

Fiscal Year 2008

First Quarter Financial Results

May 15th, 2008
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 FY2008 Q1 Overview

2 FY2008 Q1 : Consolidated Results

3 Topics by Key Business Unit (BU)

1. Rakuten Ichiba Business Unit
2. Auction Business Unit
3. KC Business Unit
4. Travel Business Unit
5. Securities Business Unit
6. Infoseek and Advertising Business Unit
7. Personal Finance Business Unit
8. Professional Sports Business Unit
9. Telecommunication Business Unit

4 Balance Sheets and Non-consolidated Results

Appendix

FY2008 Q1 Overview

1. Accelerating growth at 26.5% (YoY) for Gross Merchandise Sales (GMS) -- Incl. Rakuten Ichiba & Rakuten Books

**2. “Project V”
Shift into an organization with strong focus on achieving targets
Objective: Improving productivity and profitability**

**3. “Taiwan Rakuten Ichiba” launches operation
First footprint for global expansion for Rakuten Ichiba**

■ Rakuten Ichiba



- Increasing growth rate of Gross Merchandise Sales (26.5% YoY) ; increase over FY07Q4 (22.6%)
- Introduction of new revenue source

■ Rakuten KC



- Branch office integration designed to improve productivity
- Steady increase of Revolving Shopping
- Substantial decrease in expenses for bad debts and interest repayment claims

■ Rakuten Travel



- Continuous Transaction growth (+22.9% YoY)
- Reinforcement of hotel and facility support organizations through Regional Office expansions; Kobe & Tohoku
- Rakuten Travel English website renewal
- - to become Asia's #1 internet travel site

■ Rakuten Securities



- Building brand around “¥powerment”
- Cost restructuring action plan being executed
- Impact of weakening domestic stock market

■ Infoseek / Advertising



- Alliance with Drecom Co., Ltd. on Behavioral Targeting (BT) Ad technology
- Acquisition of an AD network business
- Started beta testing for new Infoseek top page

■ Rakuten Credit



- No gains from securitization as were seen in 07 Q1
- Control over increase in loan asset balances
- Improving asset quality while conservatively setting aside allowance for doubtful accounts
 - Providing a conservative allowance for doubtful accounts

■ Fusion Communications



- Achieved more-than-expected cost cut through restructuring existing businesses
- Launched “Rakuten Broadband ADSL10M”

1 -1 **Project V**

Improvement in Productivity and Profitability

- Improve ordinary income profit margin through thorough execution of each and every initiatives

- **Step #1**

Targeting 25% Ordinary Income Margin

- **Step #2**

Targeting 30% Ordinary Income Margin

■ **Converging Budget-to-actual**

- Expediting reporting cycle (from Monthly to Weekly basis)
- Improving planning / reporting accuracy

■ **Reducing Operational Costs**

- Improving development productivity
- Reducing “Corporate” headcount, reallocating them to each BU
- Managing SG&A by line items for each Business Unit
- Nourishing “Cost-consciousness” among employees

- **Restructuring the Organization**
 - Reviewing Business Units
 - Decision Making of resource allocation

- **Reinforcing Management Functions**
 - Setting administration sections per BU

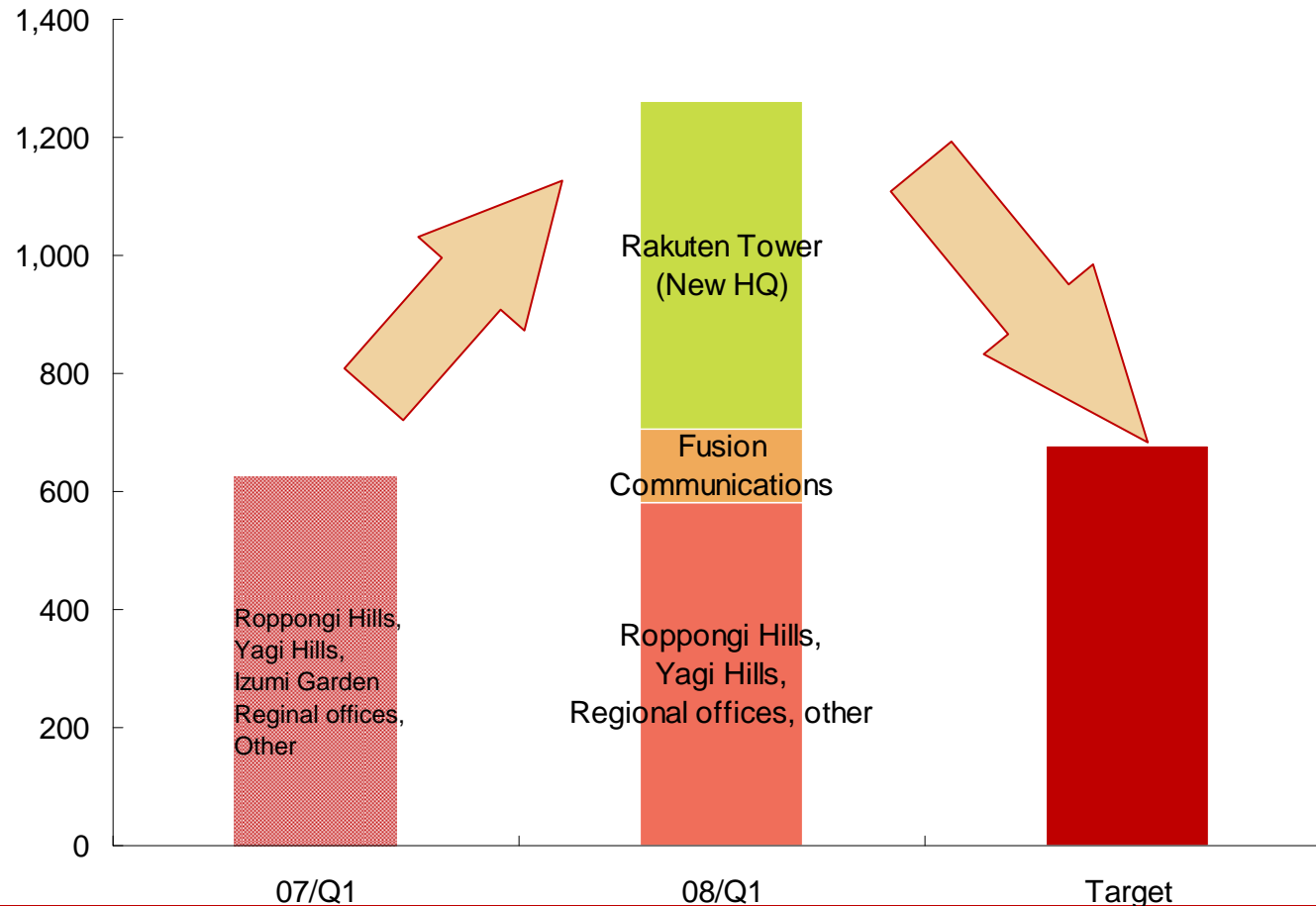
- **Enhancing Internal Control**
 - Standardizing process through implementation of ERP by SAP
 - Revising group policies and rule

■ Reducing Facility Related Costs

- Cancelling several office lease contracts for underutilized facilities
- Reallocating office spaces to achieve greater efficiency improved

(Unit: Million Yen)

Real Estate Cost



- **Business Portfolio Management System - Implemented**
 - Enhancing growth and profitability through the implementation of the Business Portfolio Management System

- **Withdrawal Rules - Clarified**
 - Establishing a screening process

- **New business entry guidelines - Clarified**
 - New Business entry to be limited to more businesses with decent profitability

1 -2 Full Scale International Development

“Taiwan Rakuten Ichiba”

Service launched on May 5th 2008

Merchants : Approx. 300
 Items listed : Approx. 20,000
 Registered members : Approx. 90,000

※ Note: data as of May 15th, 2008

Many operational enhancements to come



“Taiwan Rakuten Ichiba” Site
TOP PAGE

<http://www.rakuten.com.tw>



Meeting with Mr. Ma Ying-jeou,
 Taiwan’s Next President



“Principles for Success”
 Written by Hiroshi Mikitani
 - Chinese version book cover

1 -3 Reinforcing Securities Business

“ ¥ (em)powerment !

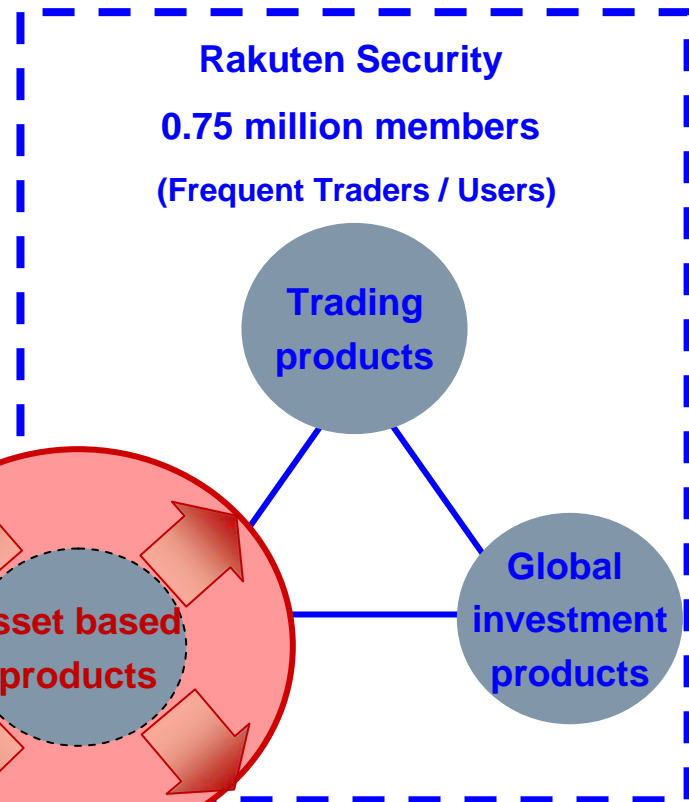
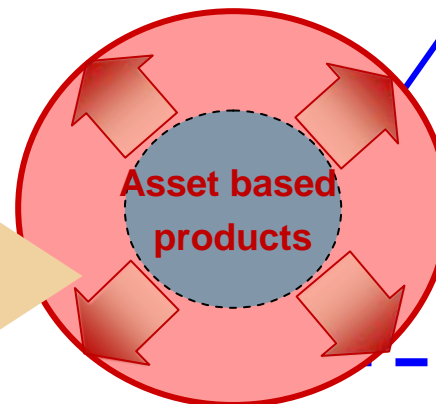
Unlike Rakuten Securities' more traditional experienced investors, most Rakuten members are just beginners at Personal Asset Investment. Rakuten Securities focus is to offer industry-leading services.

- **Easy-to-use system**
- **Cost competitive service**

Attracting new customers through expanding asset based products



Exploiting
Group Synergies



Challenging to become the entrepreneur of changing Japan's mindset of Personal Asset Management ! !

Changing the way Japanese build wealth by directly reaching as much as 30% of total population in Japan

Rakuten Eco-system Exploitation

Approaching 38 million members

- Enhancing service lineups targeting investment beginners
- Collaboration with Rakuten Membership Services
 - Introducing "Rakuten Super Point" program (April 08~)
 - Collaborating with Rakuten ID (Starting FY08 Q2~)
 - Utilizing "Rakuten Card" to manage Personal Assets and other services

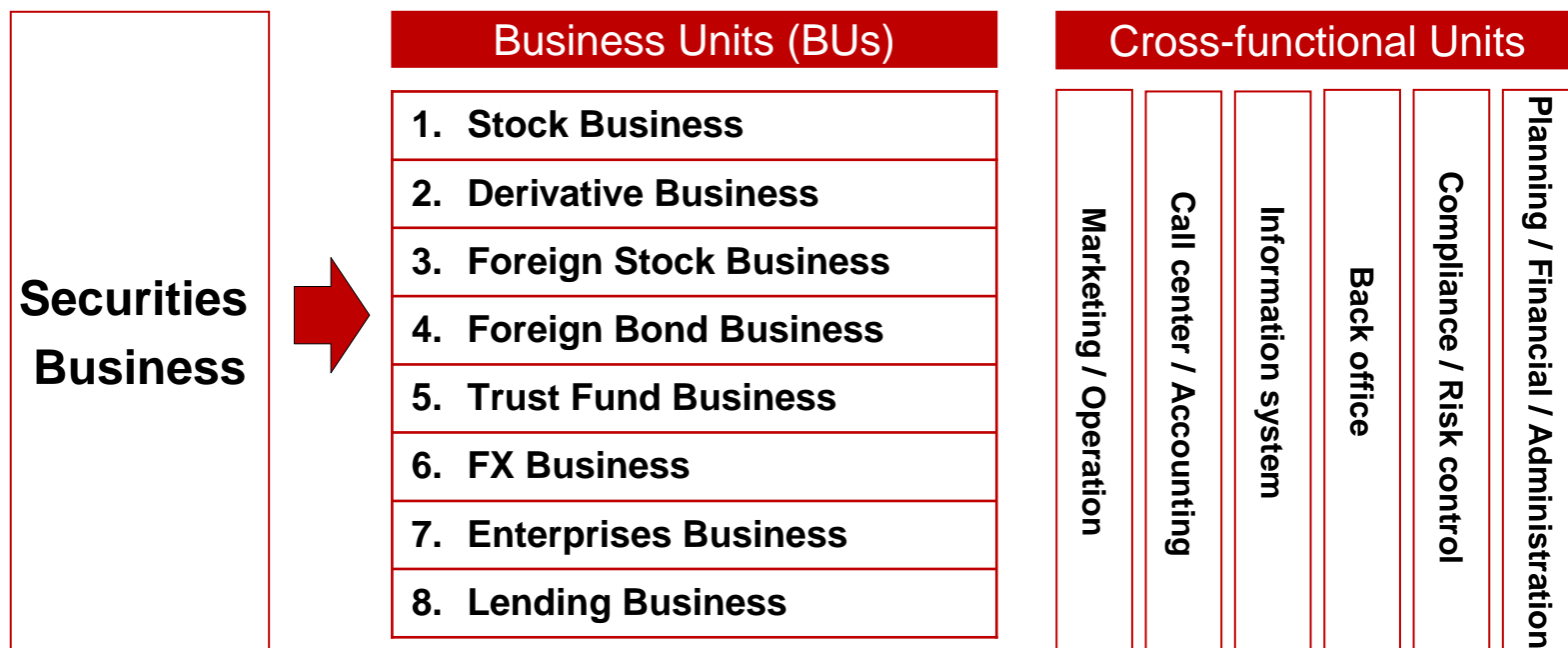
Operational Reinforcement

Converting into a stronger organization

- Realizing "Rakuten-ism"
- Reinforcing the frontline by introducing BU systems (from FY08)
- Improving profitability through streamlining the system infrastructure and implementing other cost reduction measures

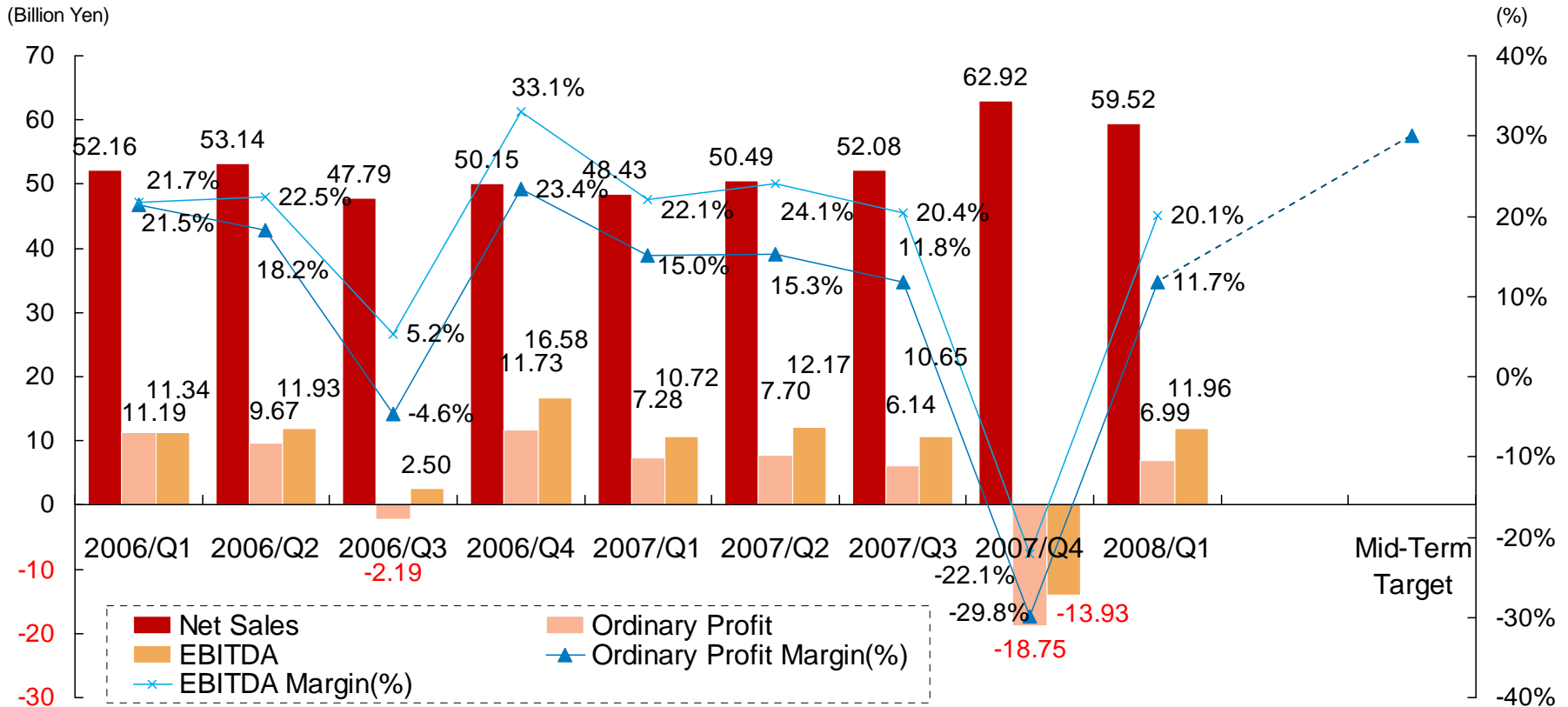
■ Starting 2008, we have realized a leaner and stronger business structure by implementing the concept of “Rakuten-ism”

- a. Effectively introducing “action plans” into the eight separate BUs
- b. Identifying individuals responsible for measurement, monitoring, and “execution”
- c. Daily / weekly reporting to share timely progress of “action plans” and business performance
- d. Adjusting plans through weekly meetings based on feedback from top and middle Management



2 FY2008 Q1 : Consolidated Results

■ Focus on improving ordinary margin beyond Q2 through “Project V”



* EBITDA=Ordinary profit + Interest expense + Depreciation and Amortization + Amortization of goodwill -Effect of securitizing loan receivables

