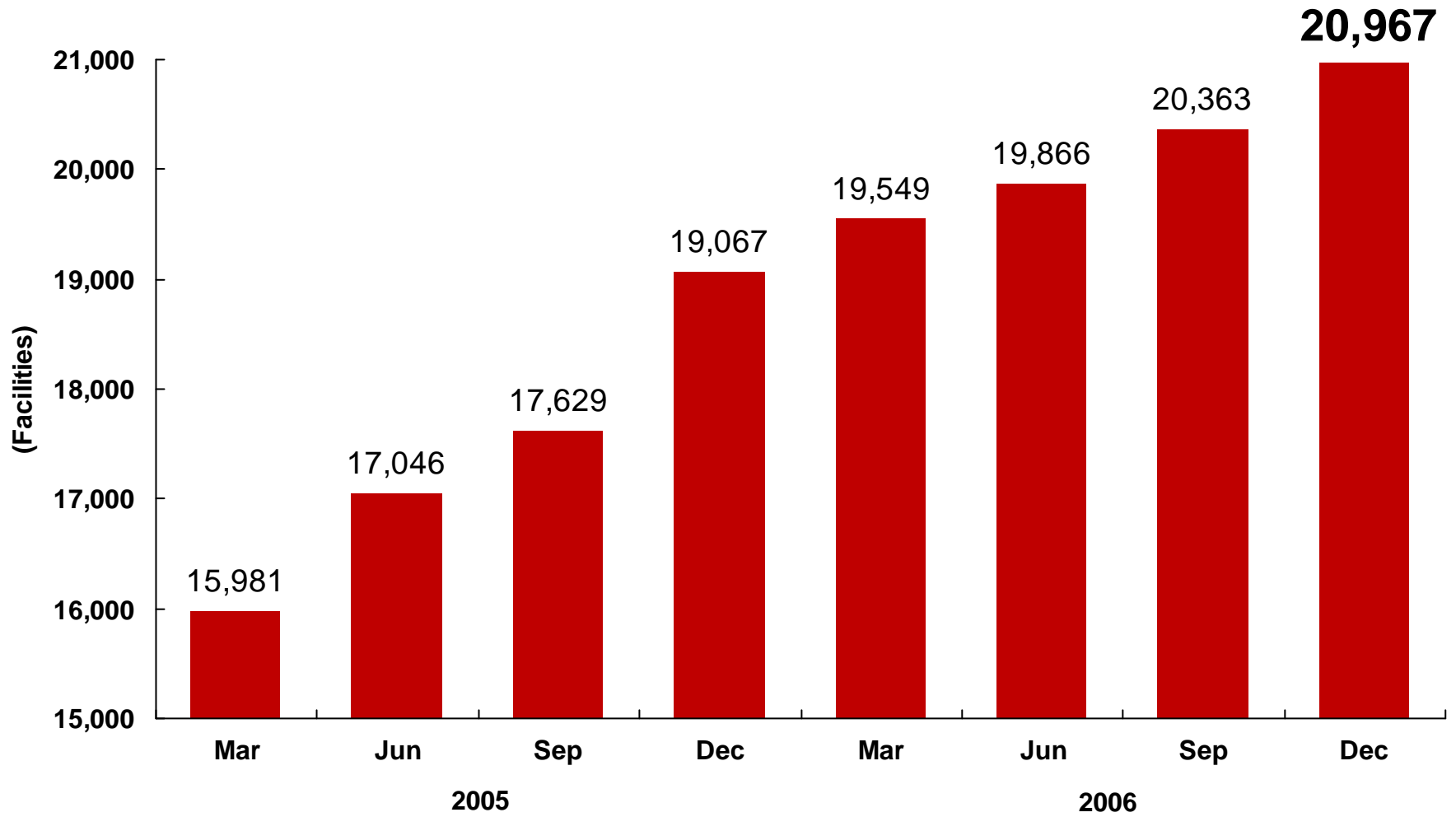
* From 05/1Q, Overseas Hotels Gross Bookings, Overseas Air Travel Gross Bookings, and Overseas Hotel Reservations included

* From 05/4Q, Rakuten Bus Services Inc. included

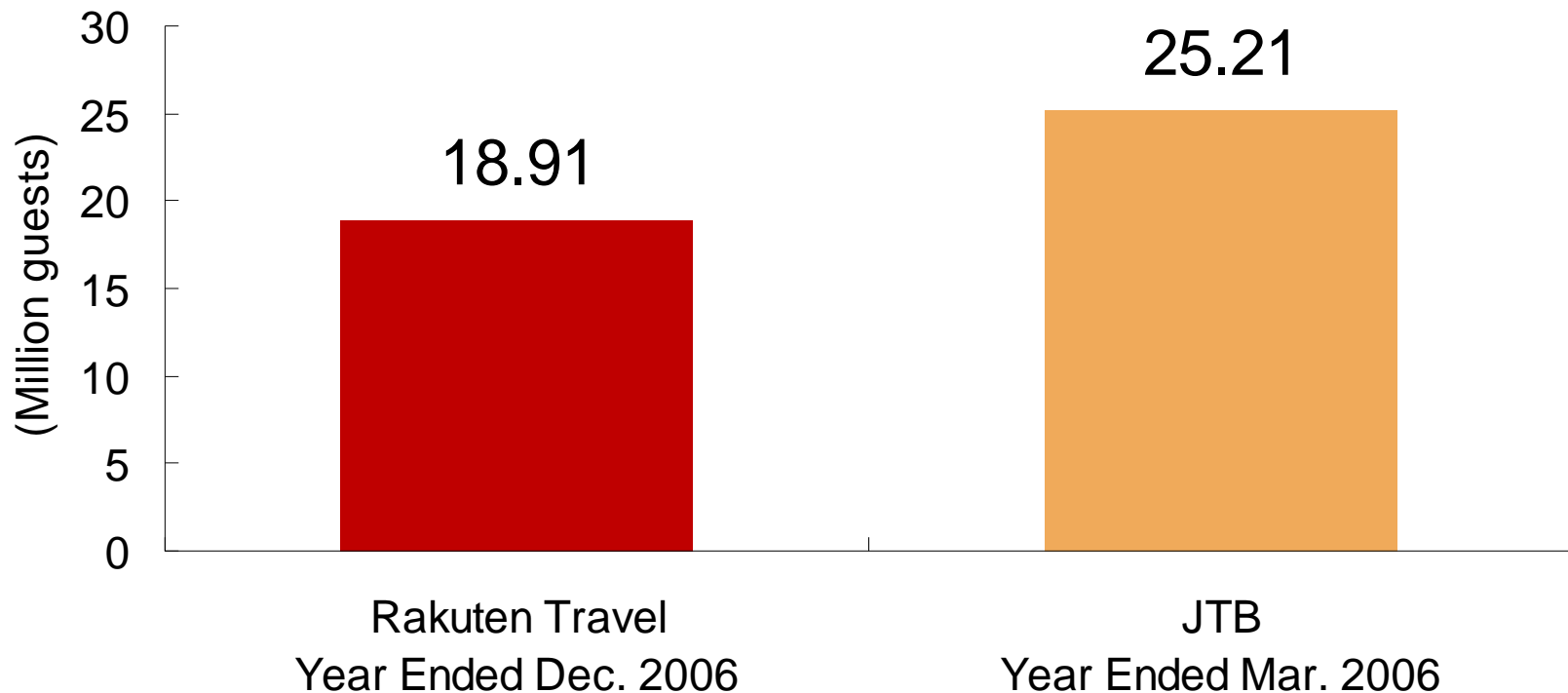
* From 06/1Q, International dynamic packaging included

* From 06/4Q, Domestic dynamic packaging included

Number of Contracted Domestic Hotels and Facilities Achieved 21,000



Number of hotel guests has increased rapidly to more than 75% that of JTB

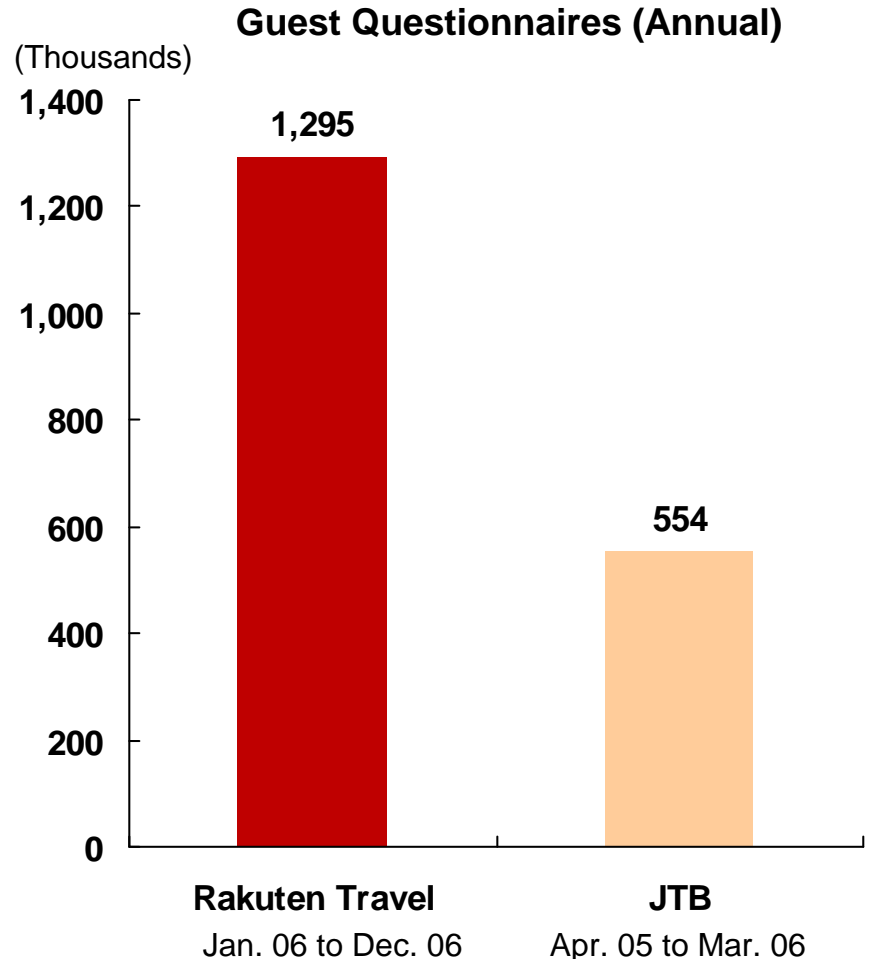


**Note: Projected number of hotel guests based on number of accommodation vouchers issued by JTB
(Source: JTB Accommodation Report 2006)**

Approx. 1.3 million guest questionnaires received; more than double the number at JTB

Impression of and information about hotel

Comment from hotel



Source: JTB Accommodation Report 2006

PLATINUM COLLECTION—For Celebrities launched January 2007



- Established selection committee made up of prominent figures from a variety of fields
- Only carefully selected exclusive hotels and *ryokan* are promoted