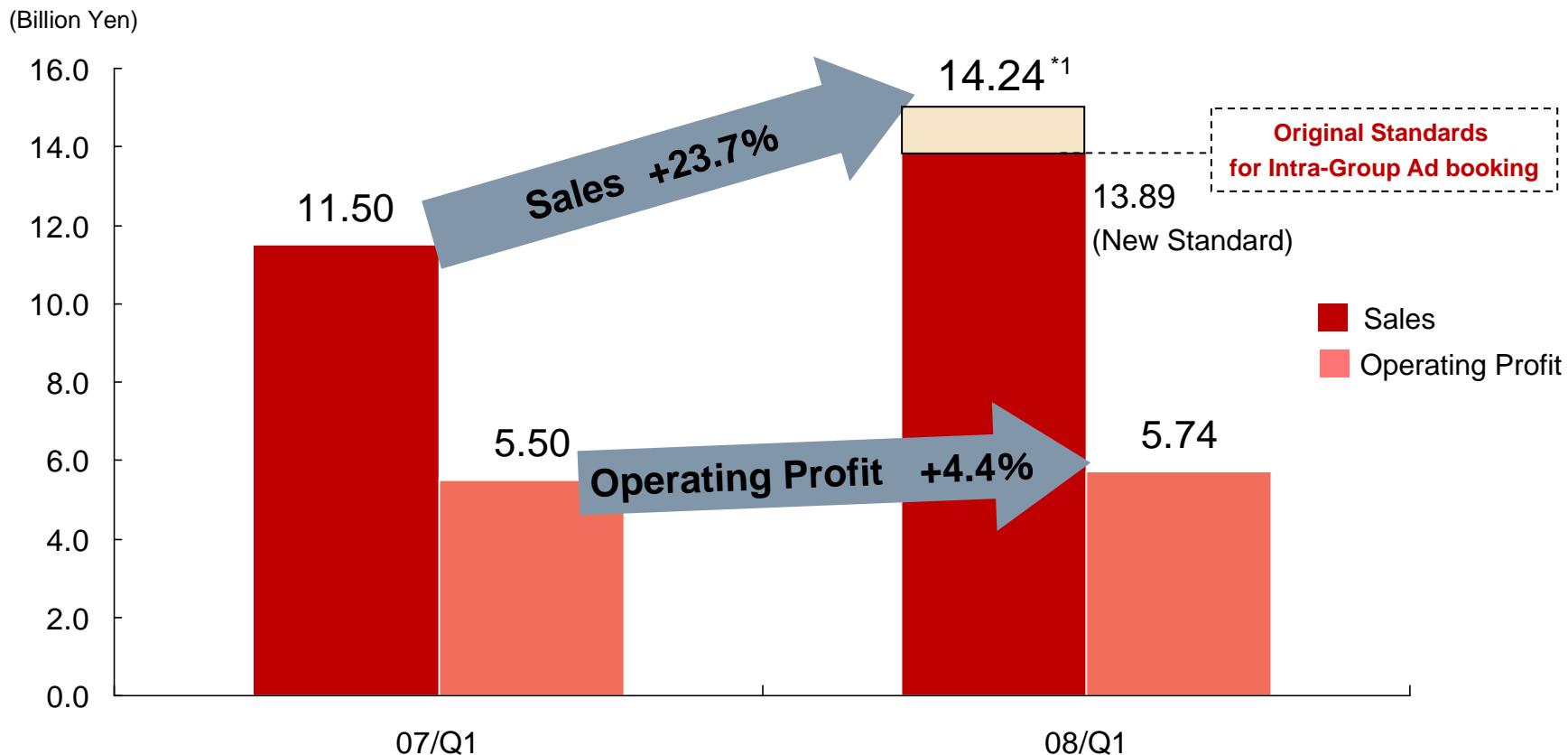
(Billion Yen)

	Q1/07 (Jan. to Mar.. 07)	Q1/08 (Jan. to Mar.. 08)	YoY	Major impacting factors
Net Sales	48.43	59.52	+22.9%	<ul style="list-style-type: none"> ■ Sales increase of Rakuten Ichiba & Books ■ Consolidation of Fusion Communications (since the end of 07/Q3) ■ Negative impact on Rakuten Securities due to the weakening stock market
Operating Profit	6.16	7.21	+16.9%	<ul style="list-style-type: none"> ■ Significant improvement of Rakuten KC ■ Increase of headcount, R&D and facility costs ■ Implementation of “Project V”

* 1 EBITDA= Ordinary profit + Interest expense + Depreciation and amortization + Amortization of goodwill – Effect of securitizing loan receivable

* 2 Interest-bearing debt = Corporate bonds + CP + Short-term borrowings + Long-term borrowings

- The continuous increase of merchants and the introduction of new functions to enhance usability have contributed to **GMS growth**. **OP growth was slower** due to the increase of facility and R&D related costs and sales.

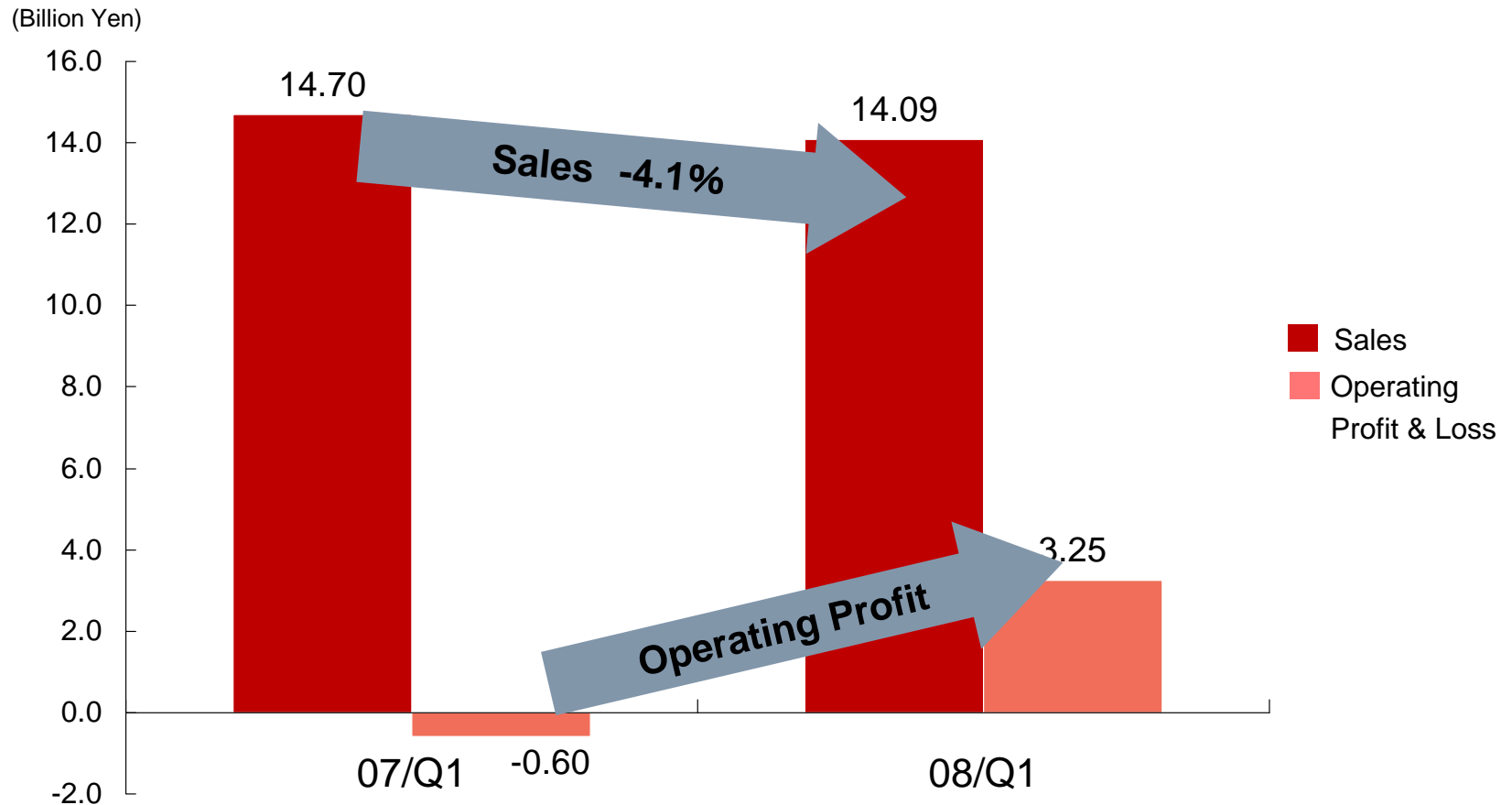


*1 Sales adjusted to original base : Less contribution of 350 million yen due to booking changes for Intra-Group Ads

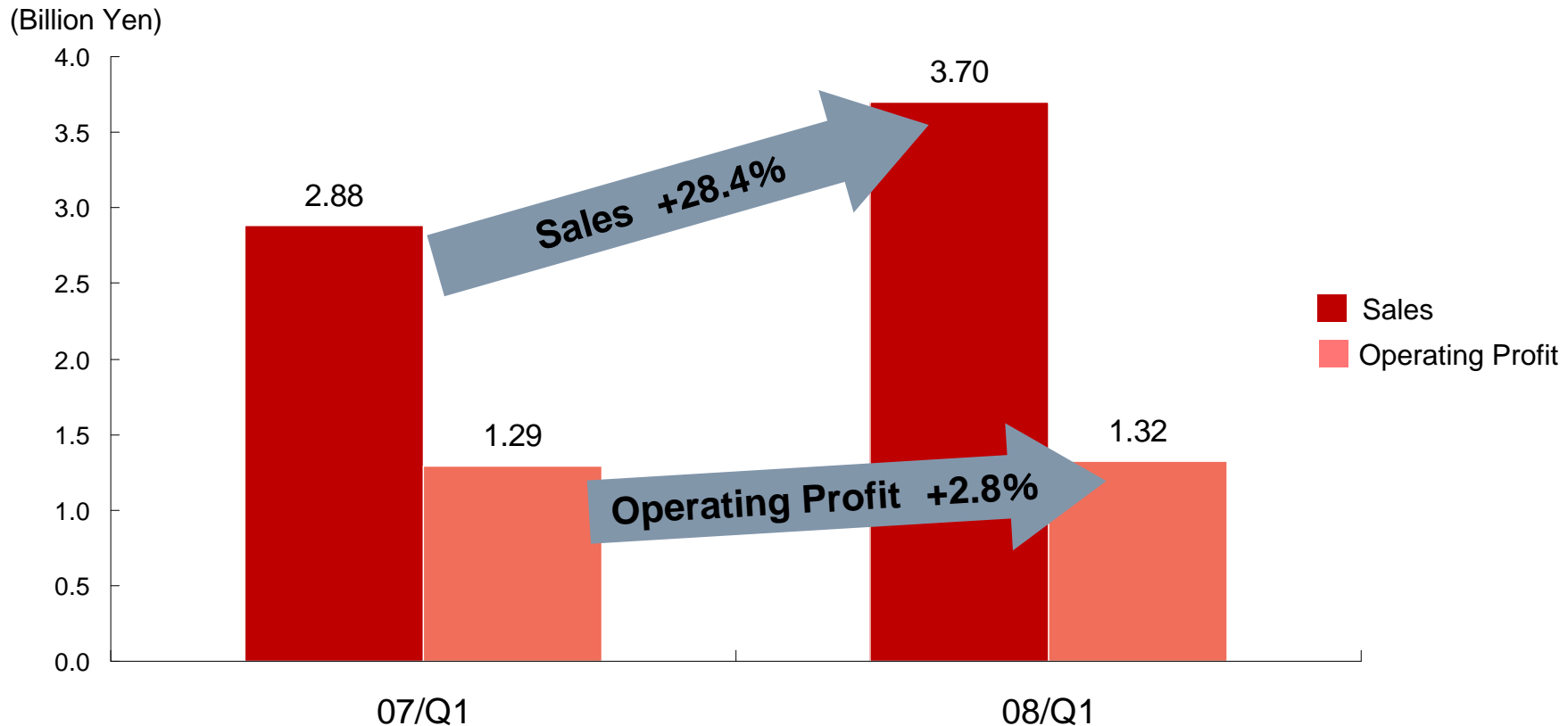
*2 140 million yen less contribution due to the integration of Rakuten Books Inc.

*3 50 million yen additional contribution due to BU integration (Finewine BU, Stuffed Animal BU and Greeting Card BU)

- The combined increase of card members and transaction volume, and lower expenses for interest repayments and doubtful accounts have contributed to improve performance.

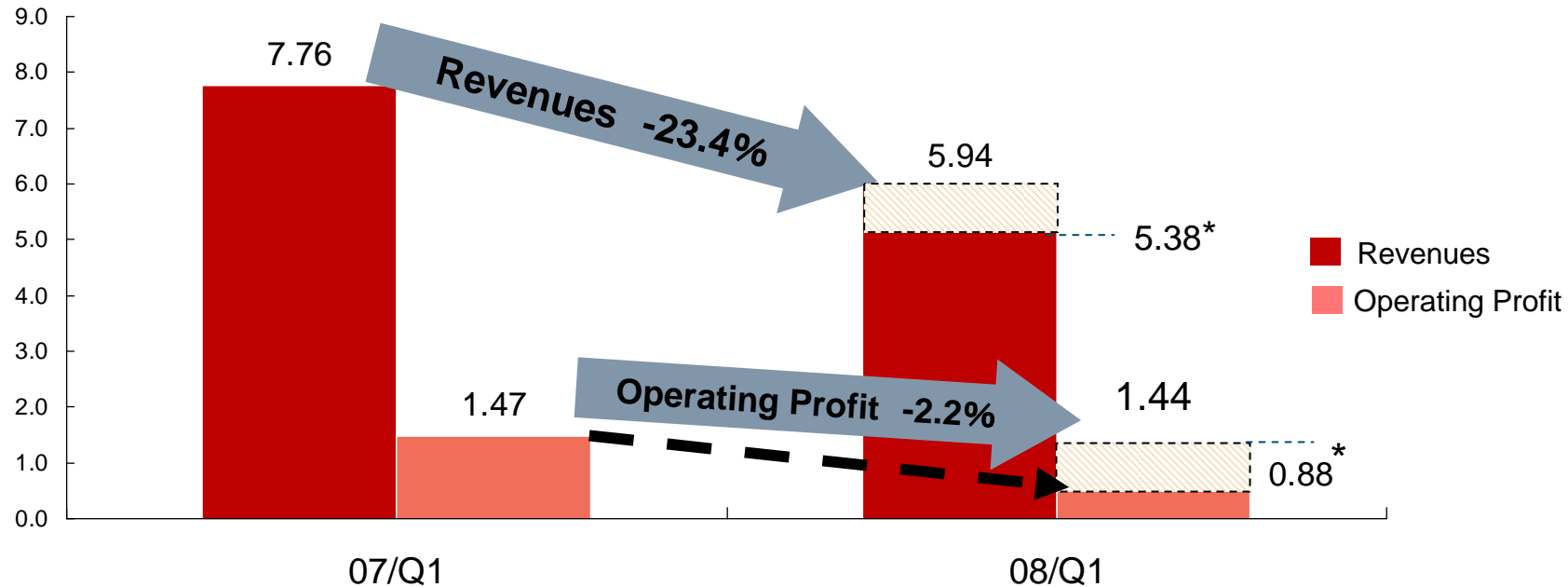


- The regional office expansion, reinforcement of support for hotels, and the continuous measures to enhance usability have contributed to GMS growth. OP growth was sluggish due to the headcount increases to expand the sales force.



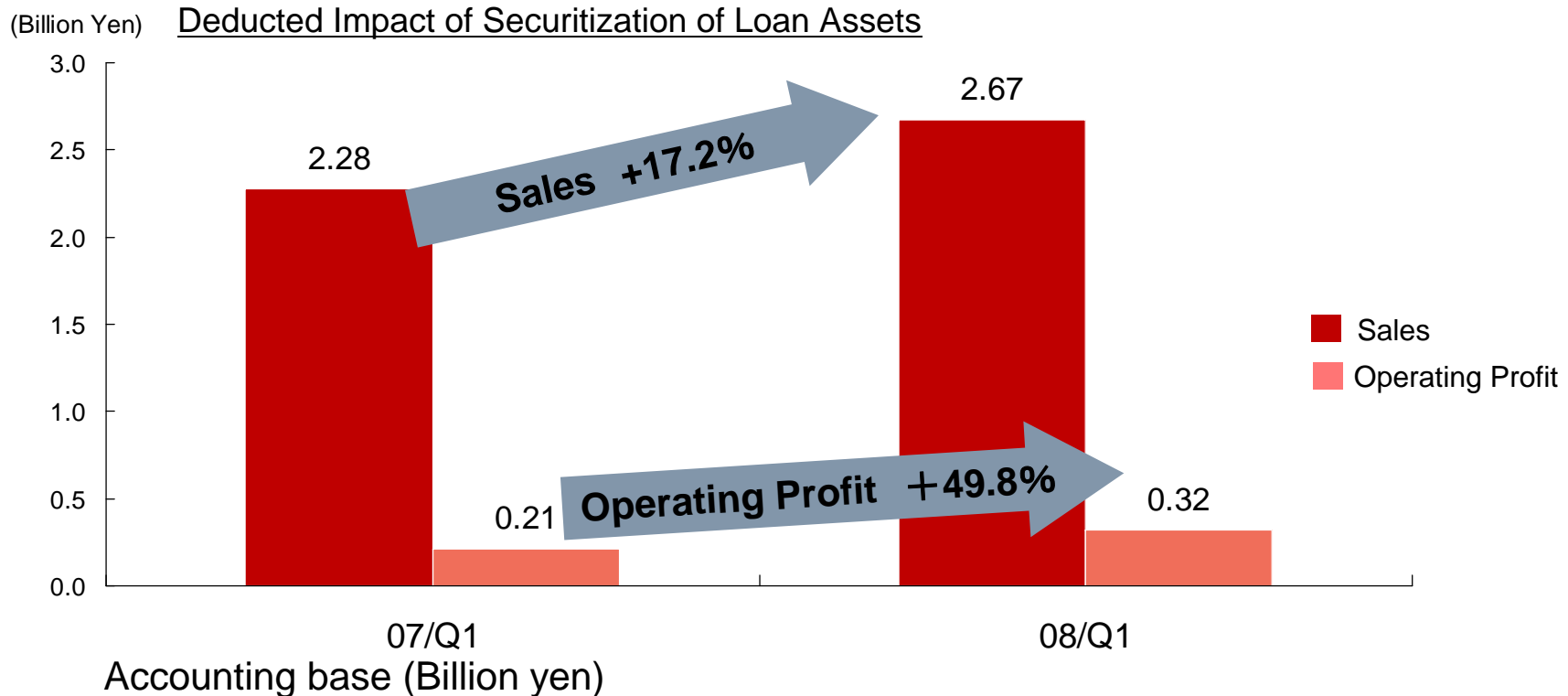
- Despite efforts of enhancing service lineups and introducing BUs to reinforce the organization, the weakening domestic stock market had a negative impact on sales and OP which declined YoY.

(Billion Yen)



* Rakuten Securities has started to record foreign exchange gains and losses in “other operating income”; instead of “non-operating income” in its 2007 4th Quarter (January to March). As a result, Rakuten Securities reclassified foreign exchange gains recorded in three earlier quarters (total 564 million yen) into “other operating income” as well. However, at Rakuten Inc, such foreign exchange gains/losses were recorded at “non-operating income” in 2007 consolidated financial statements, but the gains/losses are recorded at “other operating income” in 2008 1st quarter (January to March) financial statements,

- Despite increase in loan asset balance through cross-selling efforts within the group, the business experienced negative growth on accounting basis due to absence of one-time gains from securitization program realized in 07 Q1.



FY2007 Q1		FY2008 Q1	
Sales	Operating Profit	Sales	Operating Profit
3.33	1.14	2.49	0.14

3 Topics by Key Business Units

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2. Auction Business Unit
3. KC Business Unit
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3 -1 Rakuten Ichiba Business Unit

■ **GMS Regaining Momentum**

- +26.5% YoY
- Continuous growth in M-commerce
- Contribution of price sensitive products such as cosmetics and contact lens

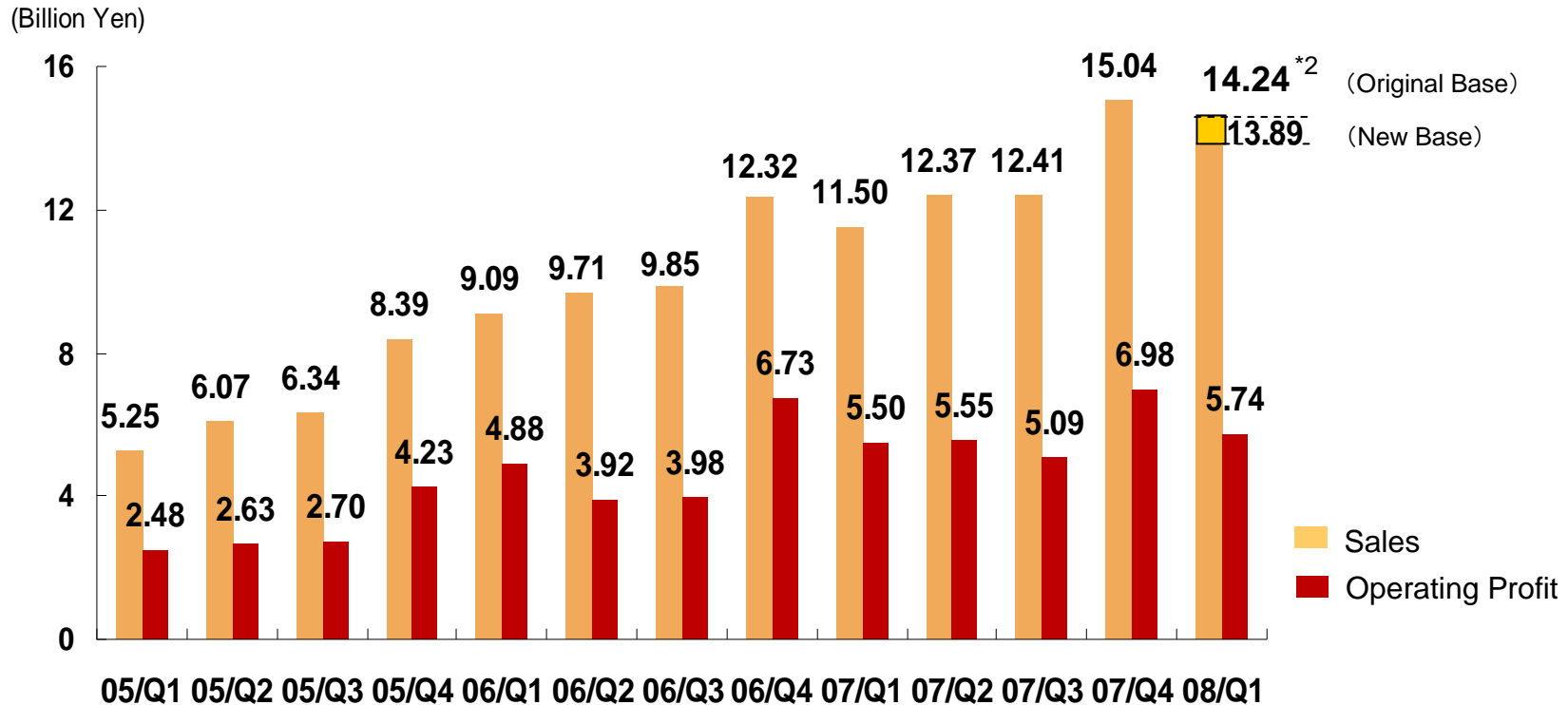
■ **Initiative to Further Improve GMS Growth**

- Introducing new types of purchases: “Recurring Orders”, “Monthly Orders”, and pre-orders
- Launched “recommendation engine” on Apr 1st (new merchant shop service)
- Enhancing “Review” functions

■ **New Revenue Sources**

- Lead-generation: offering marketing service to non-Rakuten merchants
- R-mail Express (Express emailing advertising system for merchants)

- **+20.7% Sales Growth YoY**
- **Slower growth of Operating profit due to facility and R&D investment costs -- Cost reduction action plans are ongoing**



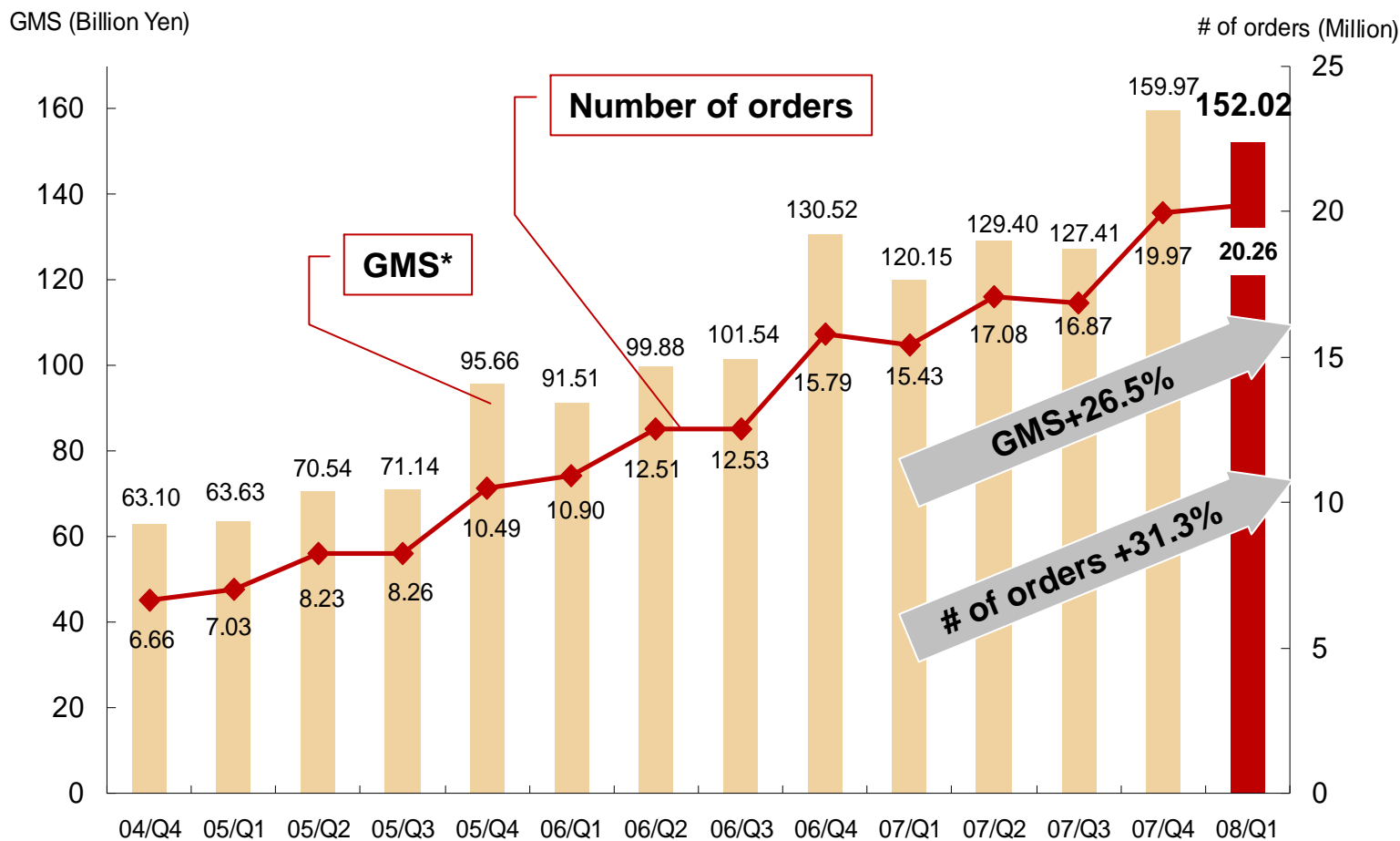
*1 Start of charge to Standard-contract merchants of 1 million and below sales (monthly) : introduced since FY06 Q1

*2 Sales adjusted to original base : Less contribution of 350 million yen due to internal bookings change for Group Ads

*3 140 million yen less contribution due to the integration of Rakuten Books

*4 50 million yen additional contribution due to BU integration (Finewine BU, Stuffed Animal BU and Greeting Card BU)

■ +26.5% GMS YoY growth for Rakuten Ichiba and Rakuten Books



* GMS = Mall (Fixed-price, Group Buy), Mobile (Fixed-price, Group Buy) and Rakuten Books

Rakuten Ichiba Buyer Metrics

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



- Continuous growth of unique buyers (+25.8% YoY) and number of transaction (+30.8% YoY)

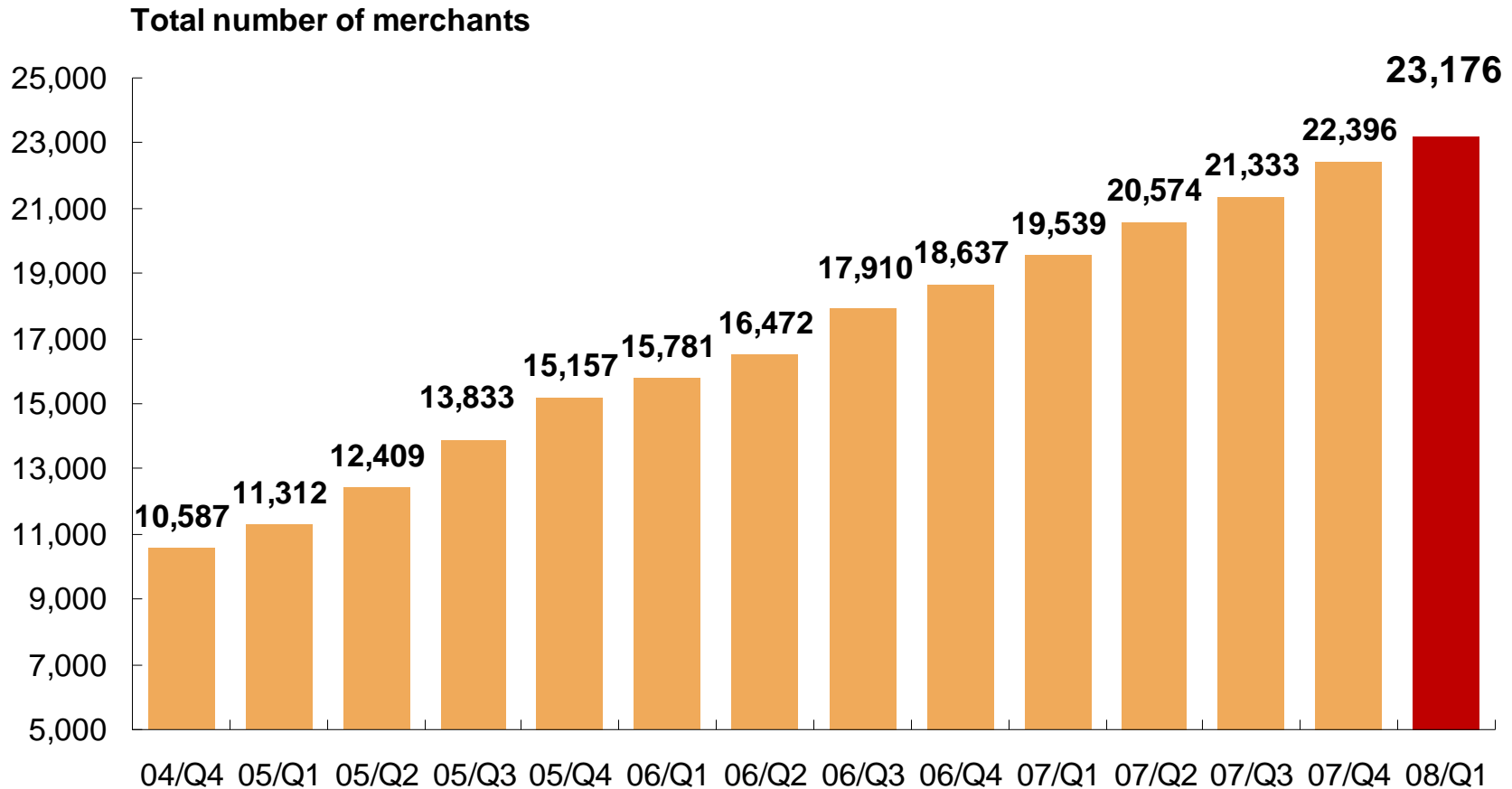
	2006/Q3	2006/Q4	2007/Q1	2007/Q2	2007/Q3	2007/Q4	2008/Q1
Unique buyers ('000)	4,070	4,710	4,730	5,140	5,180	5,810	5,950
# of Transactions ('000)	11,650	14,680	14,410	16,140	15,800	18,690	18,850
Average # of Transactions per Buyer	2.86	3.11	3.05	3.14	3.05	3.22	3.17
Quarterly GMS Per Buyer	¥24,249	¥26,942	¥24,649	¥24,527	¥23,827	¥26,687	¥24,726

* Based on E-mail address

* Fixed-Price and Group Buy introduced in Rakuten Ichiba and mobile

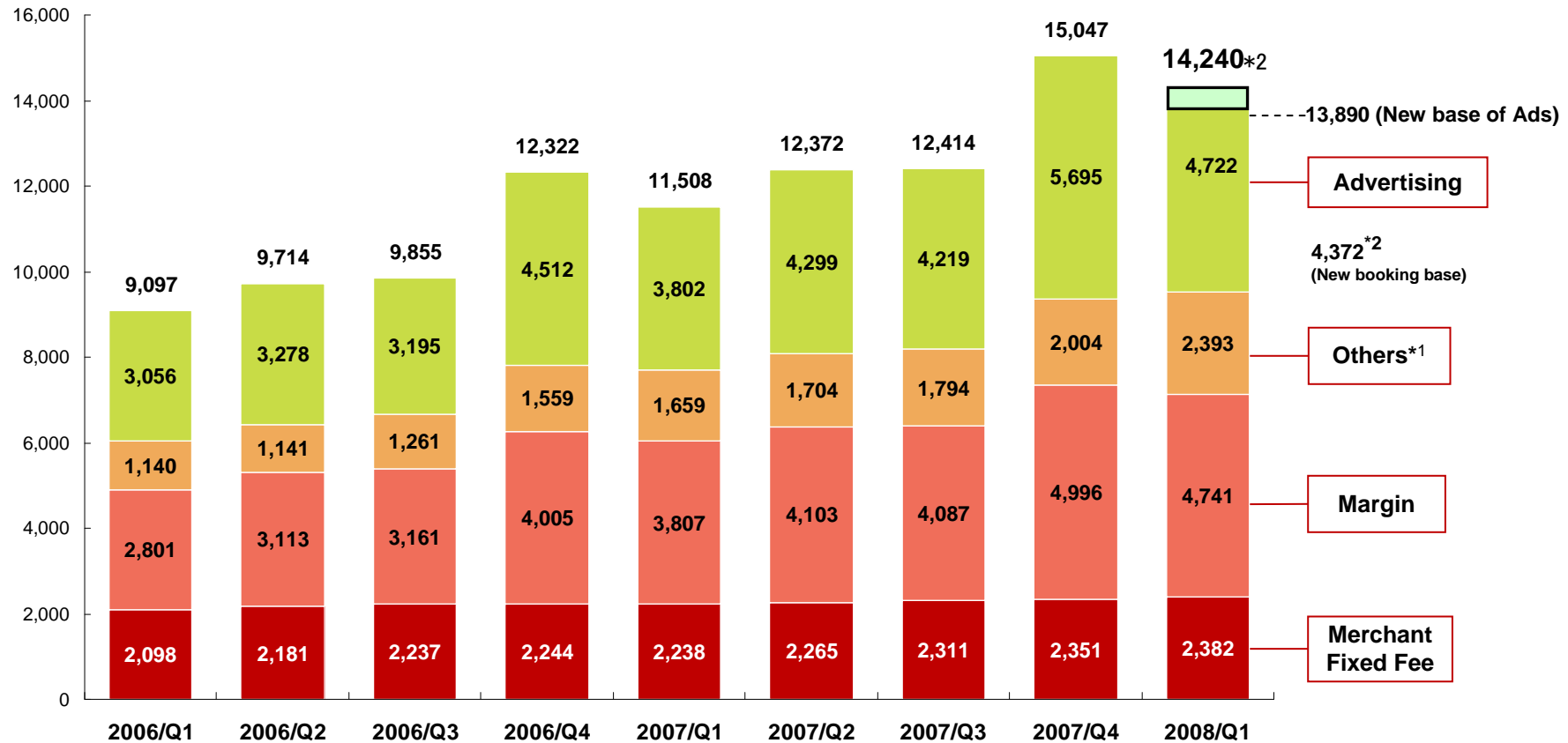
* Quarterly GMS Per Buyer = GMS (Rakuten Ichiba) / Unique Buyers

■ Continuous growth of Total Number of Merchants; +18.6% YoY



■ The portion for “margin fee” show an increasing trend

(Million Yen)



*1 Other items include internal sales

*2 Sales adjusted to original base : Less contribution of 350 million yen due to booking changes for Intra-group Ads