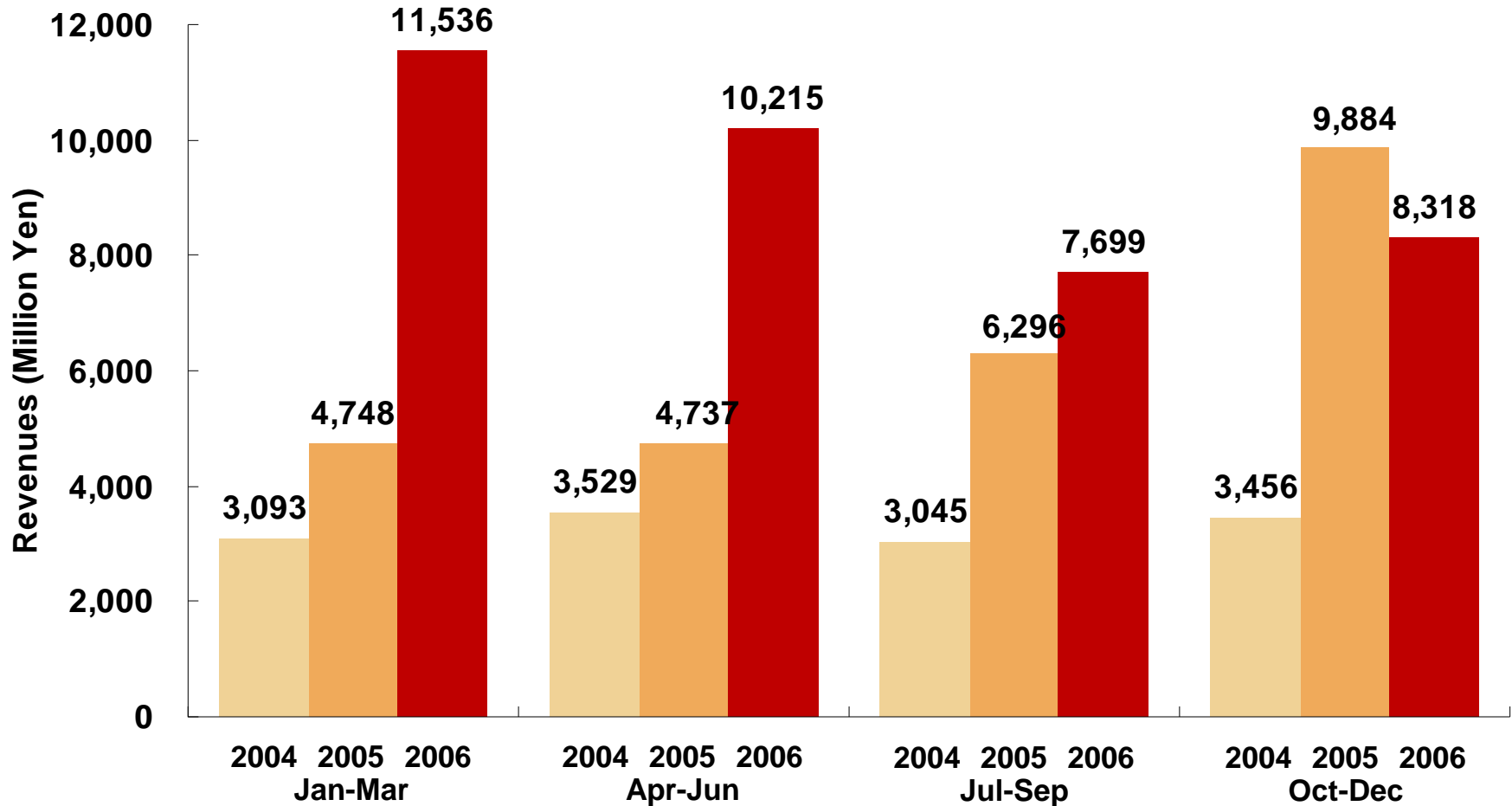


(18 hotels to be offered initially)

- Unique, brand-focused website design
- Offers three special functions
- The existing PREMIUM website featuring high-quality hotels and *ryokan* will be changed to GOLD PREMIUM

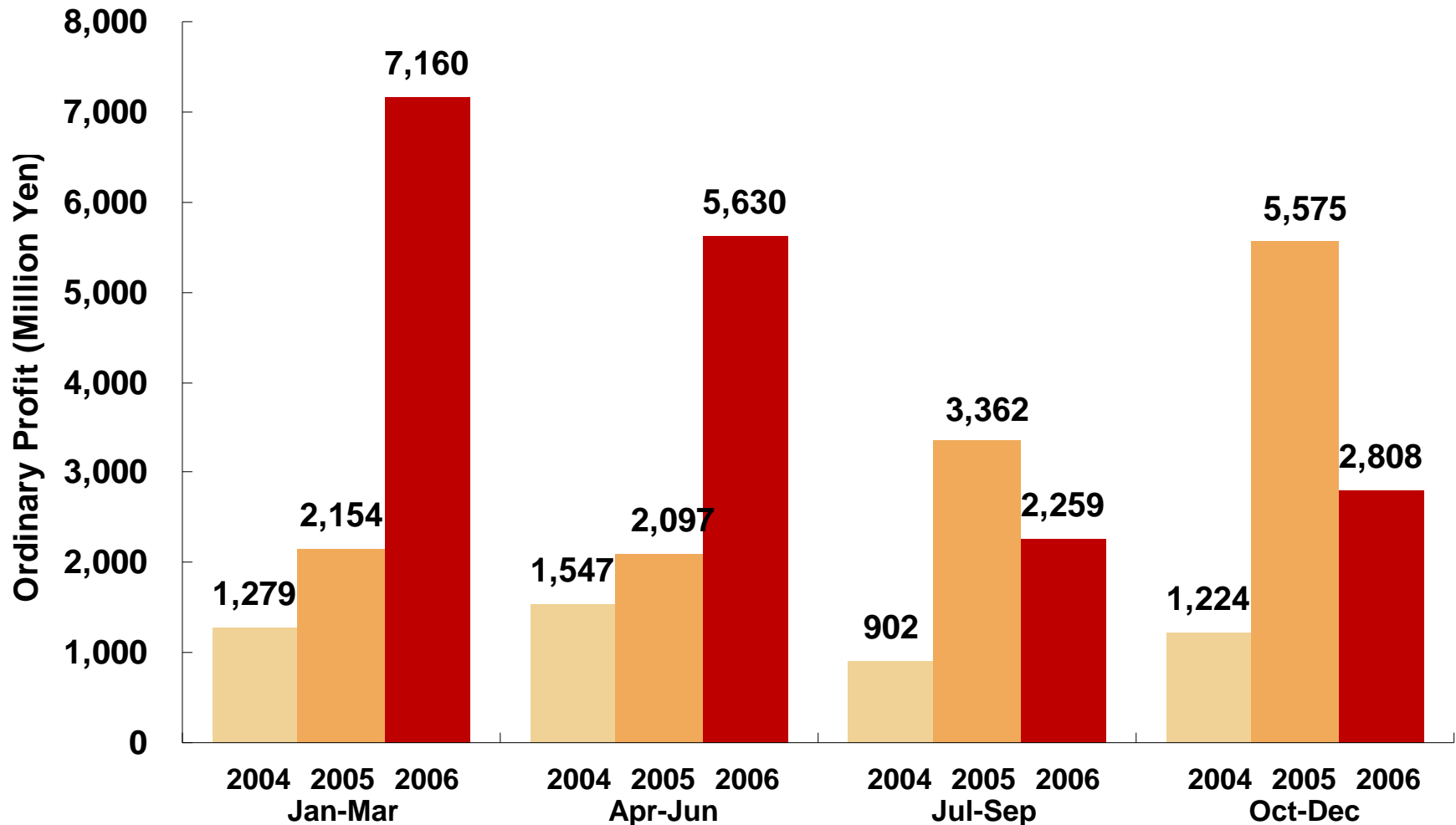
4 -5 Securities Business

Revenues decrease due to slowing Japanese stock market -15.8% YoY,
However, moderate recovery +8.0% QoQ



Rakuten Securities Holdings Ordinary Profit

Ordinary Profit Down -49.6% YoY
+24.3% QoQ due to the recovery in revenues



Financial Overview for Oct-Dec 2006 (YoY)

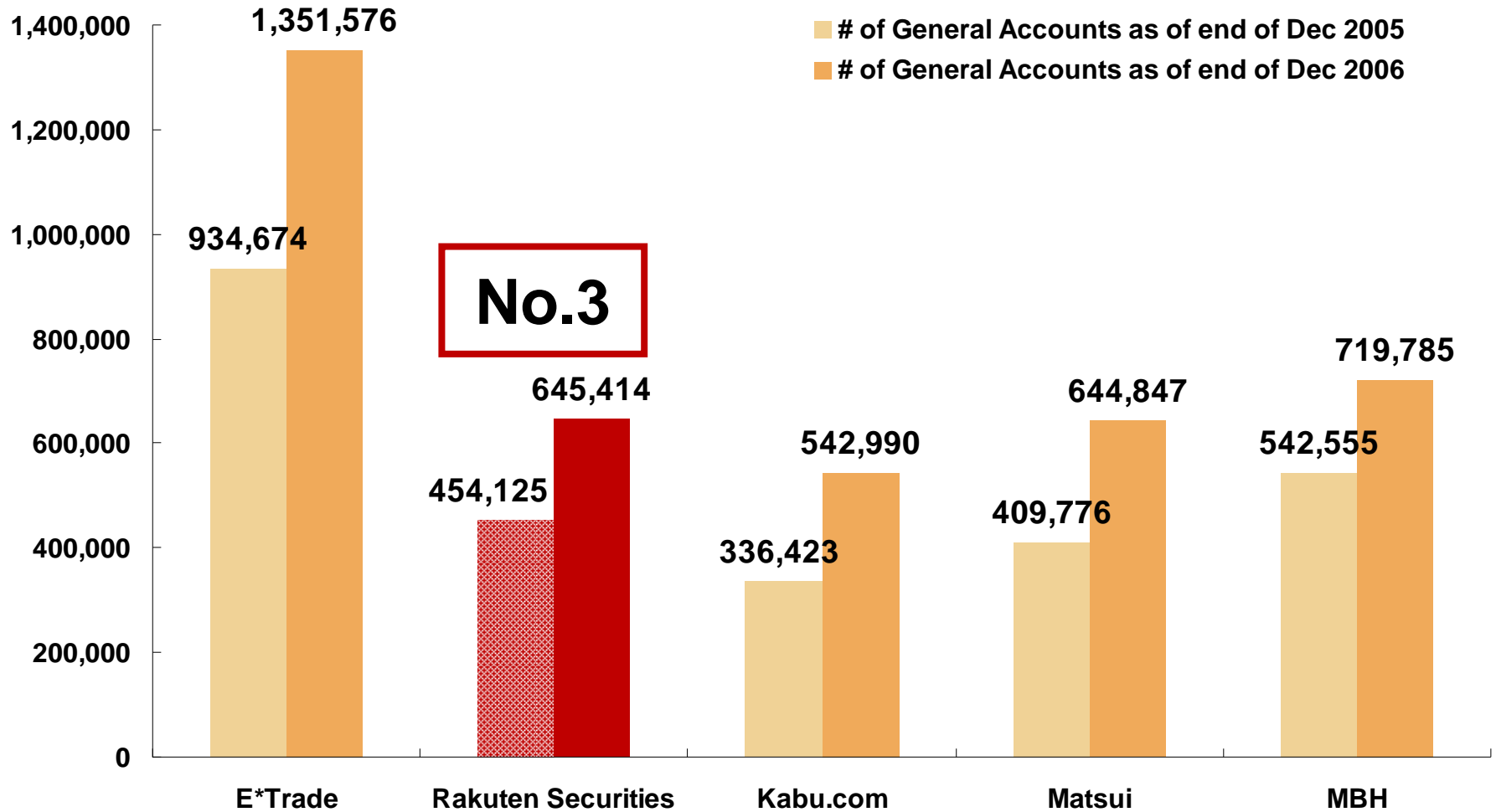
(Million Yen)

	Rakuten Securities		E*Trade		Matsui		kabu.com		MBH	
Revenues	8,318	-15.8%	13,713	-29.9%	10,000	-38.9%	4,608	-20.9%	7,755	-35.5%
(Net Interest)	1,481	+1.4%	3,402	-4.1%	3,789	+17.5%	1,119	+37.0%	1,195	-18.3%
Net Revenues	7,700	-17.1%	12,642	-32.1%	9,311	-40.3%	4,337	-22.0%	7,086	-39.1%
SG&A	5,097	+40.4%	6,839	-15.4%	4,547	+5.5%	2,270	+31.6%	3,548	+6.8%
Operating Profit	2,603	-54.0%	5,803	-44.8%	4,764	-57.7%	2,067	-46.1%	3,537	-57.5%
Ordinary Profit	2,808	-49.6%	5,744	-45.4%	4,770	-57.3%	2,070	-45.9%	3,525	-57.6%
Net Profit	1,089	-72.2%	3,191	-48.9%	2,864	-54.8%	1,176	-45.6%	2,125	-55.0%

* Source: Individual company financial reports on a consolidated basis (excluding kabu.com)

* Comparison of consolidated results

Rakuten Securities Number of General Accounts



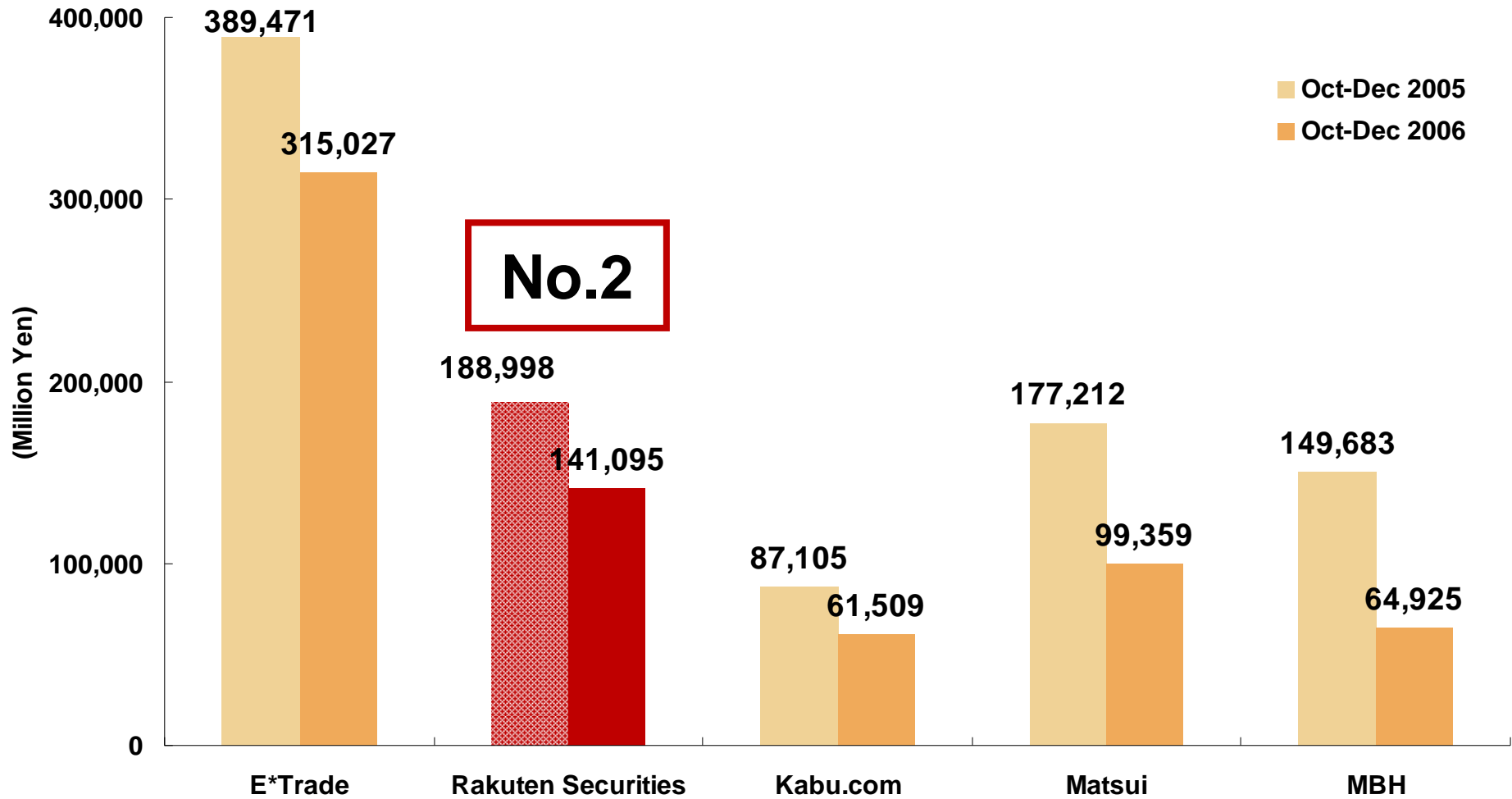
* Source: based on information on companies' websites

* Kabu.com consolidated MeNet

Rakuten Securities Daily Trading Volume of Japanese Equity



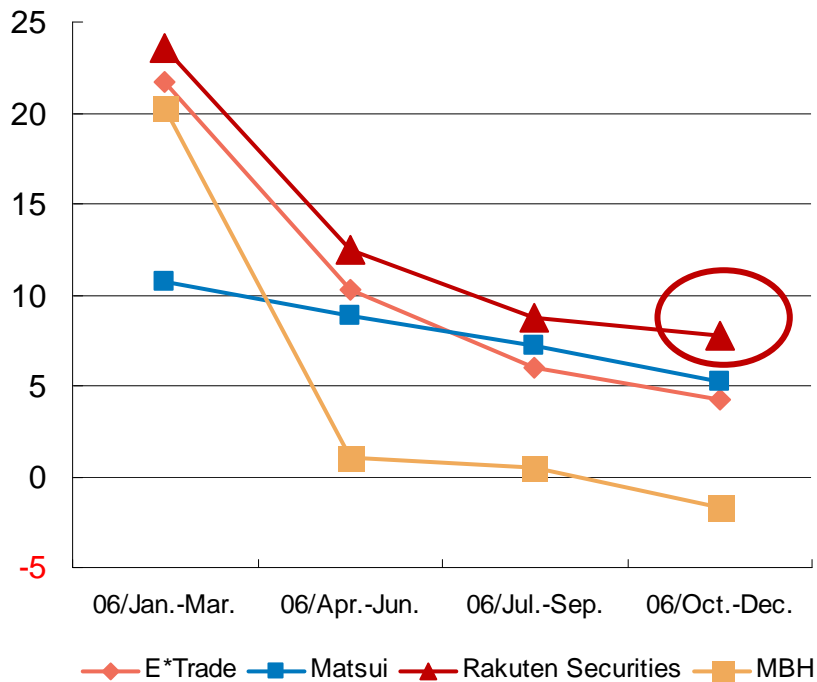
Daily Trading Volume



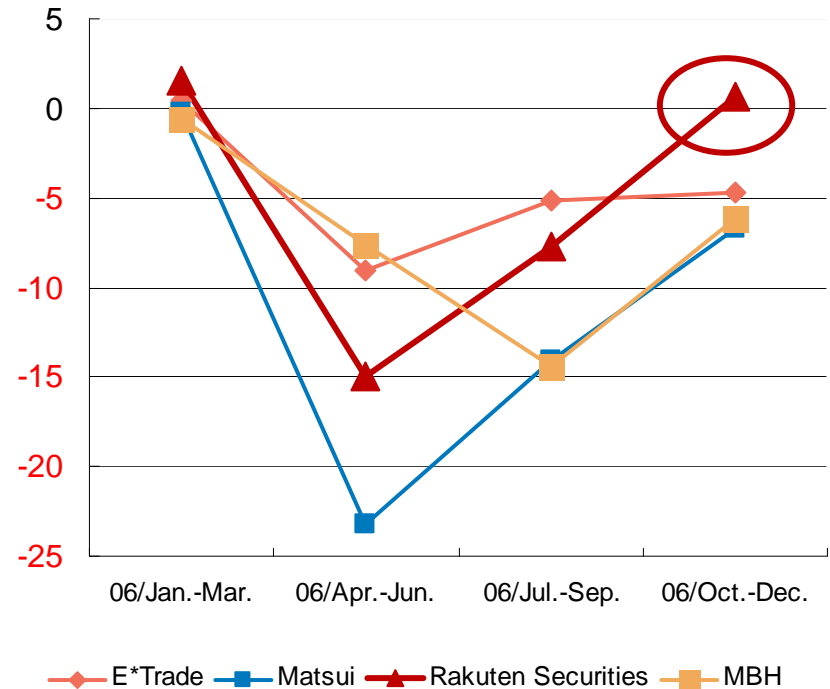
* Source: based on information on companies' websites

Campaign offering zero-interest to new margin-account holders instrumental in gaining advantage over other companies

Growth in No. of Margin Accounts (%)



Growth in Balance for Margin Tradings (%)



Restructure earnings base

Expand investor base to incorporate not only active investors, but all investors

(Improve savings-based products)

- Sale of South African rand-denominated bonds
(bonds to value of ¥0.8 billion sold in 2007)
- Japanese Government Bonds to be offered to individual investors
- Expand investment trust lineup
(50 trusts to be added during first half of 2007)

Expand customer base

- Increase inflow of new Rakuten members
(in conjunction with “Rakuten Money Service” website)
- Distribute Rakuten Super Points directly