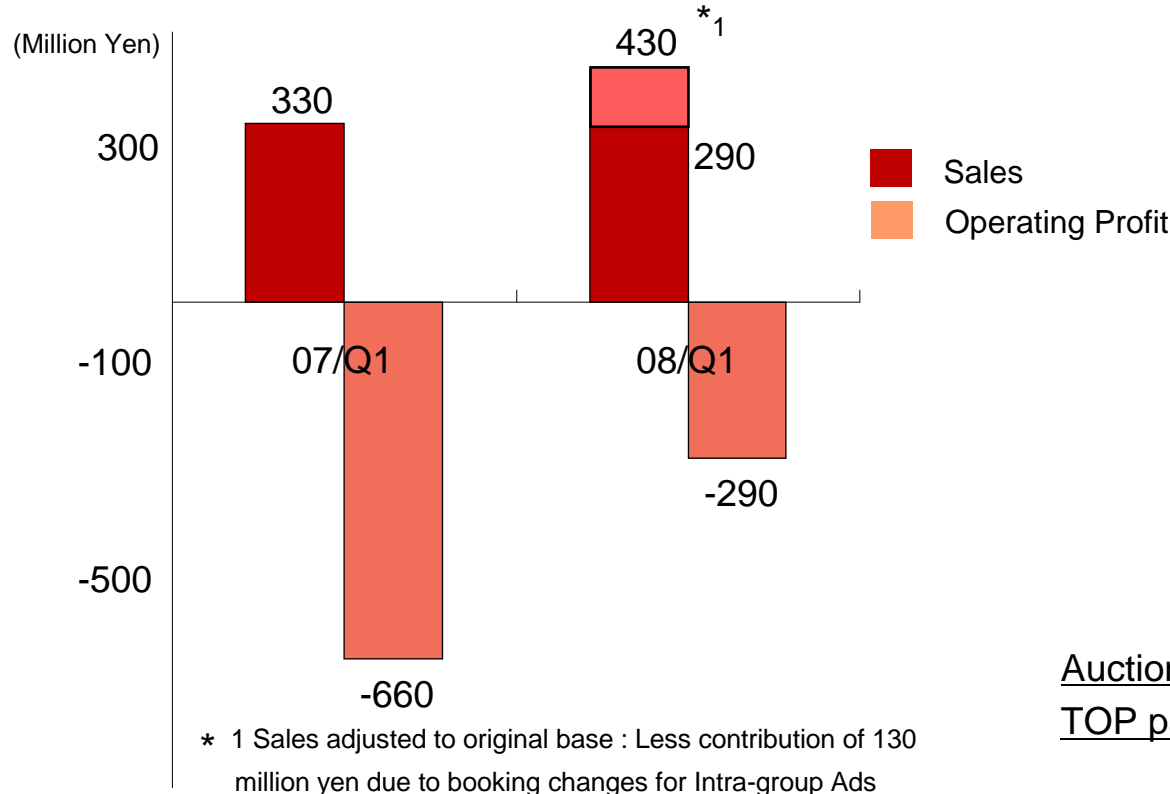
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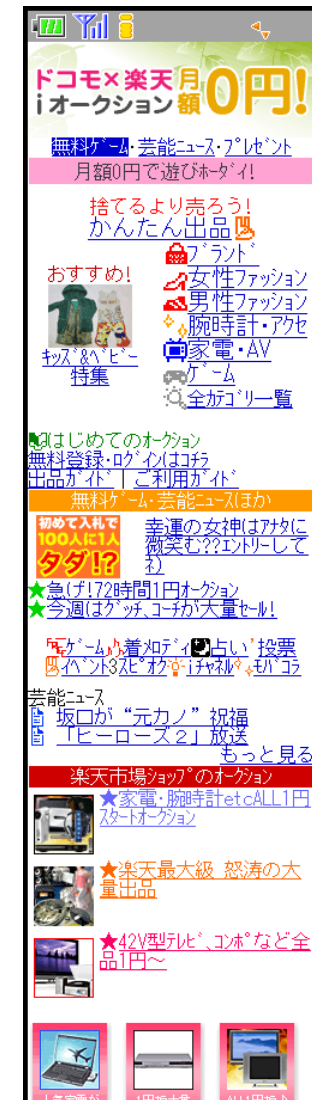
3 -2 Auction Business Unit

■ Significantly improving performance

- 50% reduction of deficits – **Achieved within 1 year**
- Sales increase and cost reduction – **On track**
- April 1st 2008 : 5% retail margin fee for C to C auction
- **Newly introduced but GMS continues to grow**



Auction site
TOP page



3 -3 KC Business

■ Top line enhancement as card members increase



- Steady increase of credit card shopping
 - Transaction Volume (+32.4% YoY)
 - Balance of revolving shopping payment (+42.3% YoY)

■ New revenue sources



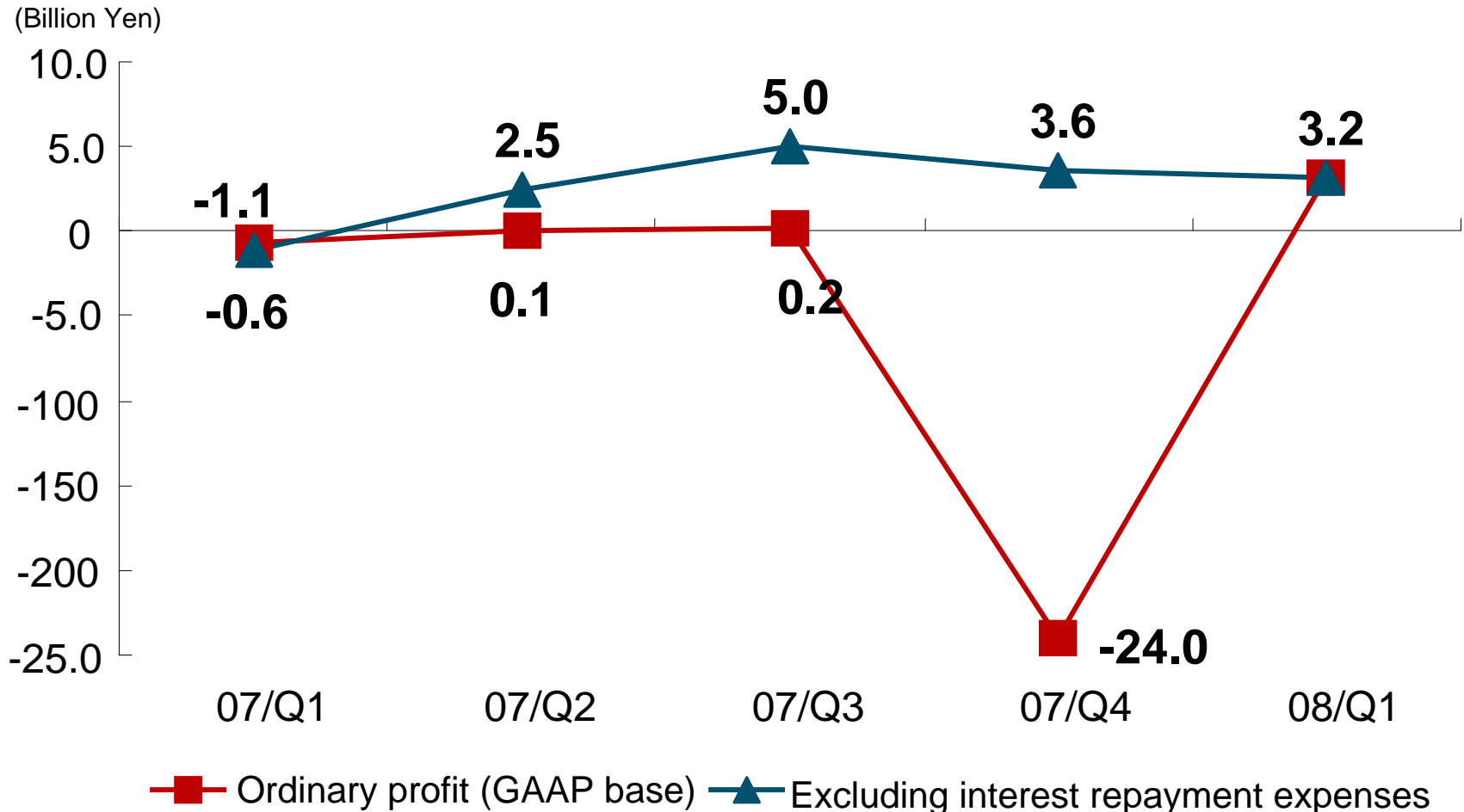
- Loyalty point partnership initiative with offline retailers underway (alliance with Nippon Oil)
- Acquiring participating credit card merchants both online and offline

■ Customer service improvements



- Improvement in line with site renewal
 - Expanding Campaign sections
 - Enhancing usability

- Remarkable recovery after one-time charge from “provisioning to allowance for loss on interest repayment” in Dec,07.

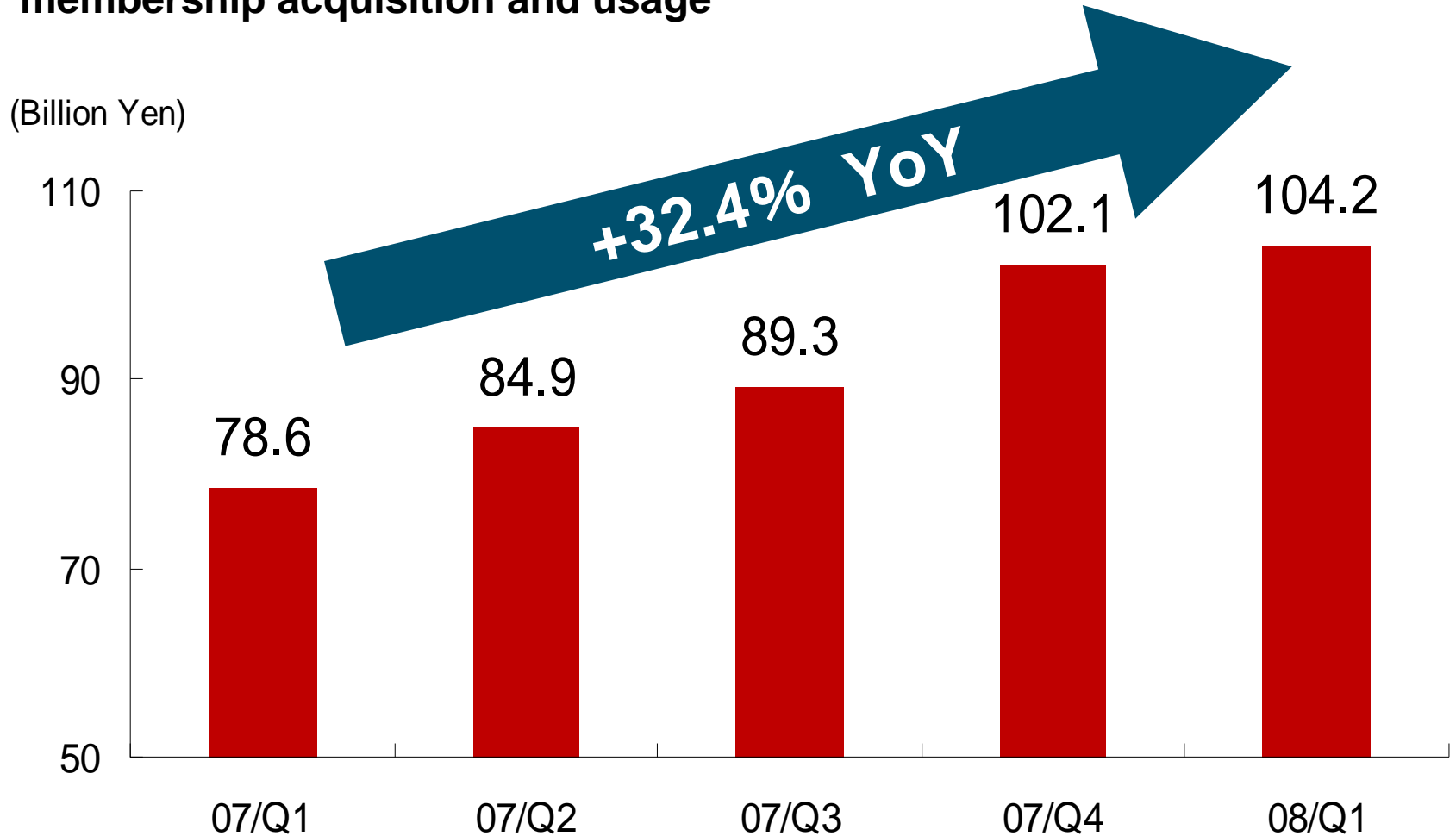


Summary of Income Statement

(Billion Yen)

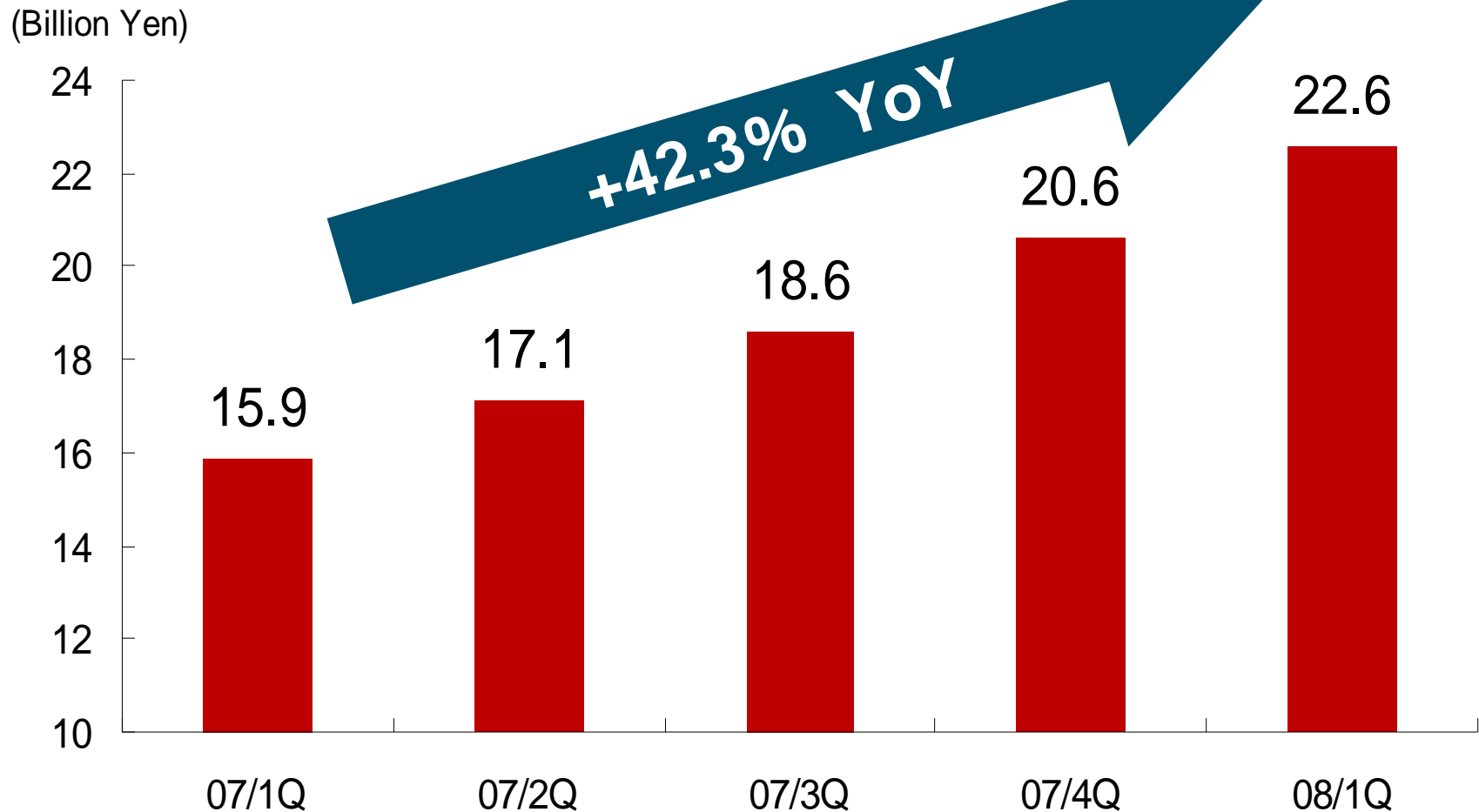
	2007 (Jan-Mar)	2007 (Oct-Dec)	2008 (Jan-Mar)
Sales	14.7	15.0	14.0
Operating Expense	15.3	39.0	10.8
SG & A	13.8	37.5	9.1
Interest Expense	1.4	1.5	1.7
Operating Profit (Loss)	-0.6	-24.0	3.2
Non-Operating Profit	0.0	0.0	0.0
Ordinary Profit (Loss)	-0.6	-24.0	3.2
Extraordinary Loss	-1.3	0.0	-0.5
Earnings (Losses) Before Tax	-2.0	-24.1	2.6
Provision for income taxes	0.8	-7.8	0.4
Net Income (Loss)	-2.8	-16.3	2.0
Ordinary Profit (excluding securitization impact)	0.5	-23	4.1

- Transaction Volume growth at 32.4%(YoY) reflecting consistent membership acquisition and usage



Rakuten KC : Balance of Revolving for shopping Rakuten

- Group-wide promotion pushed balance of revolving payment by 42.3%(YoY)



Allowance for Loss on Interest Repayments and Allowance for Doubtful Accounts

- Total allowance for interest repayment related claims amount to 36 billion yen

(Billion Yen)

Item	Comment	Dec. 31, 2007	Mar. 31, 2008	Changes
Allowance for loss on interest repayments	'Cash-Out' amount associated with interest repayments	20.0	18.9	-0.1
Allowance for doubtful accounts	Write-offs of excess interest portion of principal by claims	18.0	17.0	-0.1
	Other allowance for doubtful accounts	26.8	25.9	-0.9
		44.9	43.0	-1.9

Doubtful account allowance ratio ¹	12.9%	12.8%
Doubtful account allowance ratio ¹ (excl. write-offs of excess interest portion)	7.44%	7.37%
Doubtful account write-off ratio ²	0.72%	0.69%

1.Doubtful account allowance ratio = Allowance for doubtful account/Operating receivables

2.Doubtful account write-off ratio = Doubtful account written off for the quarter/Operating receivables before write-offs

- Enhanced centralized collection process teams and improved skills helped reduce the balance of carried uncollectible loans.