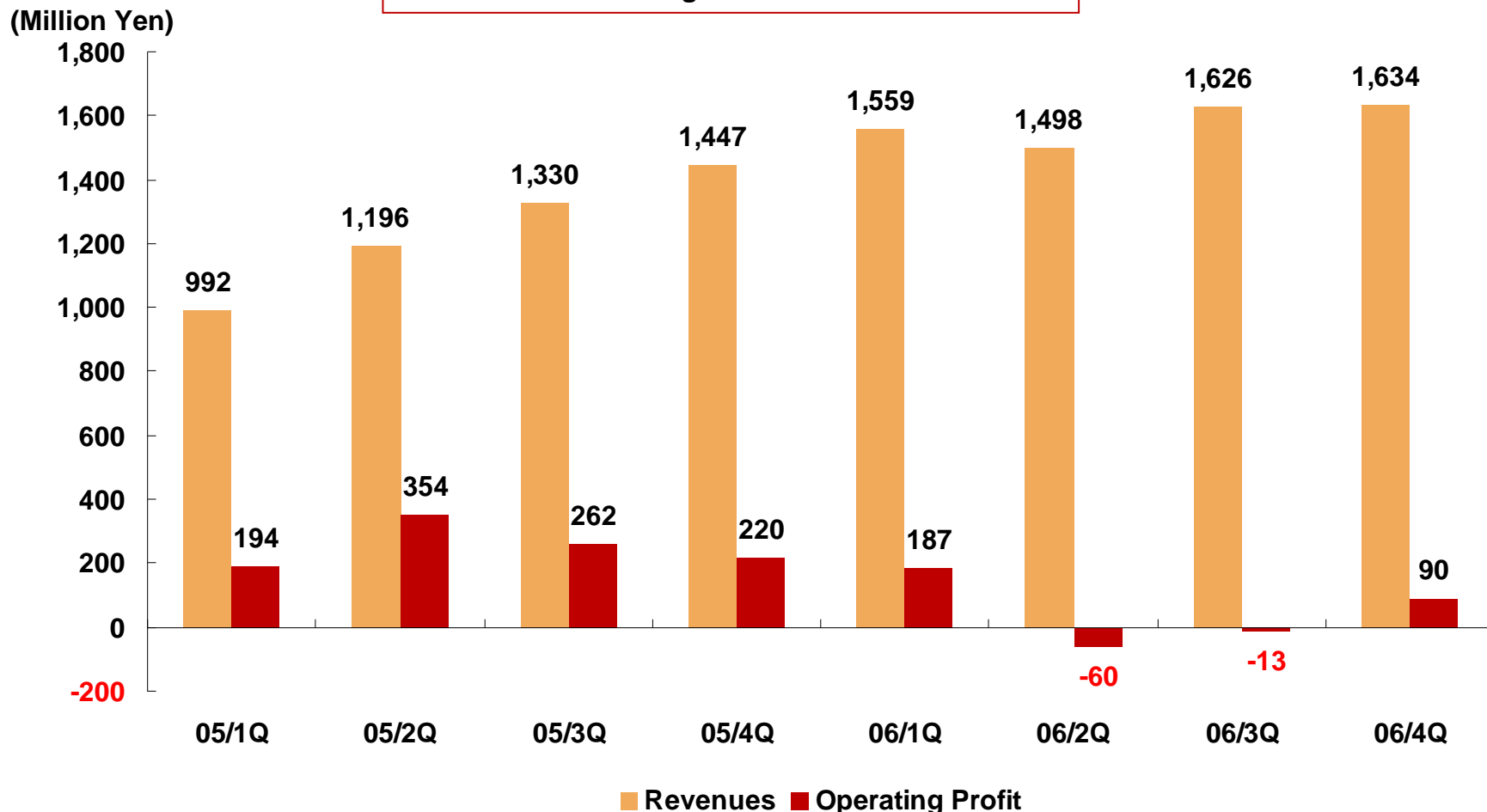
Cut Costs

- Consolidate data centers
(annual saving of ¥0.7 billion)
- Restructure network
(annual saving of ¥0.1 billion)

4 -6 Infoseek Business

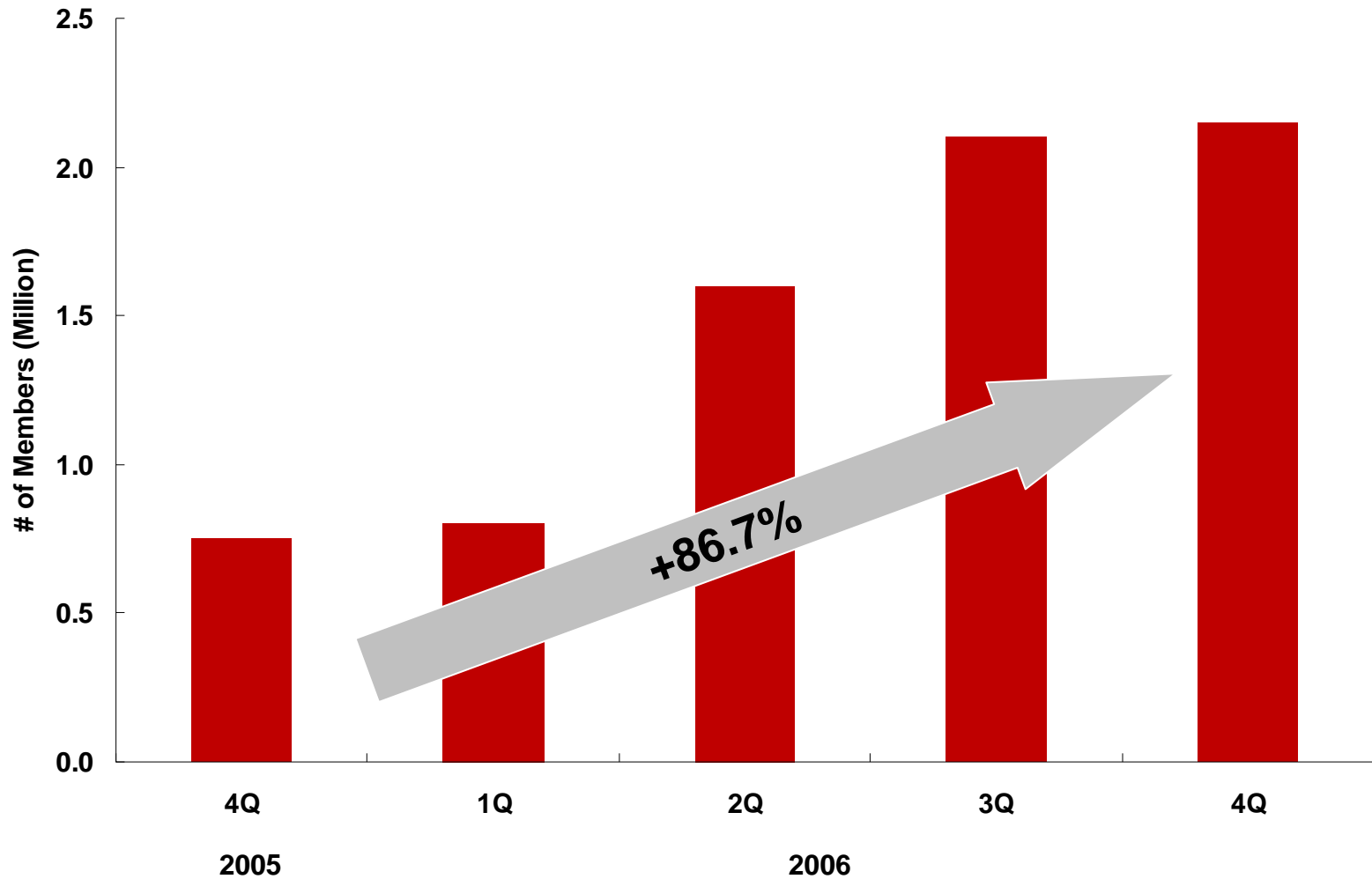
Infoseek & Advertising Revenues and Operating Profit Rakuten

Infoseek & Advertising Business Financial Results



* Gap in results between Infoseek & Advertising Business and Portal & Media Segment in Consolidated Financial Statements is Target., Inc, College Students' Portal Community., Inc, Rakuten Research, Inc, as well as Blog Business, Internet TV Business, and Publishing Business in Rakuten., Inc

Rapid increase in number of members



4 -7 Professional Sports Business

■ Revenues

The two key businesses performed solidly
Broadcasting rights impacted by lower ratings for Yomiuri Giants' games



- Advertising and sponsorship (up 17% YoY)
- Ticket sales (up 2% YoY)
- Broadcasting rights (down 27% YoY)

■ Capital investment

Upgraded facilities necessary to improve team competitiveness



- Increased number of seats for fans (3,000 seats)
- Built new large-scale indoor practice area (50m x 50m)
- Built new farm team facilities (two practice grounds, indoor practice area, bullpen, dormitory, etc.)
- Added royal boxes, a premium lounge and refreshment facilities

■ Bolstered the team's roster



- Successful in securing targeted players in corporate, collegiate and the high school draft

Revenues continued strong growth supported by advertising and sponsorship and ticket sales. However, upgrades to the ballpark, new practice facilities and other construction projects resulted in an operating loss due to increased depreciation costs.

(Million Yen)

Non-consolidated (Rakuten Baseball, Inc.)	2006 Results
Revenues	6,669
Operating expenses	8,011
Operating loss	-1,342

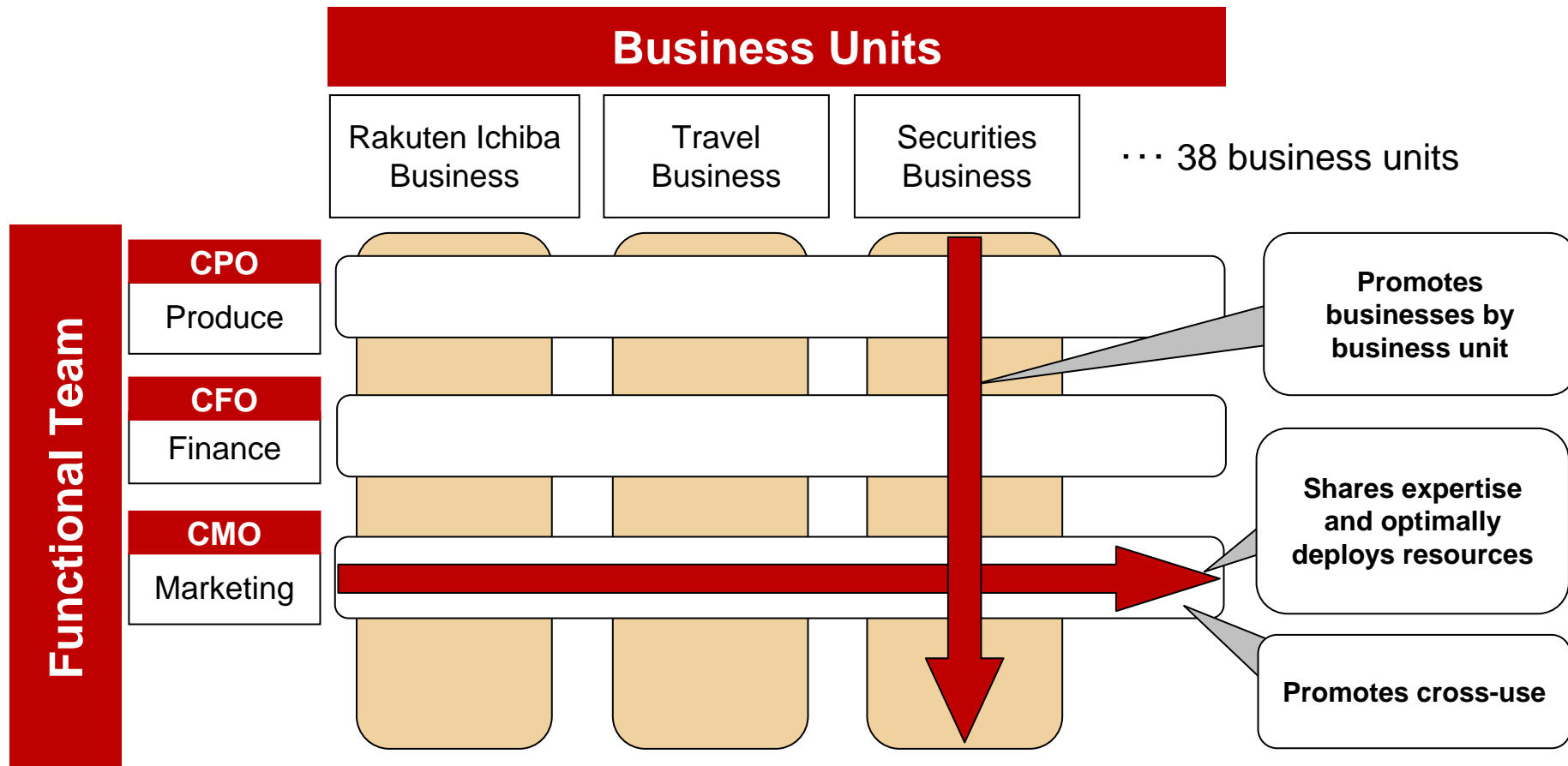
Consolidated (including Rakuten Sports Properties, Inc.)	2006 Results
Revenues	7,489
Operating expenses	8,869
Operating loss	-1,380