Carried over amount of uncollected loans to AR age brackets

(Million Yen)

Aging of Account Receivables	2007(1 - 3) Y o Y			2007(10 - 12) Q o Q			2008(1 - 3)			2008
	Jan	Feb	Mar	Oct	Nov	Dec	Jan	Feb	Mar.	Apr.
<1month into > 1 month	7,415	7,216	7,164	4,952	5,251	4,281	5,424	4,482	5,107	4,376
>1month into>2 months	4,313	4,704	5,148	3,455	3,434	3,229	3,246	2,995	3,079	3,426
>2month into>3 months	3,834	3,743	4,400	3,067	3,087	3,057	3,115	2,815	2,717	2,746
>3month into>4 months	3,108	3,295	3,541	2,819	2,657	2,571	2,796	2,633	2,509	2,389

- Reserve calculated by the risk corresponding to borrower classification

Loan balance by Borrower Classification

Borrower classifications	Dec-07	Mar-08
Bankrupt	0	0
De facto bankrupt	31.0	35.7
Doubtful	13.7	11.7
Special attention	7.1	6.9
Normal	287.9	275.1
Total	339.9	329.6

(Billion Yen)

× Reserve ratio

3 -4 Travel Business Unit

■ Regional Office Expansion



- Feb.1 Tohoku Branch
- Mar.1 Kobe Branch

■ Hotel Room Inventory Management Tools on Mobile Handset



- Launched on Jan.29
- Inventory management system for mobile service to accommodate last minute room reservation requests

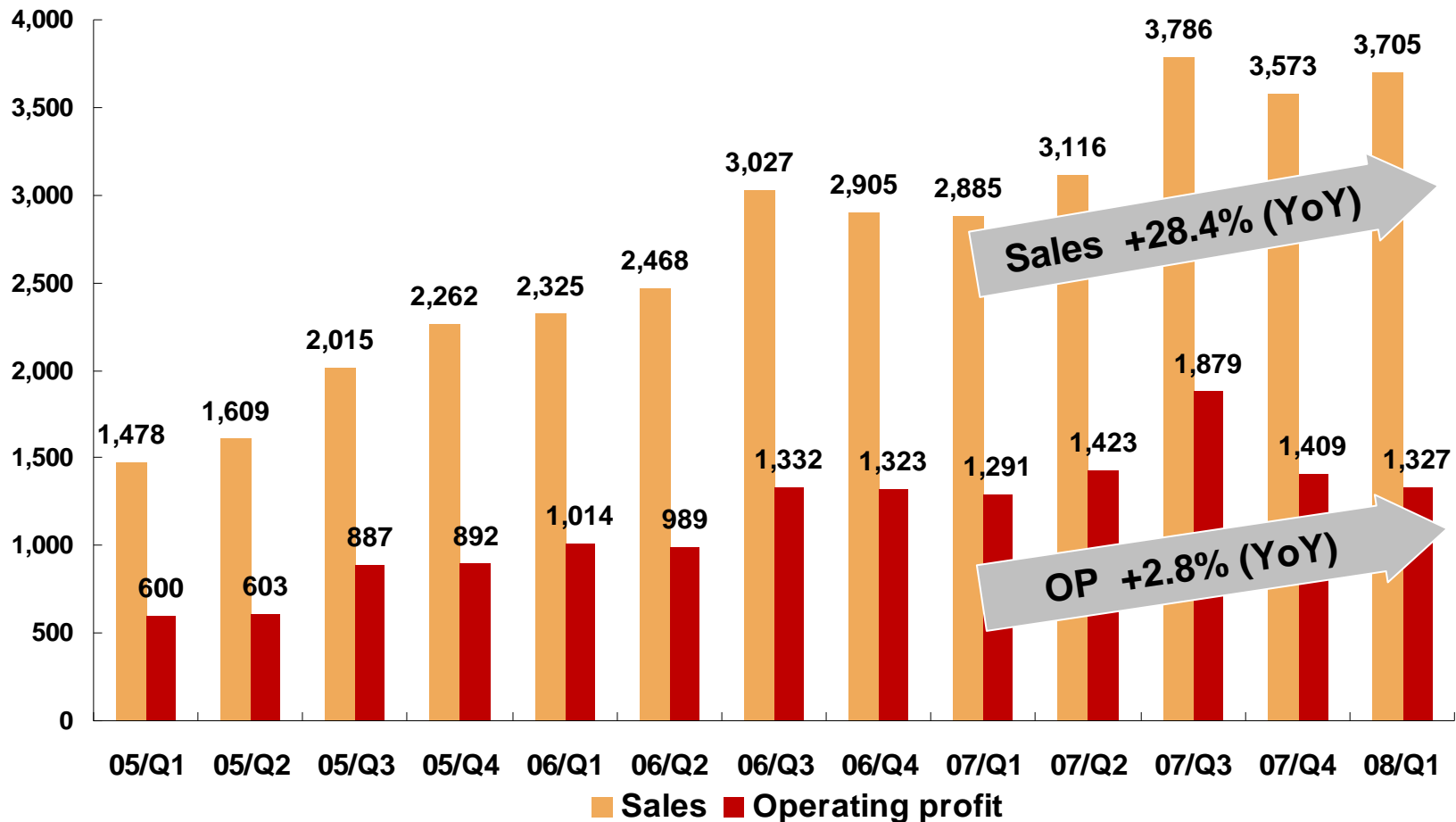
■ English Site Renewal



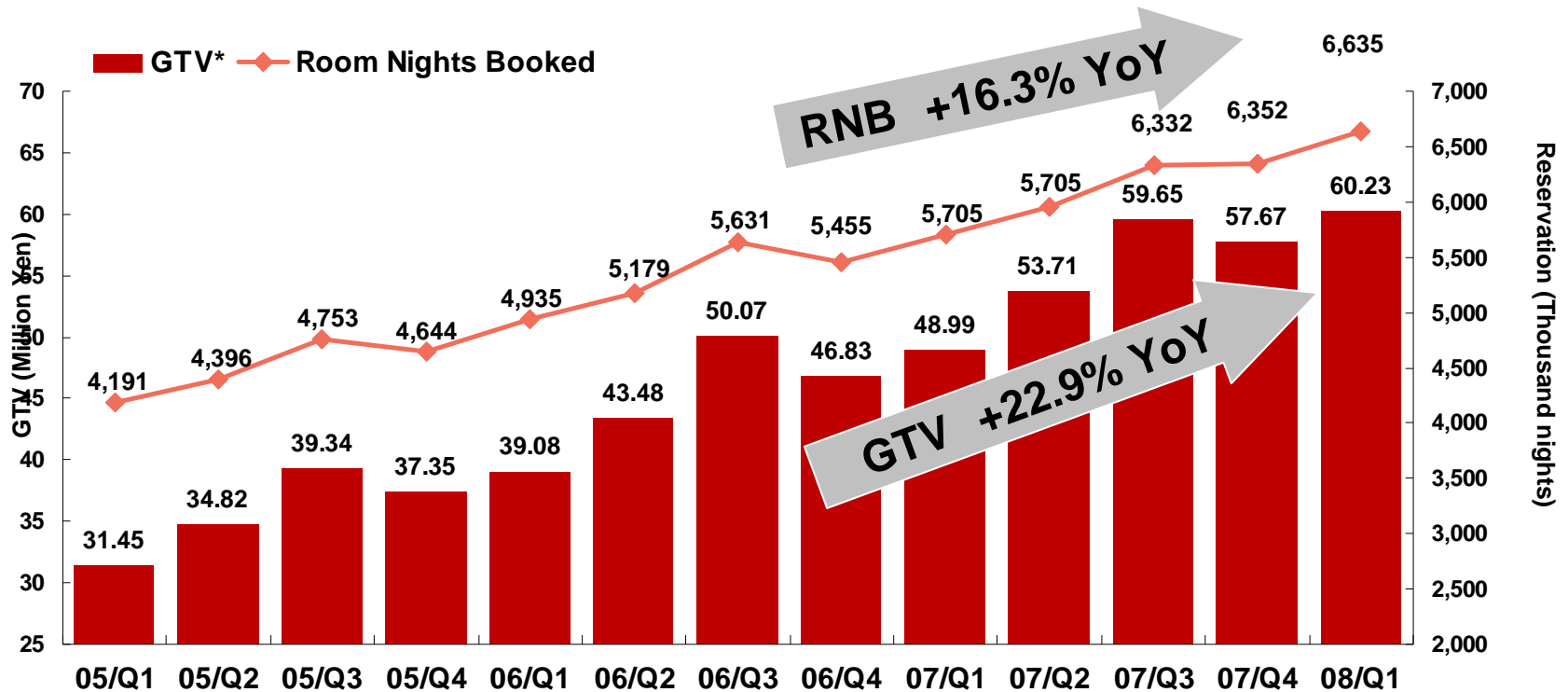
- Feb.14 released
- Started directly taking reservations for hotels in China, Korea and other Asian countries

- Continued strong sales growth at 28.4%(YoY)
 - Slower growth due to headcount increase to reinforce sales force
- Goal : To become Asia's No.1 online travel agency**

(Million Yen)



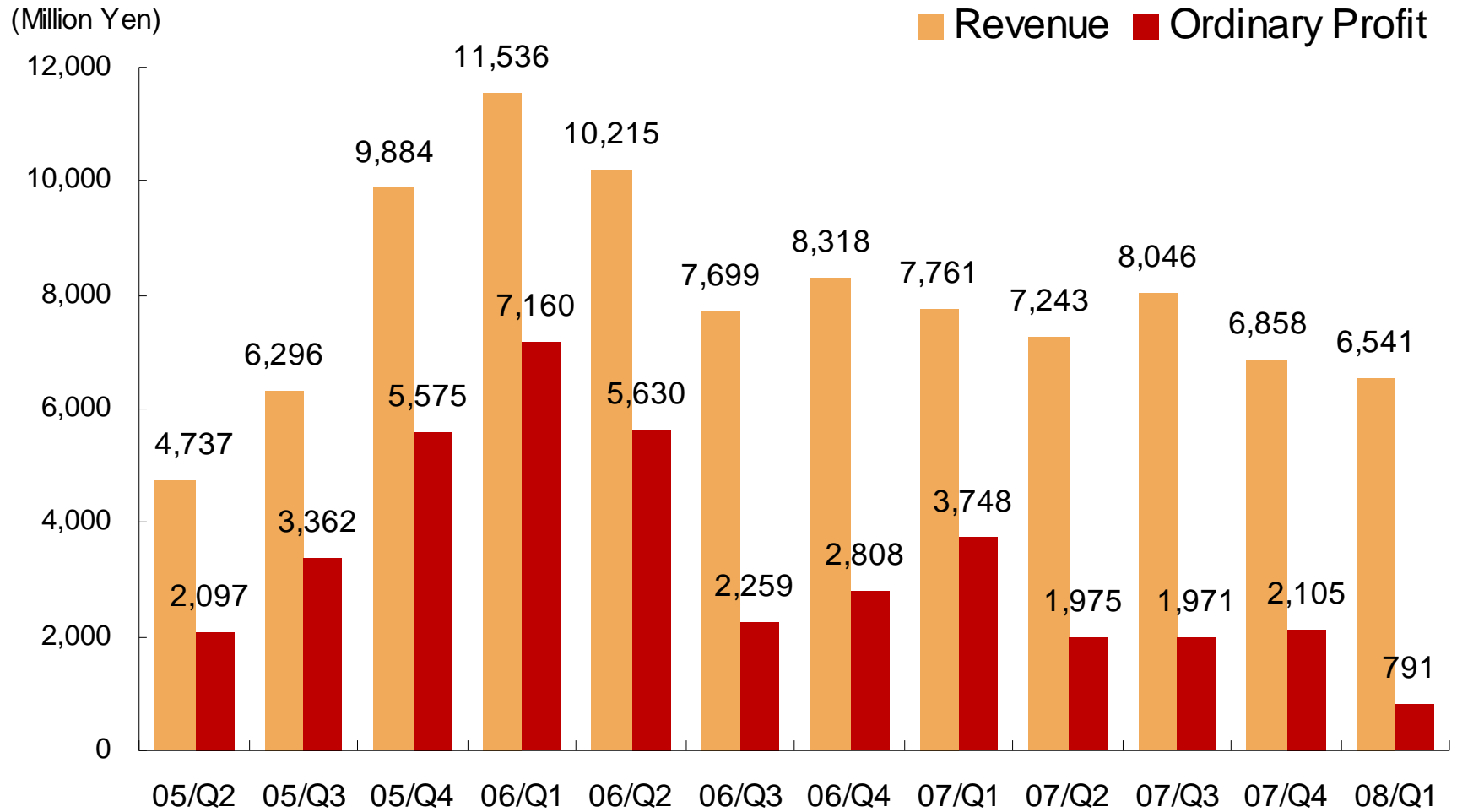
- **GTV +22.9% (YoY) : record high on a quarterly basis**
- **Maintaining high and steady position among online competitors**



* Gross Transaction Value at time of reservation (before cancellation, tax calculated)
 * From 05/Q1, Overseas hotels gross bookings, overseas air travel gross bookings, and overseas hotel reservations included
 * From 05/Q4, Rakuten Bus Services Inc. included
 * From 06/Q1, international dynamic packaging included
 * From 06/Q4, domestic dynamic packaging included
 * From 07/Q4, domestic car rental included

3 -5 Securities Business

Rakuten Securities Holdings : Revenue & Ordinary Profit trends



*05/Q2 : 05/Apr-Jun

■ Financial overview : Industry Comparisons for Jan-Mar 2008 (YoY)

(Million Yen)

	Rakuten Securities HD				E*Trade	Matsui	kabu.com	MBH				
	Rakuten Securities (Non-consolidated)											
Sales	6,541	-15.7%	6,554	-10.6%	14,715	-2.6%	8,041	-33.4%	4,507	-17.7%	6,771	-21.8%
(Net Interest)	1,445	-17.6%	1,468	-17.4%	3,559	-0.1%	2,189	-34.4%	1,145	-9.9%	1,049	-12.1%
Net Sales	5,948	-15.8%	5,985	-10.1%	13,092	-5.5%	7,413	-34.1%	4,222	-18.2%	6,118	-23.3%
SG&A	4,504	-19.4%	4,334	-8.3%	8,875	+21.0%	3,607	-20.2%	2,275	+0.4%	3,387	-10.4%
Ordinary Profit	791	-78.9%	1,083	-48.6%	3,945	-38.0%	3,813	-43.4%	1,899	-33.8%	2,582	-40.0%

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

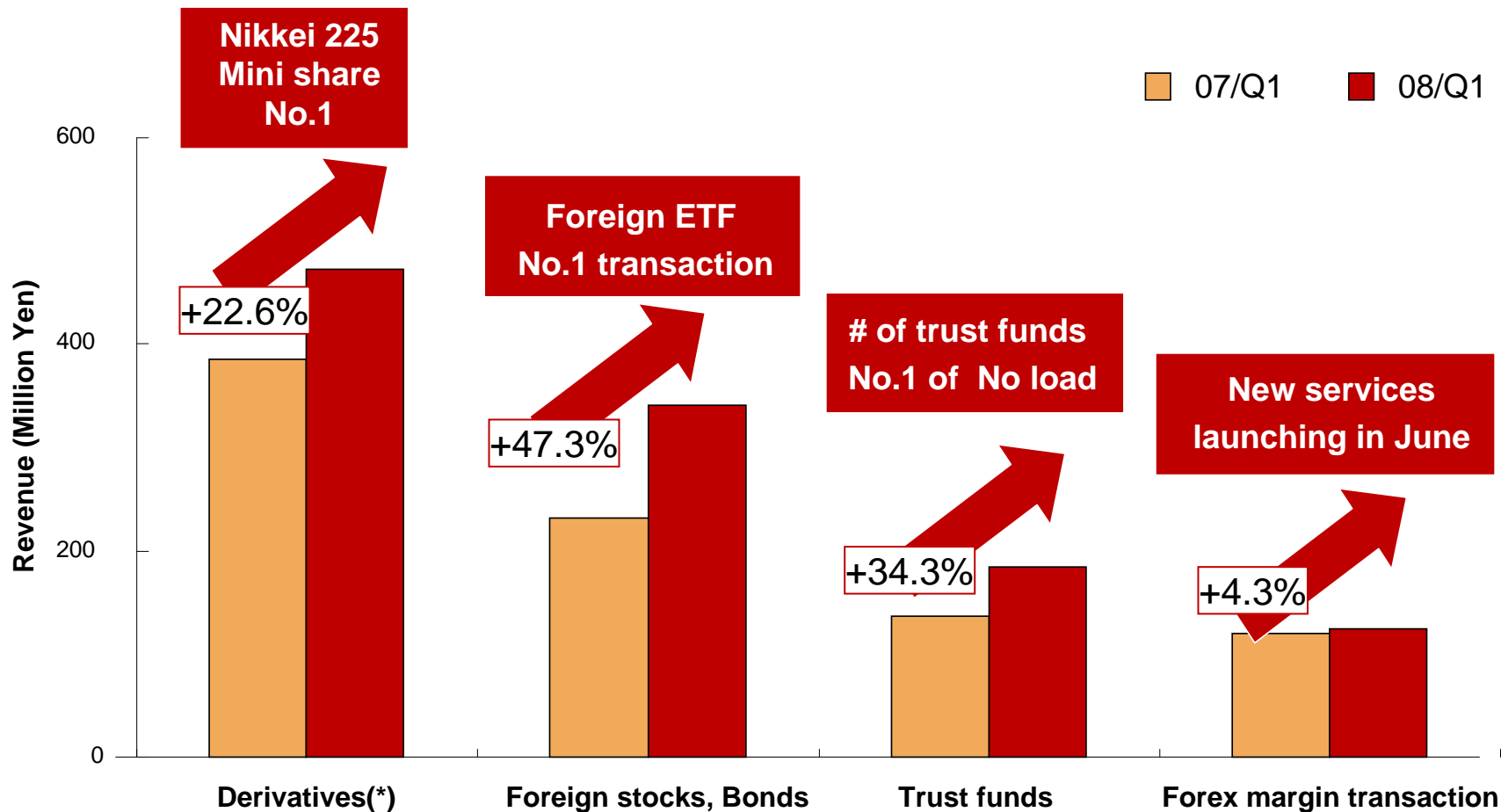
■ Financial overview : Industry Comparisons for Jan-Mar 2008 (QoQ)

(Million Yen)

	Rakuten Securities HD				E*Trade	Matsui	kabu.com	MBH				
	Rakuten Securities HD		Rakuten Securities (Non-consolidated)									
Sales	6,541	-4.6%	6,554	-4.5%	14,715	-14.5%	8,041	-17.8%	4,507	-15.4%	6,771	-15.1%
(Net Interest)	1,445	-17.9%	1,468	-17.6%	3,559	-16.0%	2,189	-24.2%	1,145	-18.0%	1,049	-25.4%
Net Sales	5,948	-4.4%	5,985	-4.3%	13,092	-16.5%	7,413	-18.2%	4,222	-15.6%	6,118	-11.8%
SG&A	4,504	-9.2%	4,334	-2.6%	8,875	-8.6%	3,607	-4.1%	2,275	+2.8%	3,387	-2.4%
Ordinary Profit	791	-62.4%	1,083	-47.6%	3,945	-33.4%	3,813	-28.2%	1,899	-32.1%	2,582	-25.0%

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

- Revenues from derivatives, non-Japanese stocks and bonds, and mutual funds increased while revenues from the core commissions from domestic stock market trading and interest income declined