Revenue source	Amount
Advertising and Sponsorship	2,708
Ticket Sales	2,407
Broadcasting Rights	593
Stadium	479
Fan Club	173
Team Goods/Image Rights	153
Regional Tours/Farm Team, etc.	136
Others	20
Total	6,669

 Appendix

Growth Management Program (GMP) Realization of Matrix Management

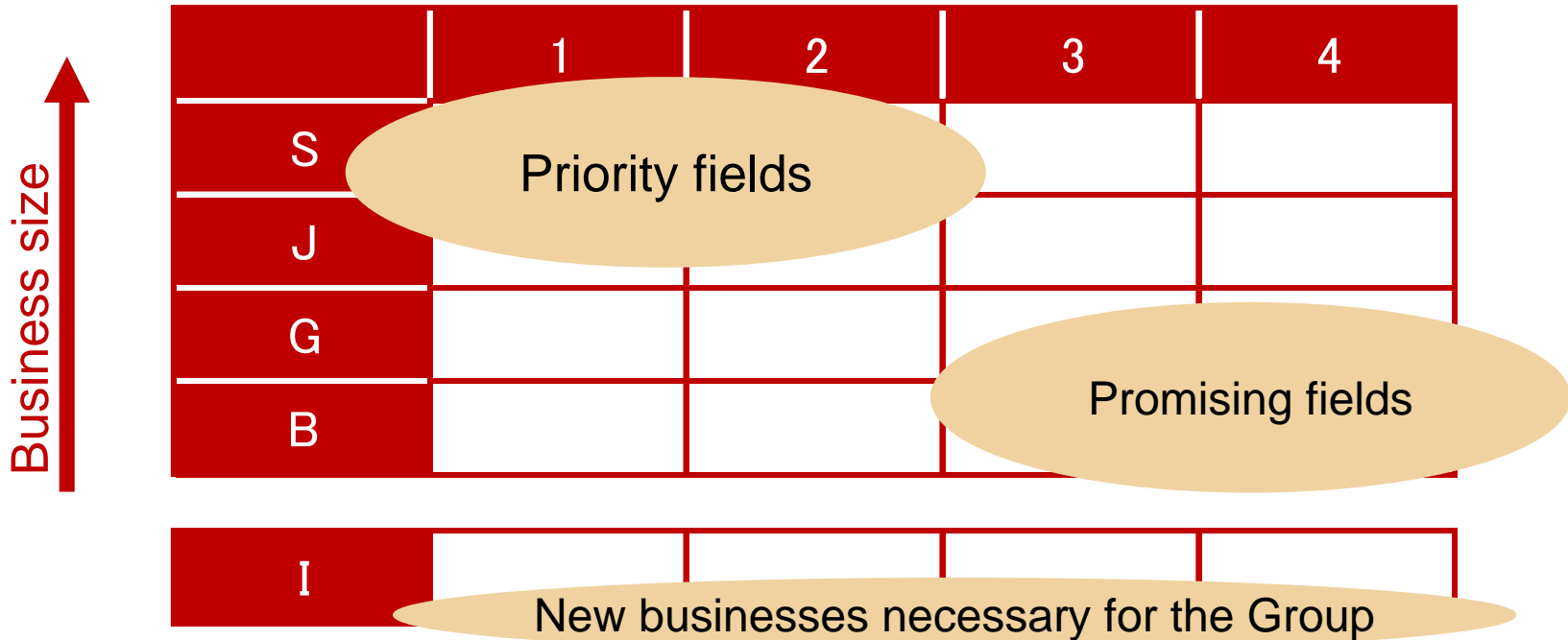
- Appoint chief officers by function and establish a functional team
- Share best practices and develop horizontally
- Optimally deploy resources and improve productivity



Growth Management Program (GMP) Business Mapping

Invest in priority fields, promising fields and new businesses, based on GMP

Profitability



Breakdown of Amortization of Consolidation Adjustment Account

Included in SG&A

(Million Yen)

	05/3Q	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q	Companies
E-Commerce Business	-	528	527	527	527	527	LinkShare
Credit & Payment Business	164	171	168	168	168	234	Rakuten KC
Portal & Media Business	10	12	16	16	17	17	Rakuten Research
Travel Business	-	0	7	7	7	10	Rakuten Bus Service
Securities Business	1	1	1	1	1	56	Rakuten Realty Management Rakuten Strategic Partners
Professional Sports Business	-	-	-	-	-	-	
Consolidated	176	714	722	721	721	845	

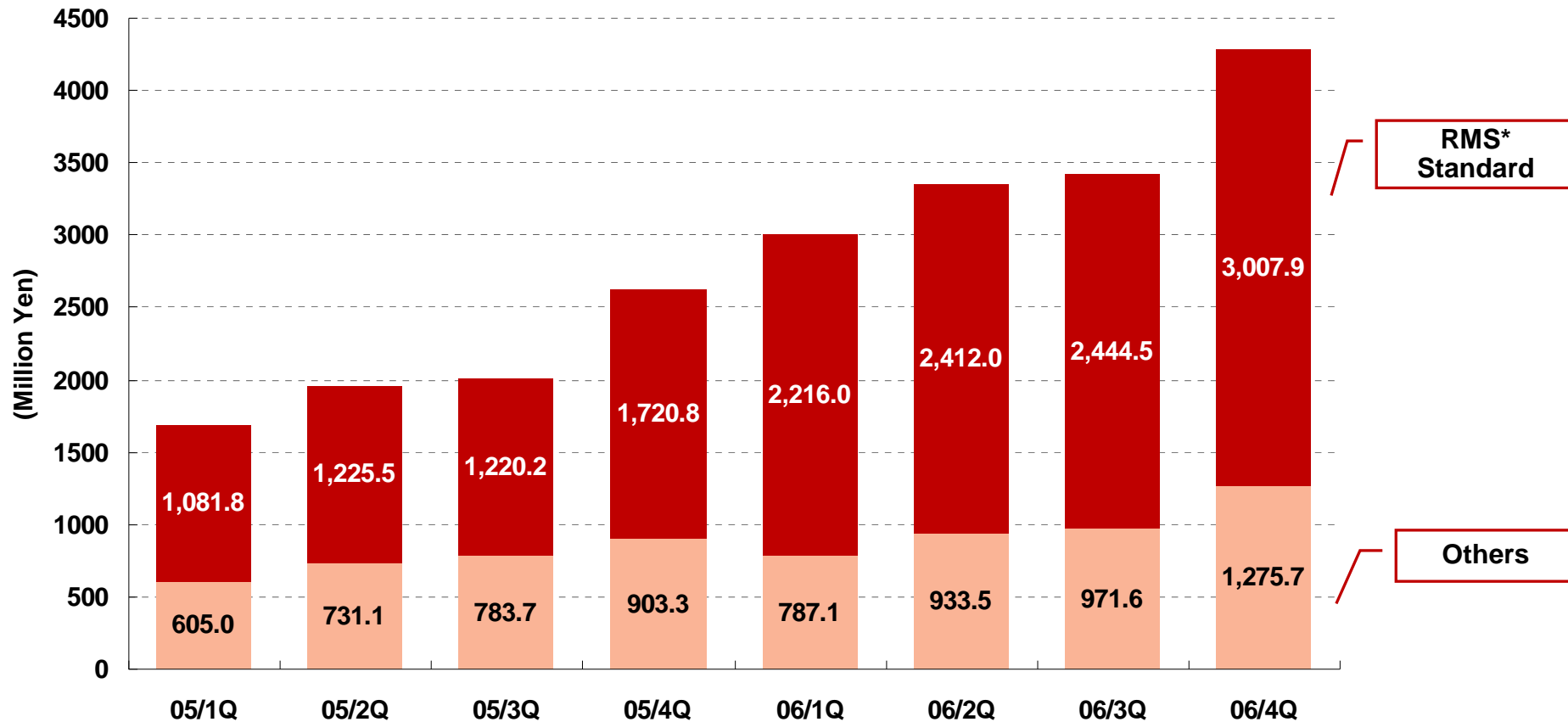
(Million Yen)

	2005				2006			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenues	5,685	6,565	6,837	8,918	9,441	10,187	10,400	12,918
Operating Expenses	3,208	3,950	4,236	4,569	4,835	6,126	6,507	6,341
Operating Profit	2,477	2,615	2,600	4,349	4,605	4,061	3,892	6,577
Operating Margin	43.6%	39.8%	38.0%	48.8%	48.8%	39.9%	37.4%	50.9%

* Rakuten Inc, excludes Portal & Media Business Company

*Gaps between "Rakuten Ichiba Business", page 32 and above are E-commerce businesses operated by Rakuten, Inc for Golf, Finewine, Auto and Dining.

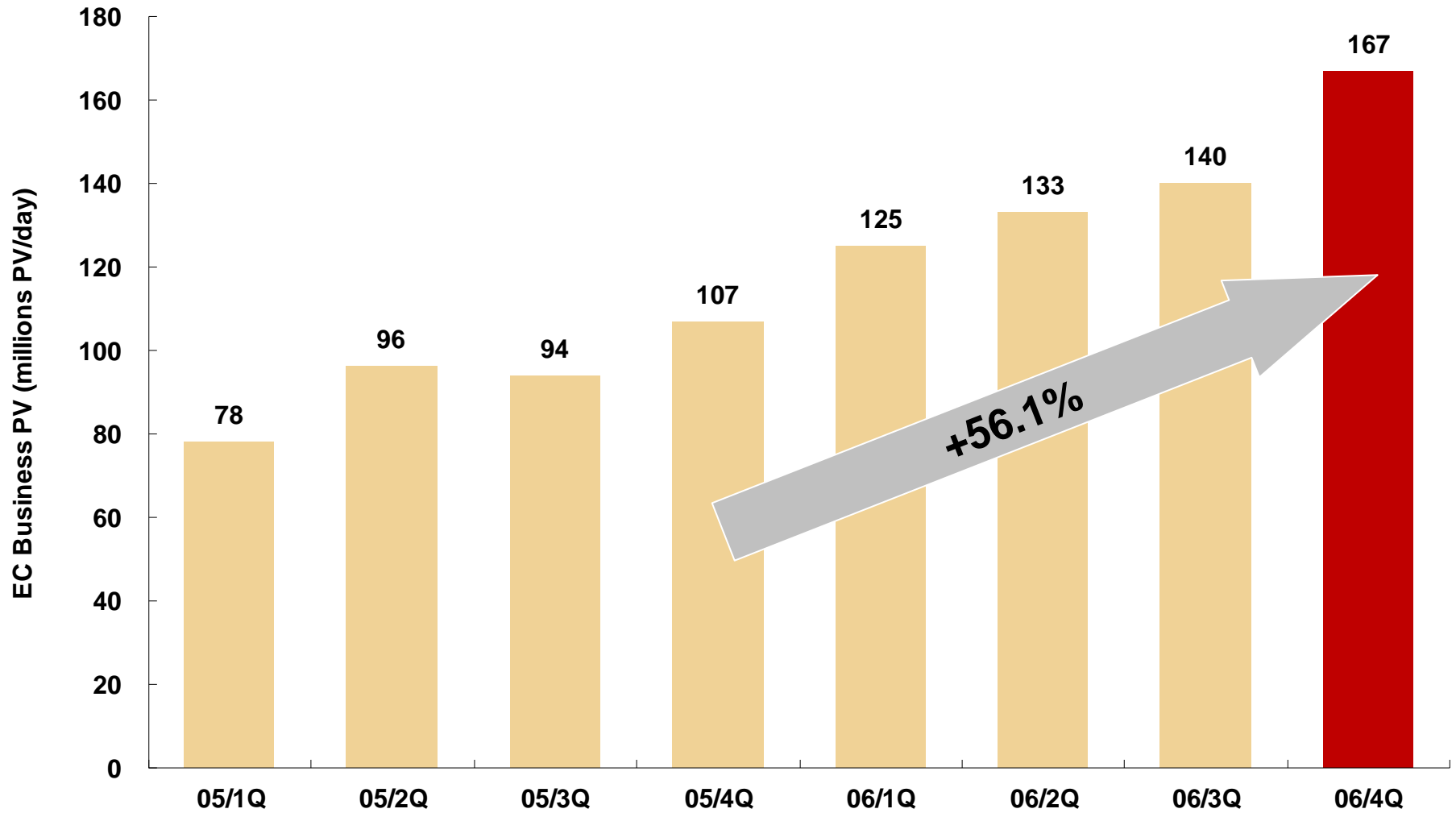
Sales Margin Breakdown (Non-consolidated)