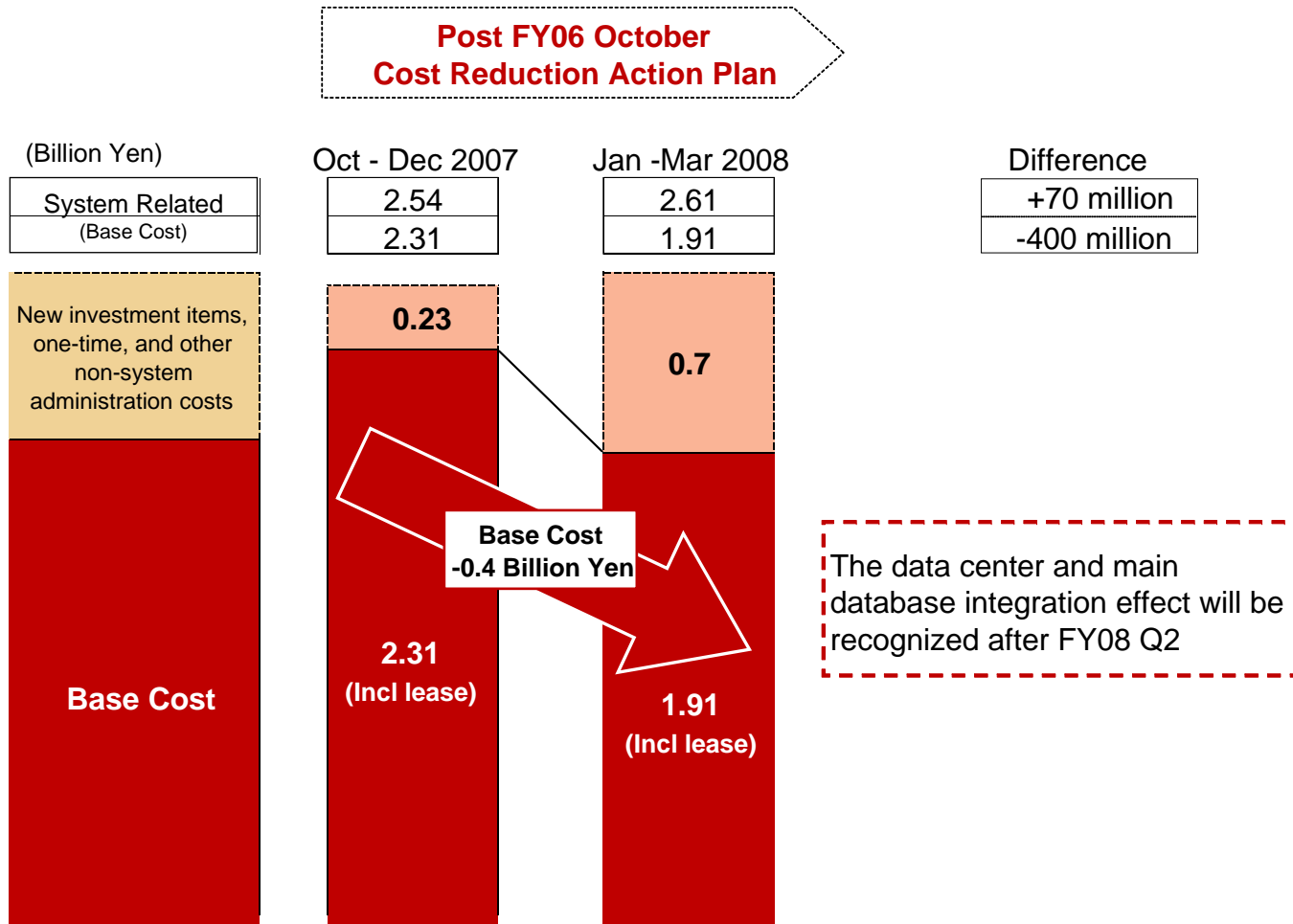
*Derivatives: Option covered Warrants

- Continuous efforts to bring down system-related costs made since Q4 2006; posted extraordinary losses upon execution of each initiative

Extraordinary Losses (Million Yen)

	Apr 07-Mar 08 Total	Apr-Jun 07	Jul-Sep 07	Oct-Dec 07	Jan-Mar 08
Reviewing main system maintenance & lease contracts (Loss related to leasing cancellation, and depreciation)	833	833			
Integration and upgraded servers (Loss related to leasing cancellation)	1,245		154	627	464
Acquisition / cancellation of software assets (lease contracts) (Loss related to prepaid interests, lease contract cancellation)	1,510			1,510	
Data Center Integration (Removal cost, loss related to lease contract cancellation)	723				723
Cost related to other real-estates and line reductions (Loss related to asset, lease contract cancellation and contract penalties)	210				210
Provisioning statutory reserves	730	209	177	168	176
Total	5,251	1,042	331	2,305	1,573

■ Base cost reduction to be accelerated further

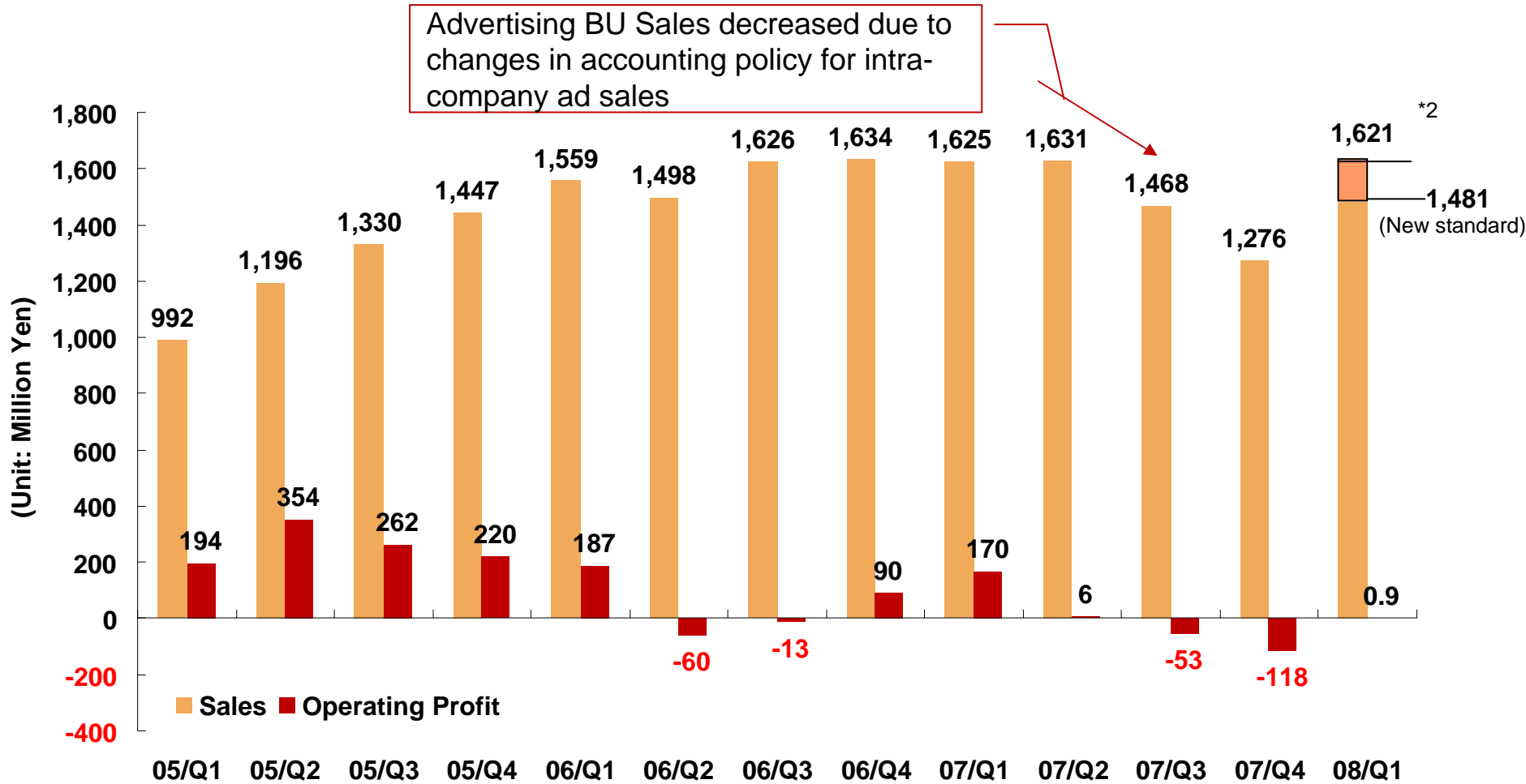


Costs related to Systems=Real estate + Administration + Depreciation

Base Cost = Not including costs related to new investments , one-time booking and other non-system administration

3 -6 **Infoseek and Advertising Business Units**

Infoseek and Advertising Business Unit : Sales and Operating Profit



※1 Including multiple Bus: Infoseek BU, Advertising BU and Human Resource related businesses

※2 Sales adjusted to original base : Less contribution of 350 million yen due to booking changes for Intra-group Ads

- Introducing new products to increase ad revenues and help support initiatives to improve **GMS** growth.

**Ad revenue at Rakuten Ichiba:
18 billion yen per year**

AD network service enforcement

- Introducing personalized Ads based on behavioral records including shopping
- Introducing lead generation for clients other than Rakuten Ichiba merchants

Ad network business

- May 2008: Acquired assets related to “Pitatto Match” from Providence Co., Ltd.
- Its contextual and search term matching technology will be used to develop a system to introduce a CPC-based ad network throughout Rakuten group media



Next generation behavioral targeting ad business

- March 2008: Entered into a strategic equity partnership with “Drecom Co. Ltd”
- Expected to introduce next generation behavioral targeting ad serving technology based on users' behavior
- Improve user experience through highly relevant ad resulting in higher conversion to purchase products or services



- Improve usability and experience, and increase ability to customize based on what users want

The screenshot displays the Infoseek Rakuten website interface. At the top, there's a navigation bar with links for 'ウェブ', '画像', 'ブログ', 'ニュース', '辞書', '株価', '乗換案内', 'お買い物', and 'オークション'. A search bar is prominently featured with a 'ウェブ検索' button and a link to '詳しい条件'. Below the navigation, there are several sections: 'よく利用するサービス' (Popular Services) with icons for stock, real estate, maps, and email; '総合ニュース' (General News) with a list of articles including 'マツから絞殺体...殺人と断定' and '四川大地震、死者1万1921...'; '特集' (Special Features) with a 'カンタンポイントゲット!' (Easy Points Get!) promotion and an article about '酒井法子「健康美」を保つ7つの実践法'; and a user account section for 'nyanwanmou...' showing a balance of 37,081 points and a 'プラチナ会員' (Platinum Member) status. The interface is clean and organized, with clear navigation and a focus on user services and news.

3 -7 Personal Finance Business Unit (Rakuten Credit)

■ Managing Growth in Loan Balance

- Legal regulations



- Monitoring effect from regulatory changes
- Growth in loan asset balance 16.3%(QoQ)
- Revenue growth remains stable due to regulatory changes

■ Stable Growth in Number of Accounts



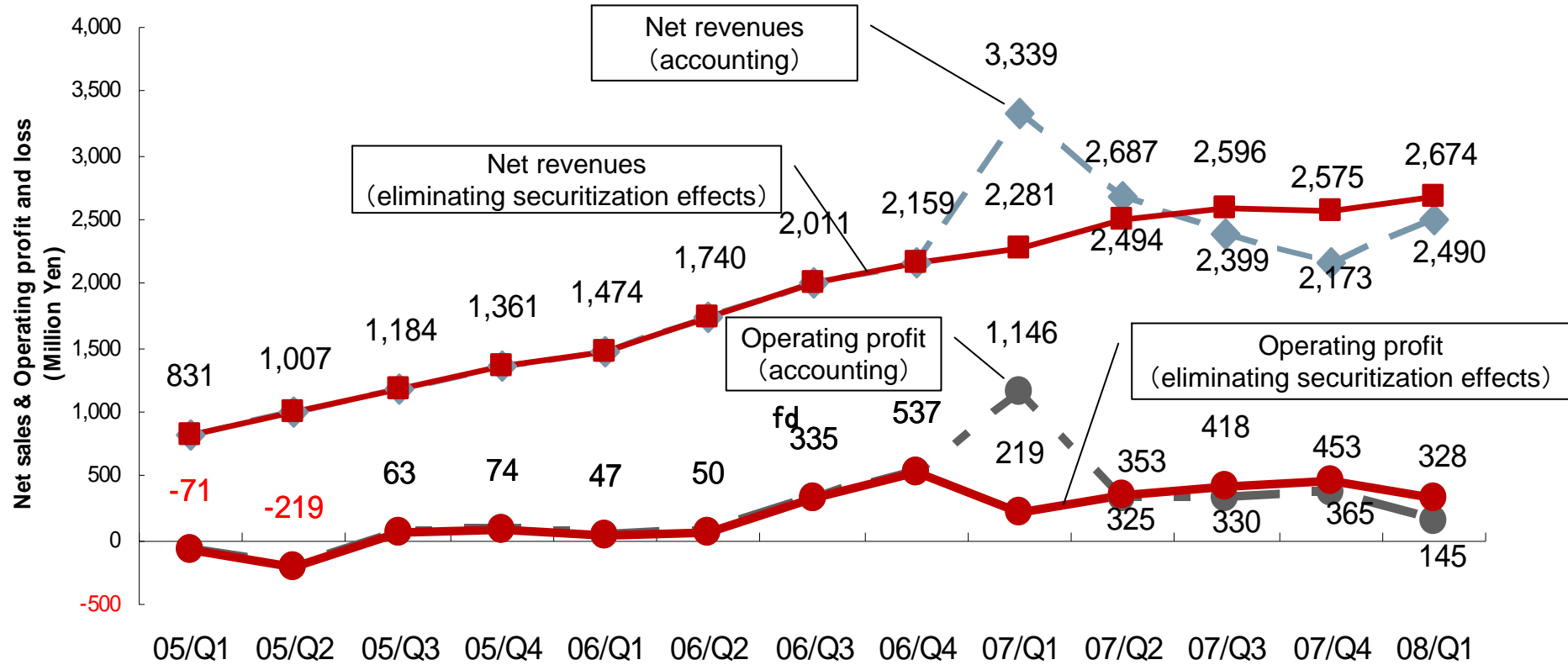
- number of accounts reaching close to 1.1 million accounts through attracting Rakuten group members

■ Customer Portfolio Improvement



- Interest rate 6.9%~18.0%
- Customer portfolio
 - 40 year old businessmen with average annual income of 6~7million yen

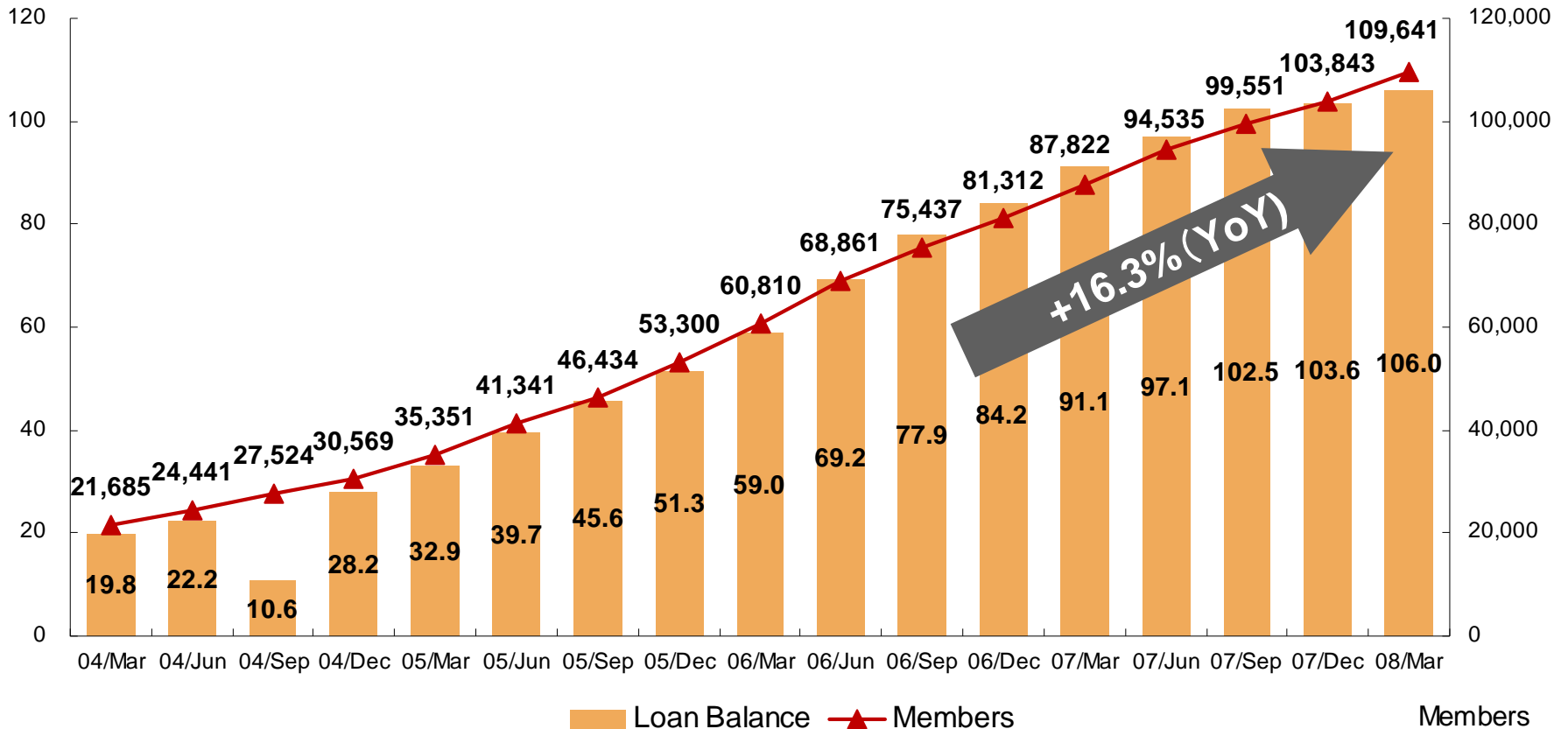
Rakuten Credit : Sales and Operating Profit (pro forma) Rakuten



* Retroactive adjustment of 07/Q2

- Maintaining high growth of loan balance, +16.3%(YoY)
- Close to 110,000 members

Loan Balance (Billion Yen)



3 -8 Professional Sports Business

- For FY08 Q1 there were 2 games, whereas there was only 1 game during FY07 Q1, which effected both sales and cost increase.

(Million Yen)

Non-consolidated (Rakuten Baseball, Inc)	2007/Q1	2008/Q1	YoY change (%)
Sales	884	955	108%
Operating expenses	1,774	2,032	115%
Operating loss	-890	-1,077	-121%

Consolidated (Including Rakuten Sports Properties, Inc)	2007/Q1	2008/Q1	YoY change (%)
Sales	1,013	1,174	116%
Operating expenses	1,919	2,246	117%
Operating loss	-906	-1,072	-118%

3 -9 Telecommunication Business Unit

- Through the efforts to improve management efficiency and to enforce competitiveness, Fusion Communication has dramatically regained its business performance, after joining Rakuten Group.


Joined Rakuten Group since August 2007
Consolidated from Sept 2007

(Million Yen)

	Apr-Jun 2007	Jul-Sep 2007	Oct-Dec 2007	Jan-Mar 2007
Revenue	11,608	9,569	9,209	8,512
Operating cost	11,589	10,485	9,462	8,699
Variable cost	5,991	5,398	5,160	4,611
Fixed cost	4,668	4,252	3,529	3,354
SG&A	929	835	774	734
Operating profit and loss	-521	-916	-254	-187

■ Restructuring plan for existing businesses



- Detailed analysis on revenue by services and by clients
 - Clarifying roles and responsibilities by reorganizing into small business units
- 
- Rebuilding a profit-generating business structure
 - Attracting high-profit customers (Multiple line contractors)
 - Revising large contracts, and introducing adequate pricings
 - Reinforcing sales channels
 - Implementing cost cut efforts without exceptions
 - Cost reductions related to line, lease and maintenance contracts
 - Cost reductions related to invoices and call center, etc



■ Deploying Group synergies



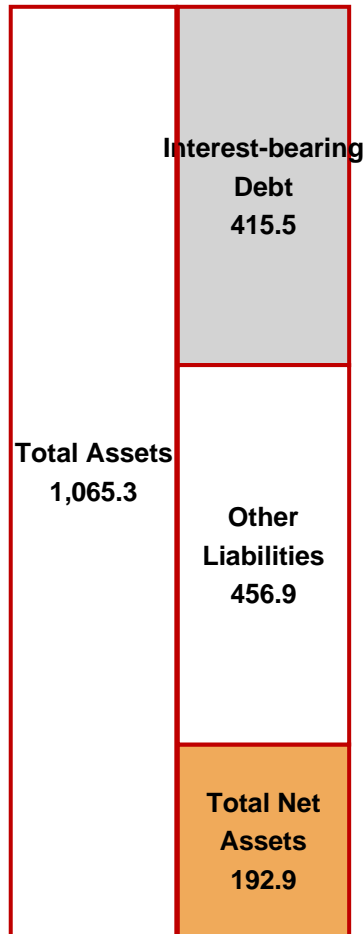
- **New service launch “Rakuten Broadband”**
 - served by Fusion Network Service (subsidiary)

4 Balance Sheets and Non-consolidated Results

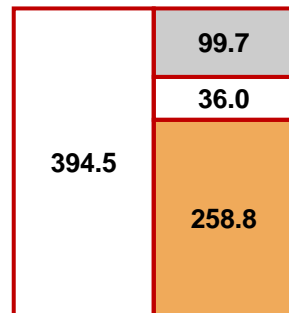
Rakuten Group : Balance Sheet Outlook (As of end of March 2008)

Rakuten (Consolidated)

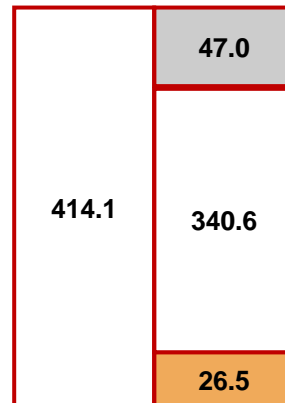
(Billion Yen)



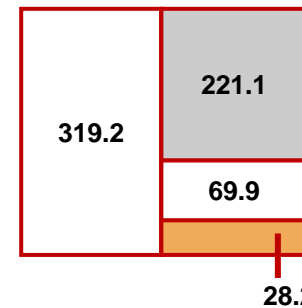
Rakuten (Non-Consolidated)



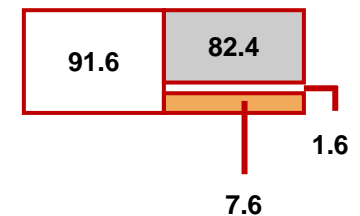
Rakuten Securities



Rakuten KC



Rakuten Credit



*Rakuten Securities, Rakuten KC, Rakuten Credit and Rakuten (non-consolidated) include internal elimination.

*Interest-bearing debt : Corporate bonds + CP + Short-term borrowings + Long-term borrowings

Consolidated Balance Sheet (Mar 31, 2008)

(Billion Yen; Less Than 0.1Billion Omitted)

CURRENT ASSETS	388.0	CURRENT LIABILITIES	381.5
Cash and cash equivalents	13.7	Accounts payable	
Deposits	214.5	Short-term borrowings	17.8
Margin transactions assets	139.8	Deposits received	130.2
Other current assets	19.9	Margin transactions liabilities	75.4
(Allowance for doubtful accounts)	-0.1	Guarantee deposits received	99.2
		Other current liabilities	58.7
		LONG-TERM LIABILITIES	2.0
		Long-term borrowings	2.0
		STATUTORY RESERVE FOR SECURITY BROKERAGE BUSINESS	4.0
FIXED ASSETS	26.0	TOTAL LIABILITIES	387.6
Property, plant and equipment	1.2	SHAREHOLDERS' EQUITY	26.8
Intangible fixed assets	5.4	Common stock	1.0
Investment and other assets	19.3	Capital surplus	10.6
(Allowance for doubtful accounts)	-1.3	Retained earnings	15.2
		VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	-0.3
		TOTAL NET ASSETSS	26.4
TOTAL ASSETS	414.1	TOTAL LIABILITIES AND NET ASSETS	414.1

Balance Sheet (Mar 31, 2008)

(Billion Yen; Less Than 0.1Billion Omitted)

CURRENT ASSETS	271.4	CURRENT LIABILITIES	181.5
Cash and cash equivalents	23.3	Accounts payable, guarantee contracts	4.3
Installment accounts receivable	148.5	Short-term borrowings	131.1
Guarantee contracts	4.3	Other accounts payable	46.0
Beneficial interests in securitized asset	105.3	LONG-TERM LIABILITIES	109.5
Other current assets	31.3	Long-term borrowings	89.9
Allowance for doubtful accounts	-41.5	Allowance for loss on interest repayments	18.9
		Other current fixed liabilities	0.5
		TOTAL LIABILITIES	291.1
FIXED ASSETS	47.8	SHAREHOLDERS' EQUITY	28.7
Property, plant and equipment	14.2	Common stock	3.0
Land and buildings	13.6	Capital surplus	54.9
Other tangible fixed assets	0.6	Accumulated deficits	-13.5
Intangible fixed assets	2.8	Treasury stock	-15.7
Investment and other assets	32.1	VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	-0.5
Allowance for doubtful accounts	-1.4	TOTAL NET ASSETSS	28.1
TOTAL ASSETS	319.2	TOTAL LIABILITIES AND NET ASSETS	319.2

*Total securitized loan receivables : 163.7 billion yen.

Balance Sheet (Mar 31,2008)

(Billion Yen; Less Than 0.1Billion Omitted)

CURRENT ASSETS	88.1	CURRENT LIABILITIES	75.4
Cash and cash equivalents	1.6	Short-term borrowings	73.8
Loans receivable	79.5	Other current liabilities	1.5
Beneficial interests in securitized asset	6.9	LONG-TERM LIABILITIES	8.6
Other current assets	0.9	Long-term borrowings	8.5
Allowance for doubtful accounts	-0.7	Other	0.0
		TOTAL LIABILITIES	84.0
FIXED ASSETS	3.4	SHAREHOLDERS' EQUITY	7.6
Property, plant and equipment	0.1	Common stock	4.4
Intangible fixed assets	0.6	Capital surplus	3.4
Investment and other assets	2.6	Accumulated deficits	-0.2
		VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	0.0
		TOTAL NET ASSETSS	7.6
TOTAL ASSETS	91.6	TOTAL LIABILITIES AND NET ASSETS	91.6

* Total securitized loan receivables : 23.76 billion yen.

Balance Sheet

(March 31, 2008)

(Billion Yen; Less Than 0.1Billion Omitted)

CURRENT ASSETS	49.8	CURRENT LIABILITIES	88.4
Cash and cash equivalents	8.2	Accounts payable	3.3
Account receivable	14.8	Short-term borrowings	48.8
Other current assets	26.8	Other accounts payable	7.0
Allowance for doubtful accounts	-0.1	Income taxes payable	1.8
		Advances received	3.4
		Reserve for point	5.4
		Other current liabilities	18.6
		FIXED LIABILITIES	47.2
		TOTAL LIABILITIES	135.7
FIXED ASSETS	344.7	SHAREHOLDERS' EQUITY	262.3
Property, plant and equipment	6.6	Common stock	107.4
Intangible fixed assets	9.3	Capital surplus	116.7
Investment and other assets	328.6	Retained earnings	38.0
(Allowance for doubtful accounts)	-0.3	Treasury stock	-0.1
(Allowance for possible investment losses)	-2.8	VALUATION, TRANSLATION	-3.7
		ADJUSTMENTS AND OTHERS	
		Unrealized holding gain on investment securities	-3.7
		STOCK ACQUISITION RIGHTS	0.1
		TOTAL NET ASSETS	258.7
TOTAL ASSETS	394.5	TOTAL LIABILITIES AND NET ASSETS	394.5

Income Statement

(for three months ended Mar 31, 2008)

(Billion Yen; Less Than 0.1Billion Omitted)

NET SALES	20.6
COST OF SALES	4.2
GROSS PROFIT	16.3
SELLING,	
GENERAL ADMINISTRATIVE EXPENSES	11.9
Personnel expenses	3.5
Advertising & Promotion	2.5
Depreciation expenses	1.1
Correspondence & maintenance expense	1.1
Outsourcing expenses	3.2
Other	0.3
OPERATING INCOME	4.4
OTHER INCOME	0.3
OTHER EXPENSES	0.5
ORDINARY PROFIT	4.1
EXTRAORDINARY PROFIT	0.0
EXTRAORDINARY LOSS	0.0
INCOME BEFORE INCOME TAXES	4.1
INCOME TAXES	1.8
NET INCOME	2.2

 **Appendix**

E-Commerce
Rakuten Ichiba*2 (Greeting Service *2,4) (Stuffed Animal Card *2,4) (Fine Wine *4)
Business Services *2
Golf *2
Auto *2
Delivery *2
Package Media (Download *5)
Media Rental
Auction
Dining
Ticket
Performance Marketing (LinkShare)
Off-track betting
Logistics Service*6
Global Ichiba*6

Credit and Payment
Personal Finance (Rakuten Credit)
Rakuten KC
Banking (Alliance with TTB)

Portal and Media
Infoseek
Advertising
Blog
Research
Career Service
Target
CS Television
(Internet TV)*3 (Cross Media)*3

Travel
Travel

Securities
Securities
Investment
Mortgage*7
Property Management
(Asset Management)*3

Professional Sports
Professional Sports

Telecommunications
Telecommunications (Fusion Communications) (Rakuten Messenger)*3

- ※1. Some new businesses are not included
- ※2. E-commerce business operated by Rakuten, Inc.
- ※3. Discontinued since FY07 Q4 or F08 Q1
- ※4. Combined into Rakuten Ichiba BU since FY08 Q1
- ※5. Combined into Package Media BU since FY08 Q1
- ※6. Started service in FY08 Q2
- ※7. Consolidated since FY08 Q1

- We have changed the booking for Intra-group Ads from gross to net booking, but there will be no impact recognized on the OP line.

(Billion Yen)

		08/Q1		
		Sales	Impact from change in the recognition method	New standard sales
	Rakuten Ichiba BU	14.24	-0.35	13.89
	Package Media and Media Rental	4.83	-0.01	4.81
	Rakuten Auction	0.43	-0.13	0.29
	LinkShare	1.59	-	1.59
	Others	0.51	0.00	0.50
E-Commerce Segment		21.61	-0.50	211.1
	Infoseek BU and Advertising BU	1.62	-0.14	1.48
	Others	2.16	0.00	2.15
Portal Media Segment		3.78	-0.14	3.63

Amortization of Goodwill

■ Rakuten Group's breakdown of Amortization of Goodwill

(Million Yen)

	06/Q3	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	Companies
E-Commerce Business	527	527	527	527	542	532	537	LinkShare
Credit and Payment Business	168	234	234	234	234	234	246	Rakuten KC Group
Portal and Media Business	17	17	17	17	17	17	16	Rakuten Research
Travel Business	7	10	10	10	10	10	11	Rakuten Travel Rakuten Bus Service
Securities Business	1	56	56	76	76	80	80	Rakuten Securities Holdings Rakuten Realty Management Rakuten Strategic Partners
Professional Sports Business	-	-	-	-	-	-	-	-
Communication Business	-	-	-	-	-	-5	-5	Fusion Communications
Consolidated	721	845	845	865	880	870	888	

* Amortization of goodwill is posted as SG&A

Rakuten Group's CAPEX



(Billion Yen)

		2006				2007				2008
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Non-consolidated	Hardware	0.22	0.59	1.01	1.41	0.20	0.56	1.68	1.06	0.55
	Software	0.40	0.54	0.58	2.34	0.56	1.04	0.79	1.46	1.38
	Total	0.62	1.13	1.60	3.75	0.77	1.60	2.47	2.52	1.94
Consolidated	Hardware	0.97	0.69	1.51	1.95	0.63	0.91	2.05	1.26	2.06
	Software	0.94	1.08	0.93	3.32	1.98	2.03	4.25	4.77	4.56
	Total	1.92	1.78	2.45	5.28	2.61	2.94	6.30	6.03	6.62

*Operating Base

*Excluding Professional Sports and Funds

Rakuten KC : Transaction Volume and Number of Cardholders



Composition of Transaction Volume

(Million Yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1		
					Results	% of total	YoY change
General services	80,940	87,058	91,447	104,609	105,487	78.9%	30.3%
Card shopping	78,698	84,907	89,340	102,194	104,208	78.0%	32.4%
Other	2,243	2,152	2,106	2,414	1,279	1.0%	-43.0%
Financing	33,986	30,409	28,956	26,765	25,377	19.0%	-25.3%
Card cash advances	20,990	19,337	18,860	17,768	17,171	12.8%	-18.2%
Loan card	12,996	11,071	10,095	8,997	8,206	6.1%	-36.9%
Installment	11	23	14	15	15	0.0%	37.5%
Credit guarantee	2,858	2,528	2,660	1,738	1,008	0.8%	-64.7%
Other	1,820	1,959	1,766	1,606	1,752	1.3%	-3.8%
Total transaction volume	119,616	121,978	124,844	134,736	133,641	100.0%	11.7%

Number of Current Cardholders

(Thousand)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	
					Results	YoY change
Credit card	2,790	2,860	2,920	3,020	3,130	12.2%
Loan Card	470	460	450	430	420	10.6%

Rakuten KC : Composition of Revenues



(Million Yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1		
					Results	% of total	YoY change
General services	2,390	2,487	2,590	2,864	2,795	18.6%	16.9%
Card shopping	2,253	2,357	2,460	2,729	2,703	18.0%	20.0%
Other	137	130	130	134	92	0.6%	-32.8%
Financing	12,415	12,396	12,172	11,357	10,478	69.8%	-15.6%
	(11,210)	(11,103)	(11,023)	(10,336)	(9,570)	63.8%	-14.6%
Card cash advances	7,603	7,632	7,473	7,051	6,460	43.0%	-15.0%
(exclude effect of securitization)	(6,539)	(6,686)	(6,634)	(6,305)	(5,797)	38.6%	-11.3%
Loan card	4,751	4,708	4,638	4,248	3,965	26.4%	-16.5%
(exclude effect of securitization)	(4,610)	(4,360)	(4,329)	(3,973)	(3,719)	24.8%	-19.3%
Other	61	57	59	57	52	0.3%	-14.8%
Installment	1	1	2	0	1	0.0%	0.0%
	(1)	(1)	(2)	(0)	(1)	0.0%	0.0%
Credit guarantee	281	286	319	333	348	2.3%	23.8%
Other	726	1,173	1,484	1,440	1,391	9.3%	91.6%
Financing revenues	101	167	58	65	-7	0.0%	-107.0%
Total revenues	15,913	16,509	16,626	16,062	15,006	100.0%	-5.7%
(exclude effect of securitization)	(14,708)	(15,217)	(15,478)	(15,040)	(14,098)	93.9%	-4.1%

Note: Amount of revenues in brackets include effects of securitization and per income statement.