* From February 2005, charge to GMS below than 1 million sales per merchant started only for newly opened merchants since February 2005

* From January 2006, charge to GMS below then 1million sales per merchant started for all merchants

PVs of E-Commerce Business



LinkShare Corporation: 4Q Results



Pro forma (Excluding cost related to acquisition and retention bonus)

	05/3Q (reference)	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q	
	Million US\$	Million US\$	Million US\$	Million US\$	Million US\$	Million US\$	Million Yen
Net Sales	10.3	14.1	12.1	12.0	11.4	15.6	1,864
Operating Profit	2.4	5.9	4.0	3.7	3.1	7.1	846
Exchange Rate (1US\$)	¥ 113.19	¥ 118.07	¥117.47	¥ 117.47	¥ 117.90	¥ 119.11	

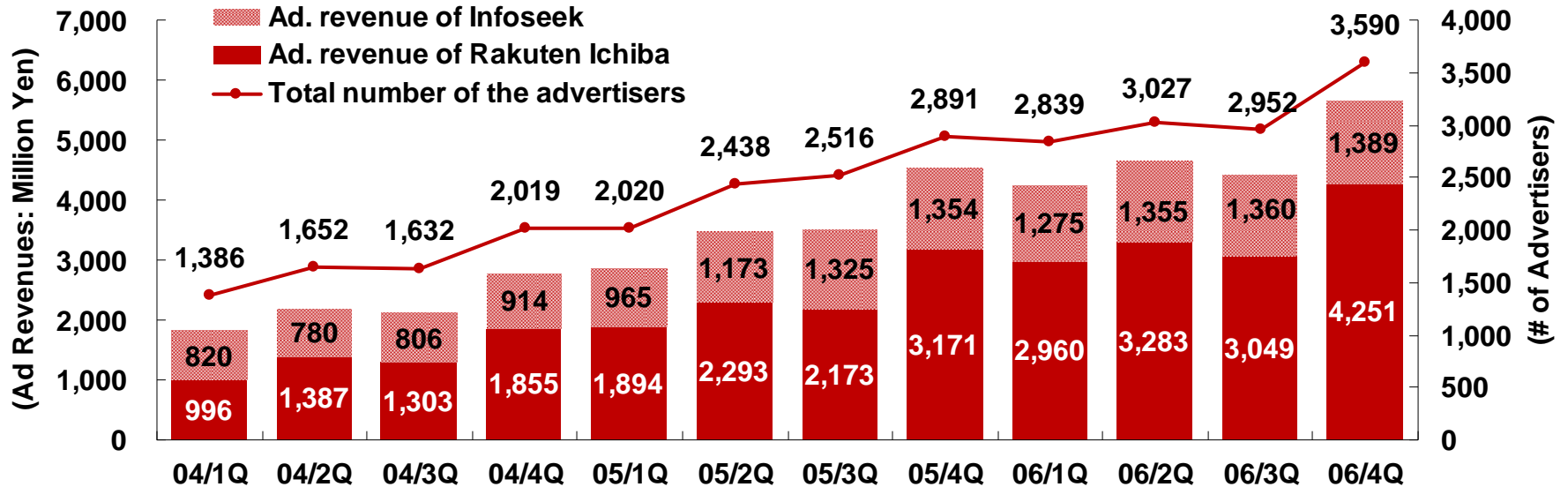
*Consolidation from 4Q 2005

*Pro forma (Excluding cost related to acquisition and retention bonus)

*Excluding LinkShare Japan

Group Advertising Revenues

06/4Q Group Advertising Revenues 5.6 Billion Yen, Growth +24.6% YoY



	Revenues												
	04/1Q	04/2Q	04/3Q	04/4Q	05/1Q	05/2Q	05/3Q	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q	
Rakuten Ichiba	996	1,387	1,303	1,855	1,894	2,293	2,173	3,171	2,960	3,283	3,049	4,251	
Infoseek etc.	820	780	806	914	965	1,173	1,325	1,354	1,275	1,355	1,360	1,389	
Total	1,816	2,167	2,110	2,770	2,859	3,467	3,498	4,525	4,236	4,638	4,410	5,640	
# of Advertisers	Revenues												
	04/1Q	04/2Q	04/3Q	04/4Q	05/1Q	05/2Q	05/3Q	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q	
	Rakuten Ichiba	1,001	1,246	1,213	1,569	1,593	1,992	1,993	2,355	2,264	2,482	2,439	3,052
Infoseek etc.	385	406	419	450	427	446	523	536	575	545	513	538	
Total	1,386	1,652	1,632	2,019	2,020	2,438	2,516	2,891	2,839	3,027	2,952	3,590	

*1 Excludes internal group sales *2 Monthly average within each quarter

*3 Until 06/1Q, the sum of Revenues from Infoseek and Ynot, from 06/2Q, including revenues of other Rakuten group advertising

Capital Expenditures

(Billion Yen)

		2005	2006			
		Year	1Q	2Q	3Q	4Q
Non-consolidated	Hardware	1.95	0.22	0.59	1.01	1.41
	Software	1.71	0.40	0.54	0.58	2.34
	Total	3.67	0.62	1.13	1.60	3.75
Consolidated	Hardware	3.52	0.97	0.69	1.51	1.95
	Software	3.12	0.94	1.08	0.93	3.32
	Total	6.64	1.92	1.78	2.45	5.28

*Operating Base

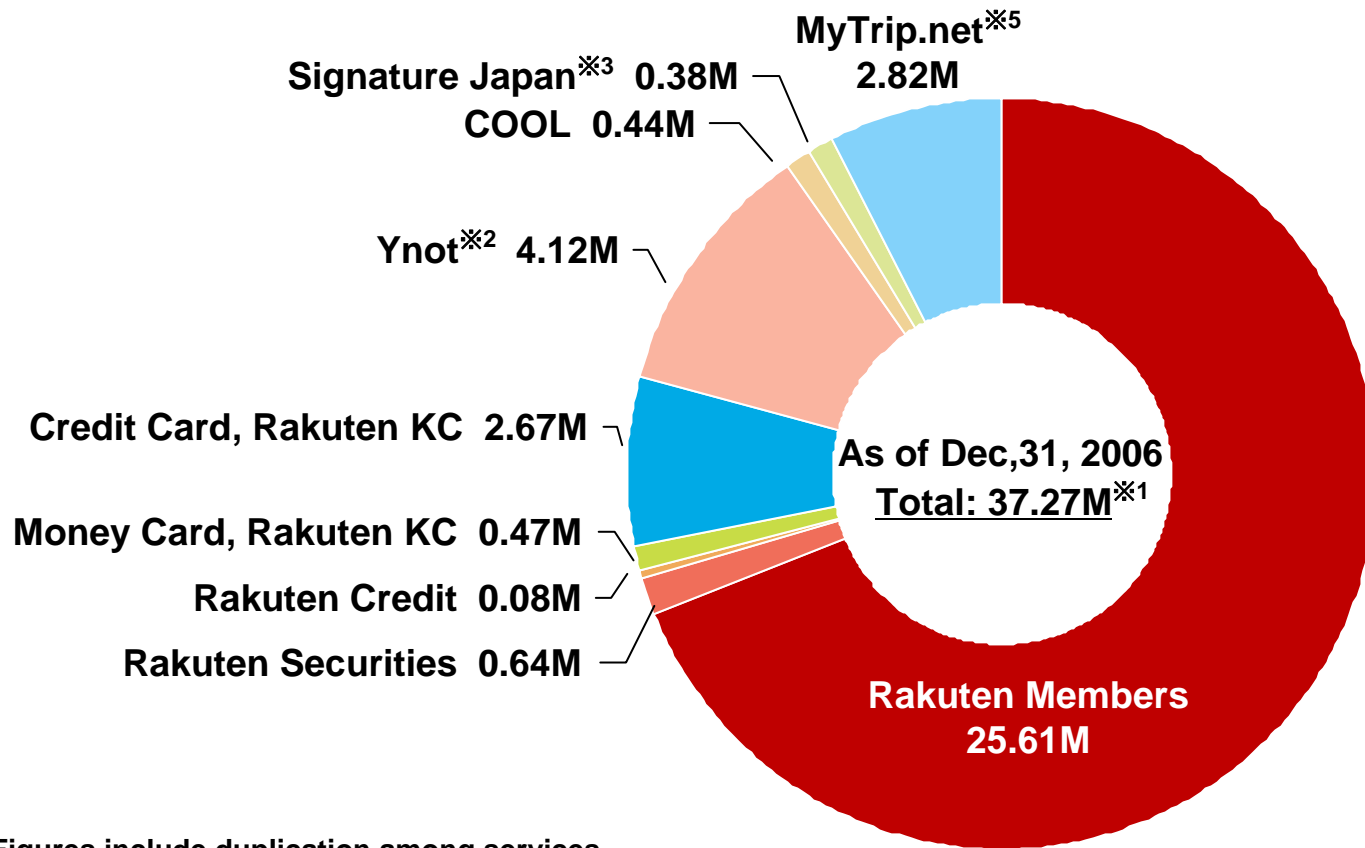
*Excluding Professional Sports and Realty funds

Property	Sep, 2006
Yahoo!	87.9
Rakuten	58.7
Microsoft	58.3
NTT	55.2
GMO	53.2
Nifty	49.1
NEC	45.0

Property	Dec, 2006
Yahoo!	87.3
Rakuten	57.7
Microsoft	55.9
NTT	51.3
GMO	49.7
Nifty	45.7
Google	45.2

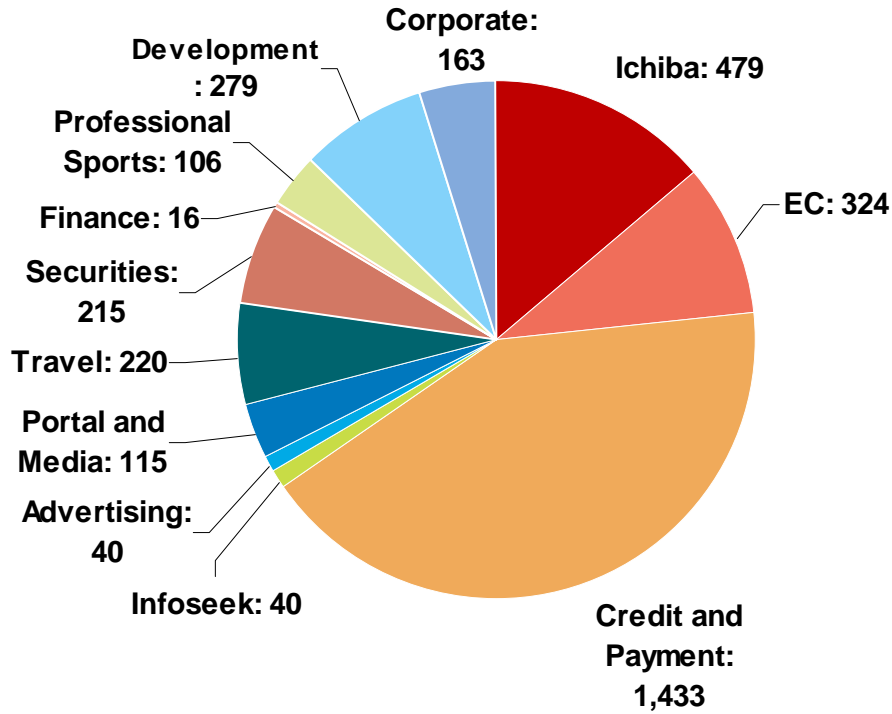


Source: NetRatings Home Panel

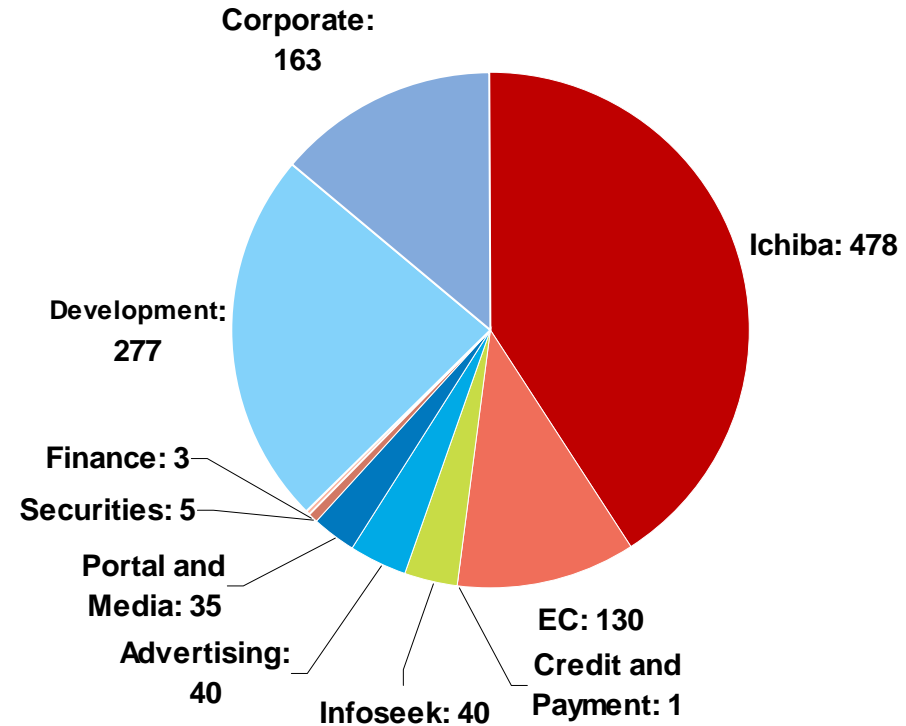


- *1 Figures include duplication among services
- *2 Includes members from co-branded services
- *3 Includes automatic registration to service
- *4 GORA members and Rakuten members merge
- *5 MyTrip.net excludes members converted to Rakuten ID
- *6 Ynot excluded members converted to Rakuten ID
- *7 Infoseek members and Rakuten members merge
- *8 Financial related business added from 2006/3Q

Rakuten Group: 3,430



Rakuten, Inc.: 1,172



* As of Dec 31, 2006

* Excluding directors, auditors and part-time workers

A solid red square.

Appendix: Rakuten KC

Change estimation method for allowance for bad debt in compliance with Financial Services Agency manual and the accounting standards for financial products

Previous basis for estimation of allowance for bad debt: allowance equivalent to at least 7 months of arrears
For 2006 3Q: allowance equivalent to at least 4 months of arrears



From 2006 4Q: new basis for estimation of allowance for bad debt: future default rate to be estimated for each category of debtor

- Portion of allowance for bad debt corresponding to provision for interest repayments (principal waiver) clearly identified
- Separate allowance necessary for interest repayments (cash out)
- The change from the allowance estimation method implemented in 2006 3Q to the latest method has resulted in a temporary impact, primarily in the form of reversal of the allowance for bad debt and increase for interest repayments, etc.

Changes in Allowance for Bad Debt in Line With Changes in Estimation Methods

Balance of Allowance for Bad Debt

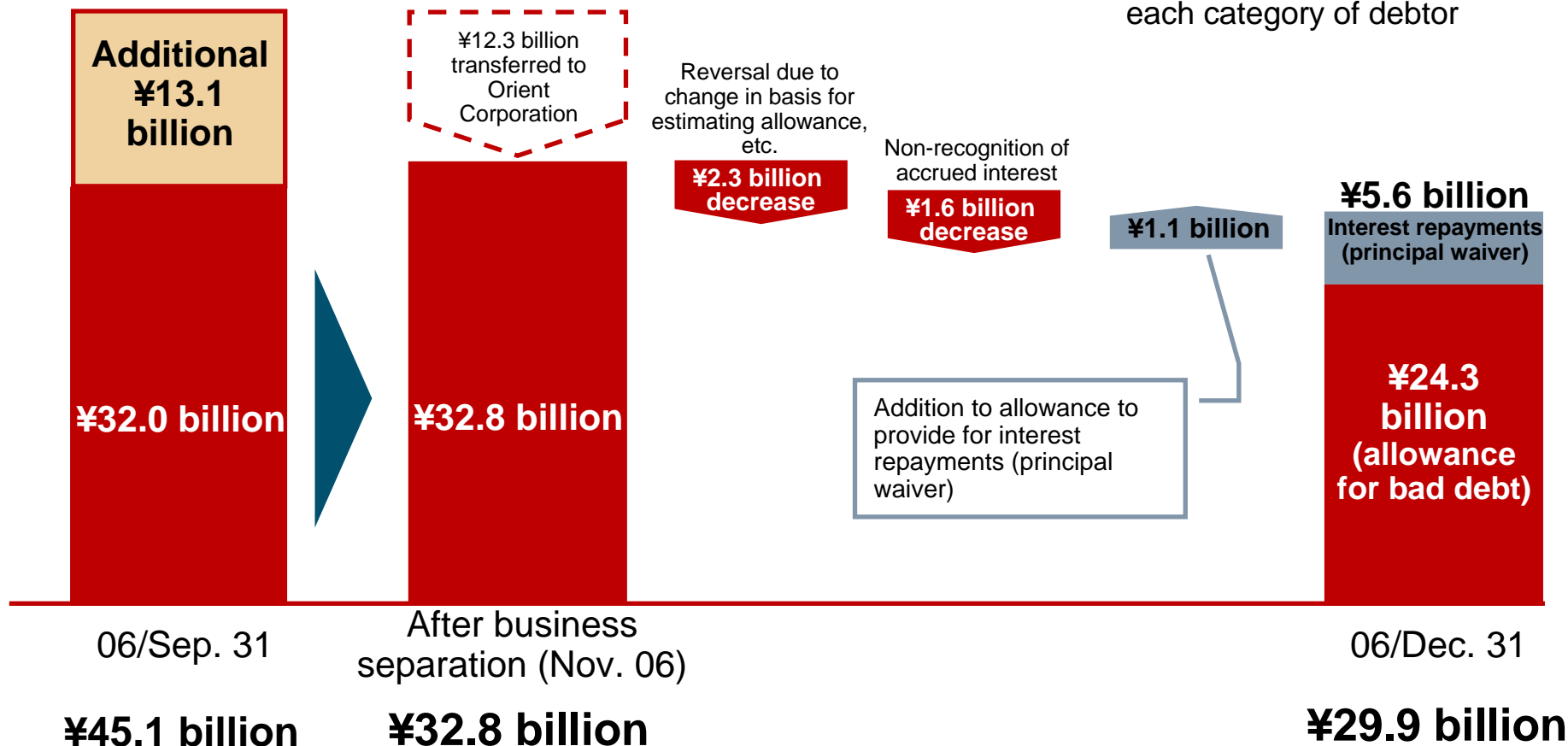
Transitional estimation basis

Applied retroactively from April

Allowance equivalent to at least 4 months of arrears

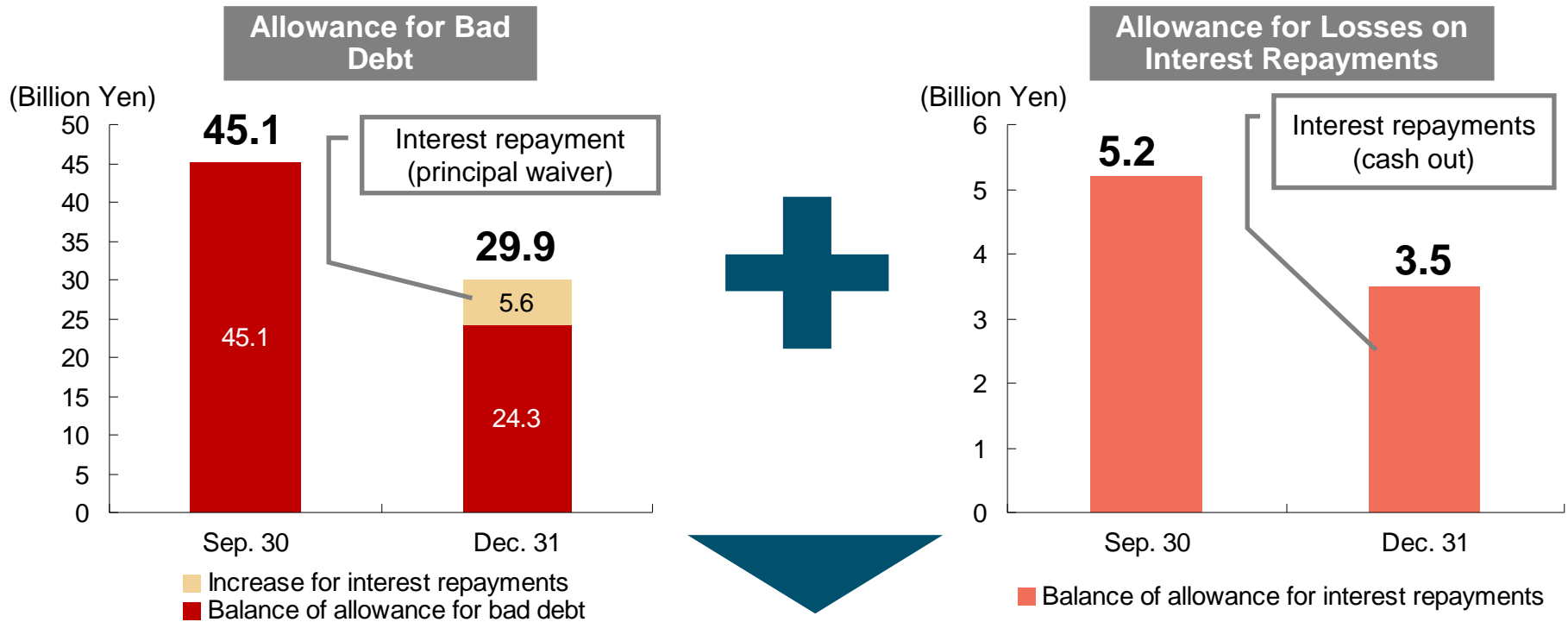
New basis for estimating allowance for bad debt

Future default rate estimated for each category of debtor



Allowance for Bad Debt and Allowance for Losses on Interest Repayments

- Reversed allowance for bad debt following changes to the allowance estimation method (for details, refer to next page)
- When estimation method was changed, portion of allowance for bad debt corresponding to allowance for interest repayments (principal) was clearly identified
- Separate from an allowance for losses on interest repayments in the allowance for bad debt, an allowance was established for cash out

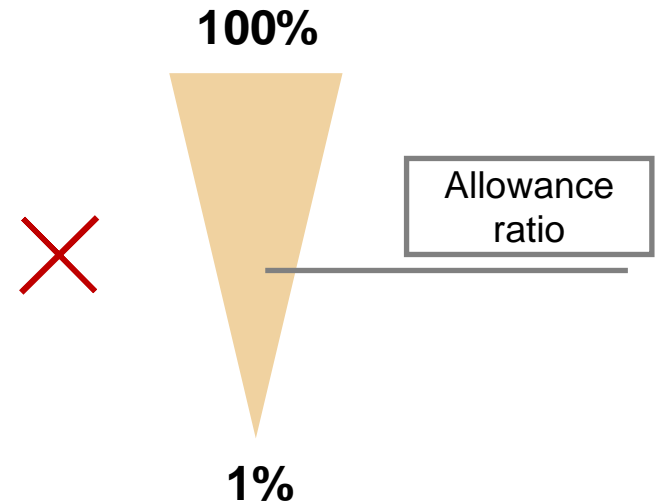


Allowance for bad debts: ¥24.3 billion
Allowances relating to interest repayments: ¥5.6 billion (principal) + ¥3.5 billion (cash out) = ¥9.1 billion

Outstanding loans and allowances by category of debtor

(Billion Yen)

Debtor category	Dec. 31, 2006
Bankrupt	0.1
Bankruptcy likely	19.3
Bankruptcy possible	10.3
Caution required	7.0
No credit risk identified	330.0



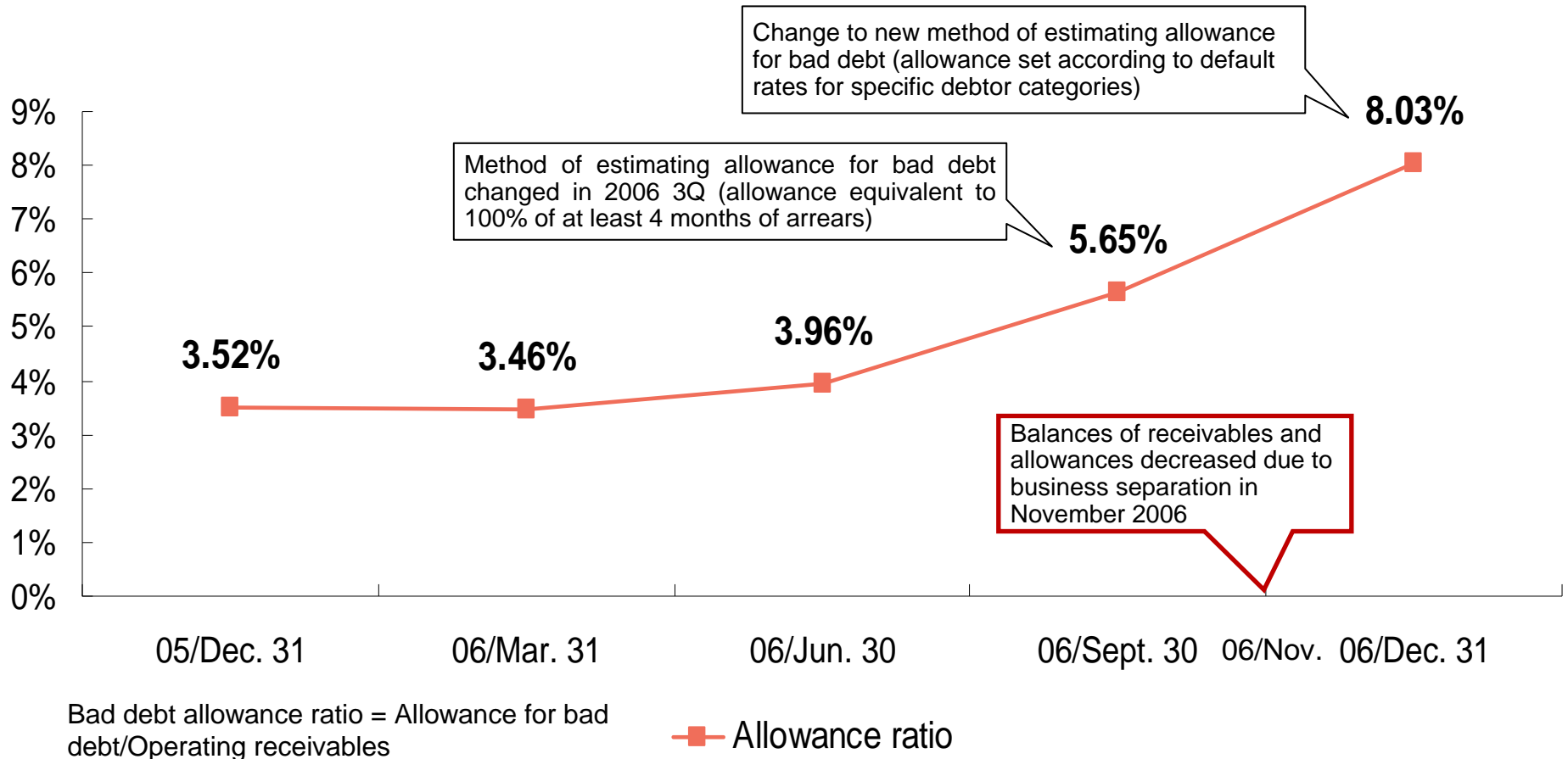
Allowance for bad debt	29.9
Bad debt allowance ratio ¹	8.03%
Bad debt write-off ratio ²	0.94%
Allowance for Losses on Interest Repayments	3.5

Allowance estimated in accordance with level of risk for specific debtor category

1. Bad debt allowance ratio = Allowance for bad debt/Loan receivables
2. Bad debt write-off ratio = Bad debt written off for the quarter/Loan receivables

Bad debt allowance ratio

- Although the allowance for bad debt has decreased as a result of the new estimation method, the ratio relative to operating receivables is higher than at other companies in the same business



Rakuten KC: Transaction Volume and Revenues



Composition of Transaction Volume

(Million Yen)

	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q		
					Results	% of total	YoY change
General services	41,283	43,509	56,971	67,406	79,731	57.0%	93.1%
Card shopping	36,795	39,588	52,972	63,632	75,546	54.0%	105.3%
Other	4,488	3,921	3,999	3,774	4,185	3.0%	- 6.8%
Financing	46,651	44,902	50,922	52,357	44,586	31.9%	- 4.4%
Card cashing	29,168	30,234	28,894	28,913	26,318	18.8%	- 9.8%
Loan card	17,474	14,660	22,028	23,444	18,268	13.1%	4.5%
Other financing	9	8	0	0	0	0.0%	- 100.0%
Specific services	16,431	16,632	13,527	25,882	5,618	4.0%	- 65.8%
Credit guarantee	50,477	51,243	37,020	19,297	8,074	5.8%	- 84.0%
Other	4,063	3,751	3,396	2,686	1,876	1.3%	- 53.8%
Total transaction volume	158,905	160,037	161,836	167,628	139,885	100.0%	- 12.0%

Composition of Revenues

(Million Yen)

	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q		
					Results	% of total	YoY change
General services	1,528	1,560	1,837	2,051	2,349	13.6%	53.7%
Card shopping	1,342	1,390	1,667	1,886	2,179	12.6%	62.4%
Other	186	170	170	164	170	1.0%	- 8.6%
Financing	11,779	12,368	12,857	12,948	12,987	75.3%	10.3%
	(14,070)	(14,743)	(13,540)	(11,158)	(11,398)		- 19.0%
Card cash advance	7,453	8,005	8,234	7,995	8,032	46.5%	7.8%
	(10,091)	(9,477)	(8,744)	(6,648)	(6,835)		- 32.3%
Loan card	4,252	4,293	4,560	4,896	4,902	28.4%	15.3%
	(3,905)	(5,197)	(4,733)	(4,453)	(4,509)		15.5%
Other financing	74	70	64	57	53	0.3%	- 28.4%
Specific services	1,640	1,642	1,465	1,493	480	2.8%	- 70.7%
	(1,598)	(1,606)	(1,434)	(1,467)	(472)		- 70.5%
Credit guarantee	2,120	2,077	1,239	662	420	2.4%	- 80.2%
Other	900	888	829	842	846	4.9%	- 6.0%
Financing revenues	163	163	215	264	173	1.0%	6.1%
Total revenues	18,128	18,696	18,441	18,260	17,256	100.0%	- 4.8%
	(20,378)	(21,036)	(19,094)	(16,444)	(15,658)		- 23.2%

Note: Revenues include adjustments for current market value of securitization

Rakuten KC: Expenses, Loan Receivables & Membership



(Million Yen)

	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q		
					Results	% of total	YoY change
Personnel cost	3,372	3,320	3,381	3,069	2,379	17.2%	- 29.4%
General expenses	4,604	5,489	5,749	6,216	5,657	40.8%	22.9%
Interest expenses	2,219	2,322	2,198	2,148	1,797	13.0%	- 19.0%
Bad debt-related expenses	8,038	8,928	7,595	12,962	3,887	28.0%	- 51.6%
Interest repayment expenses	0	567	646	689	144	1.0%	-
Total operating expenses	18,233	20,626	19,569	25,084	13,864	100.0%	- 24.0%

Balance of Loan Receivable

(Million Yen)

	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q		
					Results	% of total	YoY change
General services	46,346	47,414	54,617	55,733	62,198	15.0%	34.2%
Card shopping	39,077	40,349	47,653	49,087	55,376	13.3%	41.7%
Other	7,269	7,065	6,964	6,646	6,822	1.6%	- 6.1%
Financing	237,357	244,724	259,151	271,703	273,830	65.8%	15.4%
Card cash advance (securitized)	114,636	121,410	125,924	129,015	128,451	30.9%	12.1%
Loan card (securitized)	(64,056)	(85,273)	(98,091)	(95,646)	(90,589)	21.8%	41.4%
Other financing	89,006	90,759	99,781	108,487	110,941	26.7%	24.6%
Other financing	(55,878)	(70,466)	(81,464)	(81,964)	(79,371)	19.1%	42.0%
Other financing	33,715	32,555	33,446	34,201	34,438	8.3%	2.1%
Specific services (securitized)	118,825	115,366	112,808	121,471	1,158	0.3%	- 99.0%
Specific services (securitized)	(21,347)	(17,554)	(14,495)	(8,787)	(0)	0.0%	- 100.0%
Credit guarantee (off-balance guarantees)	403,175	402,845	389,609	356,445	51,197	12.3%	- 87.3%
Credit guarantee (off-balance guarantees)	(100,928)	(214,343)	(217,724)	(196,450)	(46,144)	11.1%	- 54.3%
Other	40,027	37,303	34,342	31,134	27,530	6.6%	- 31.2%
Total operating receivables	845,730	847,652	850,527	836,486	415,913	100.0%	- 50.8%
(as presented on balance sheet)	563,494	422,713	404,411	422,505	172,279	41.4%	- 69.4%

Number of Current Cardholders

(Million Yen)

	05/4Q	06/1Q	06/2Q	06/3Q	06/4Q	
					Results	YoY change
Credit Card	2.07	2.25	2.43	2.58	2.67	29.0%
(Rakuten Card)	0.08	0.21	0.31	0.39	0.48	500.0%
Loan Card	0.47	0.49	0.50	0.50	0.47	0.0%

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