Operating Costs

(Million Yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1 Results
Personal cost	1,900	1,348	1,354	1,306	1,299
General expenses	4,777	4,717	4,224	4,433	4,957
Interest expenses	1,494	1,485	1,482	1,529	1,719
Expenses related to doubtful account	7,653	5,159	3,428	4,093	2,870
Interest repayment expenses	-511	2,460	4,772	27,701	0
Cash-out	1,090	1,890	2,493	13,949	0
Cash-out	476	660	765	994	1,079
Provision to allowance	614	1,230	1,728	12,955	-1,079
Write-off of principals	-1,601	570	2,279	13,752	0
Write-off of principals	463	576	734	836	945
Provision to allowance	-2,064	-6	1,545	12,915	-945
Total Operating expenses	15,313	15,170	15,260	39,063	10,843

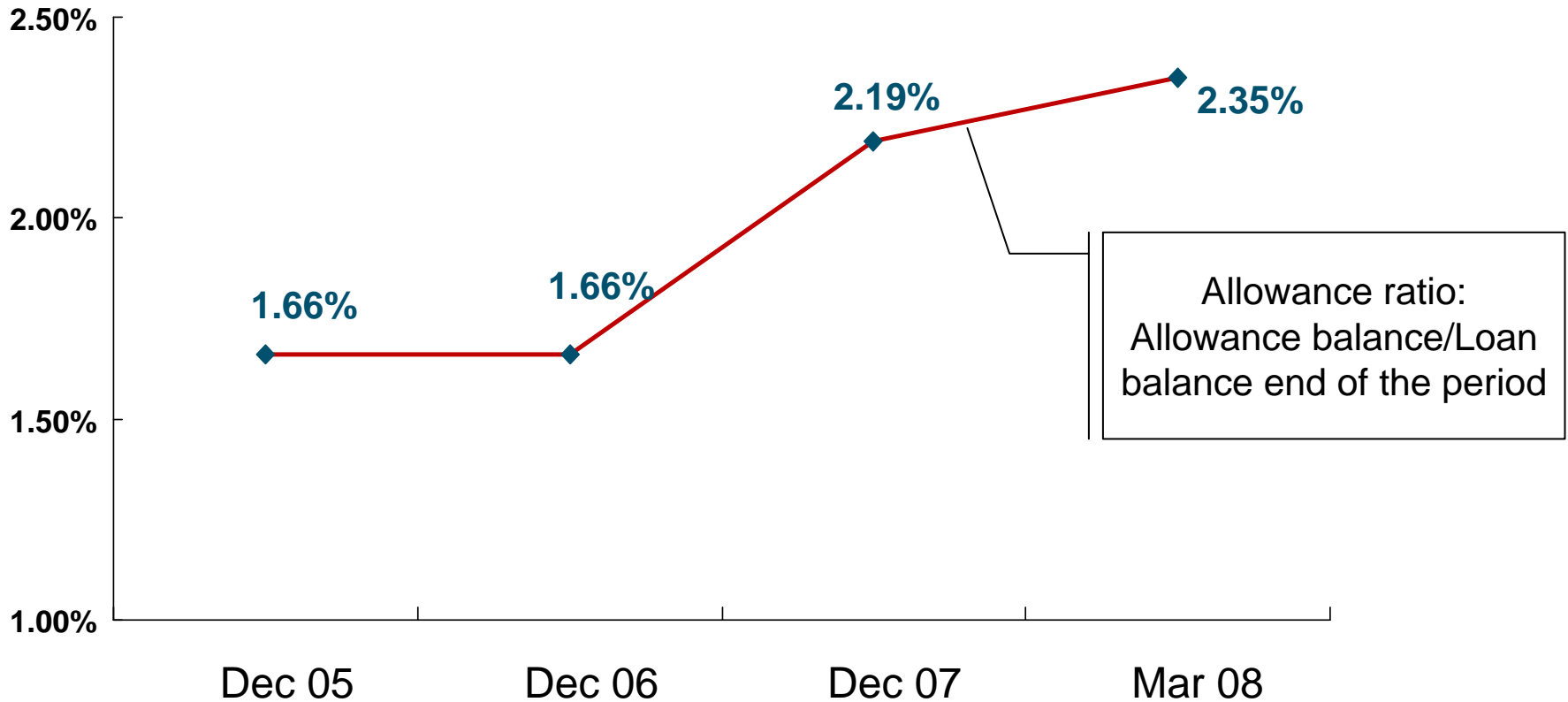
Balance of Loan Receivables

(Million Yen)

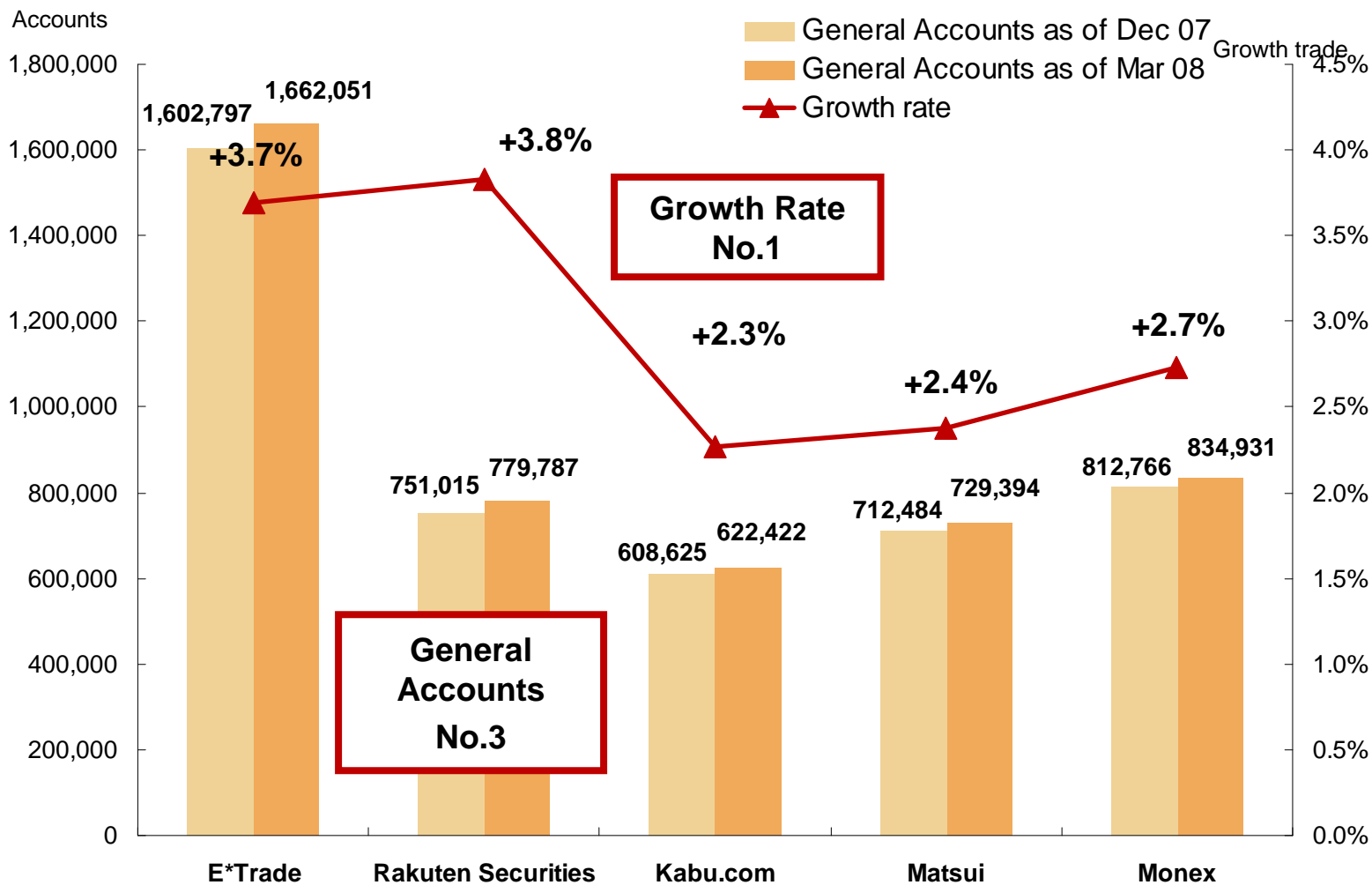
	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1		
					Results	% of total	YoY change
General services	60,825	64,137	62,976	72,037	70,112	18.9%	15.3%
Card shopping	54,927	58,635	57,937	67,021	66,033	17.8%	20.2%
Other	5,898	5,503	5,039	5,015	4,079	1.1%	-30.8%
Financing	269,673	263,512	258,097	249,089	243,267	65.4%	-9.8%
Card cash advances	126,117	122,668	120,413	115,903	111,503	30.0%	-11.6%
(Securitized, off-balance)	(92,437)	(94,524)	(91,908)	(89,970)	(88,493)	23.8%	-4.3%
Loan card	109,482	106,494	103,722	99,342	94,023	25.3%	-14.1%
(Securitized, off-balance)	(85,186)	(82,421)	(78,101)	(76,837)	(75,271)	20.2%	-11.6%
Other	34,074	34,350	33,961	33,844	37,741	10.1%	10.8%
Installment	1,166	1,108	1,174	1,321	1,315	0.4%	12.8%
(Securitized, off-balance)	-	-	-	-	-	-	-
Credit guarantee	50,013	48,248	47,117	46,182	44,457	12.0%	-11.1%
(off-balance guarantees)	(45,100)	(43,483)	(42,467)	(41,685)	(40,094)	10.8%	-11.1%
Other (Off-balance)	24,052	20,817	17,863	15,150	12,773	3.4%	-46.9%
Total balance (Include off-balance)	405,729	397,823	387,229	383,780	371,927	100.0%	-8.3%
Total balance (On-balance)	158,954	156,578	156,889	160,137	155,294	41.8%	-2.3%

- In order to adapt to the financial environment changes, reserve for doubtful accounts was added.

(Ratios Related to Doubtful Accounts)

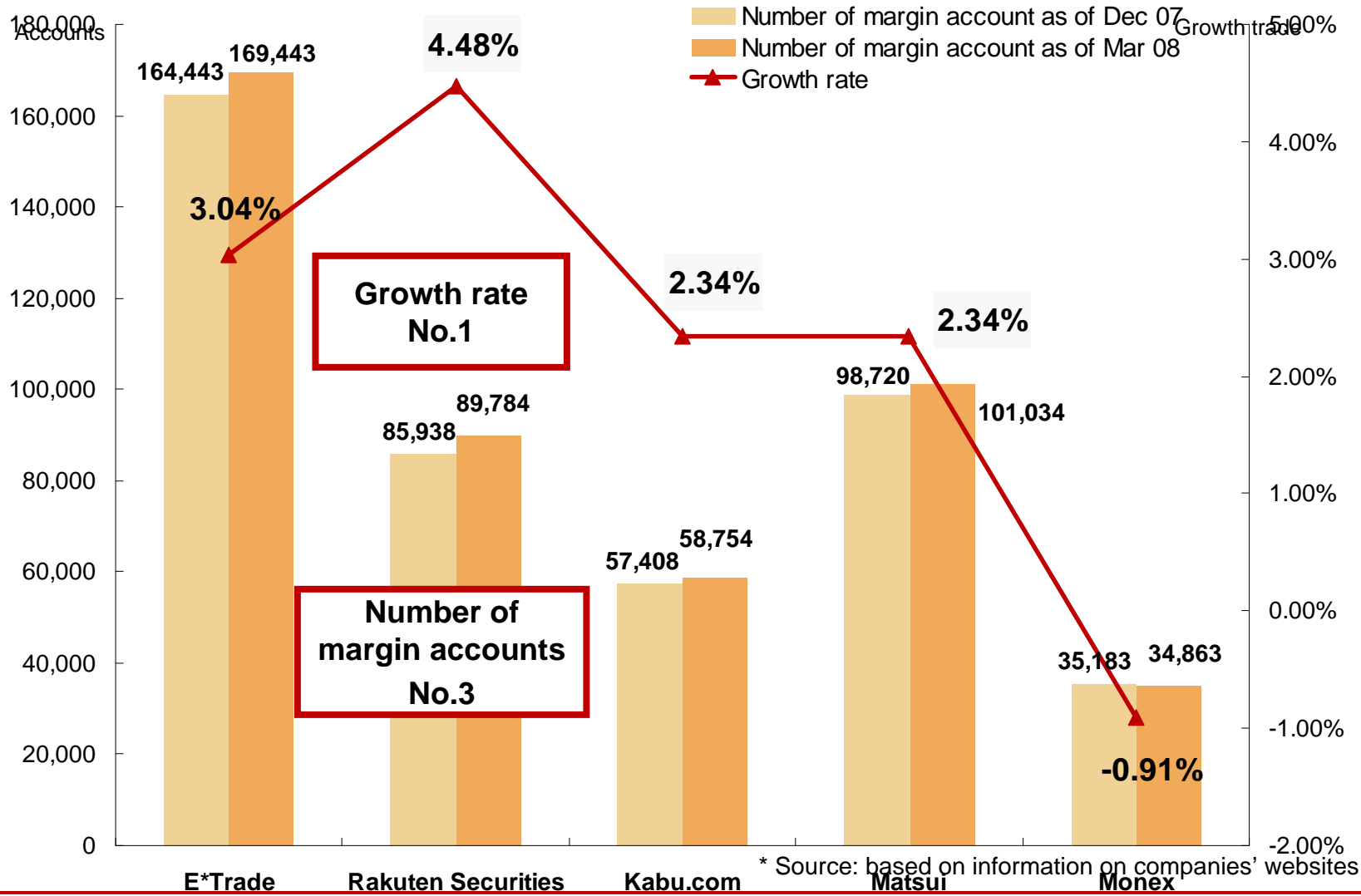


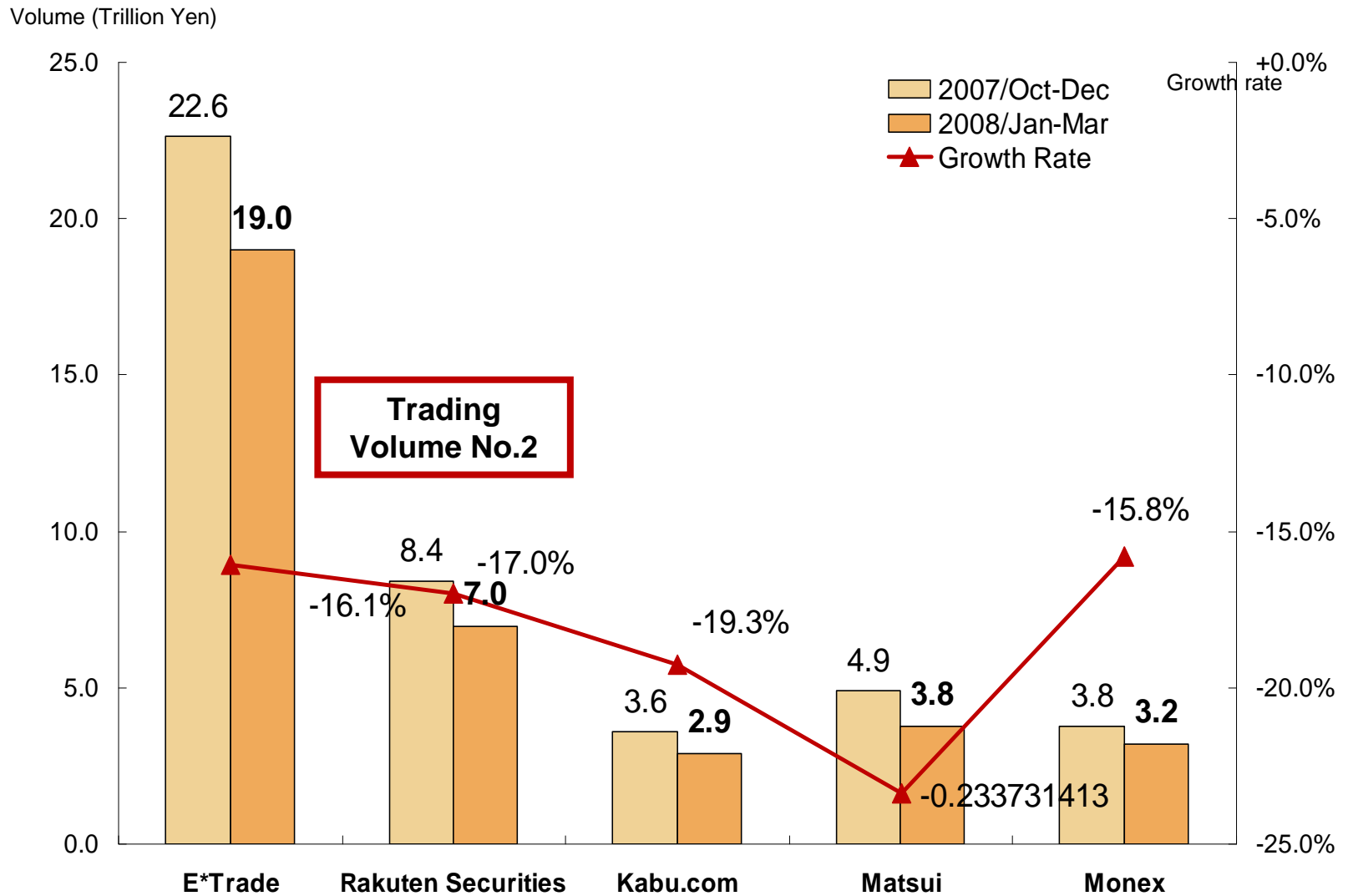
Rakuten Securities : Number of General Accounts Rakuten



* Source: based on information on companies' websites

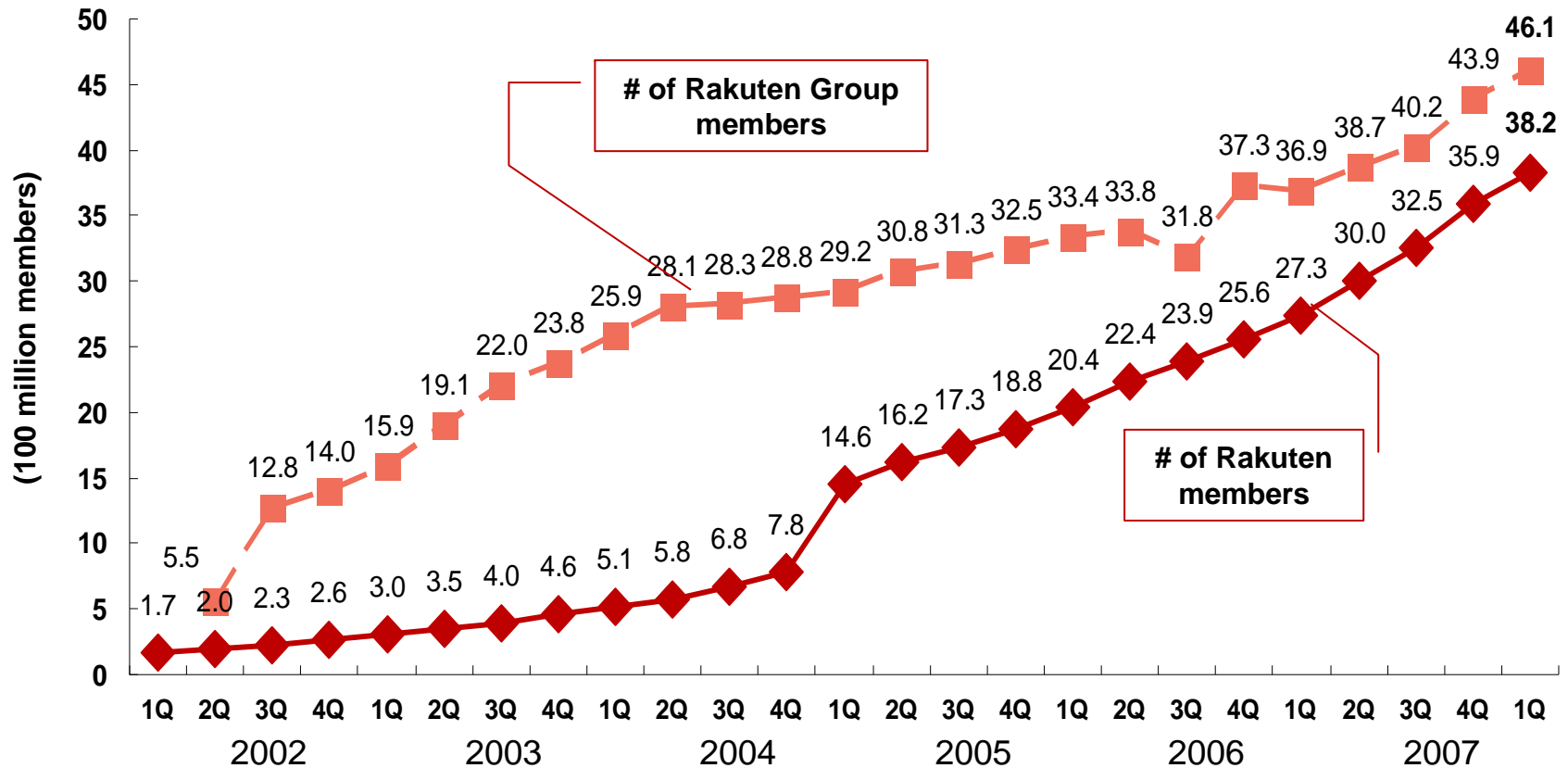
Rakuten Securities :Number of Margin Accounts





* Source: based on information on companies' websites

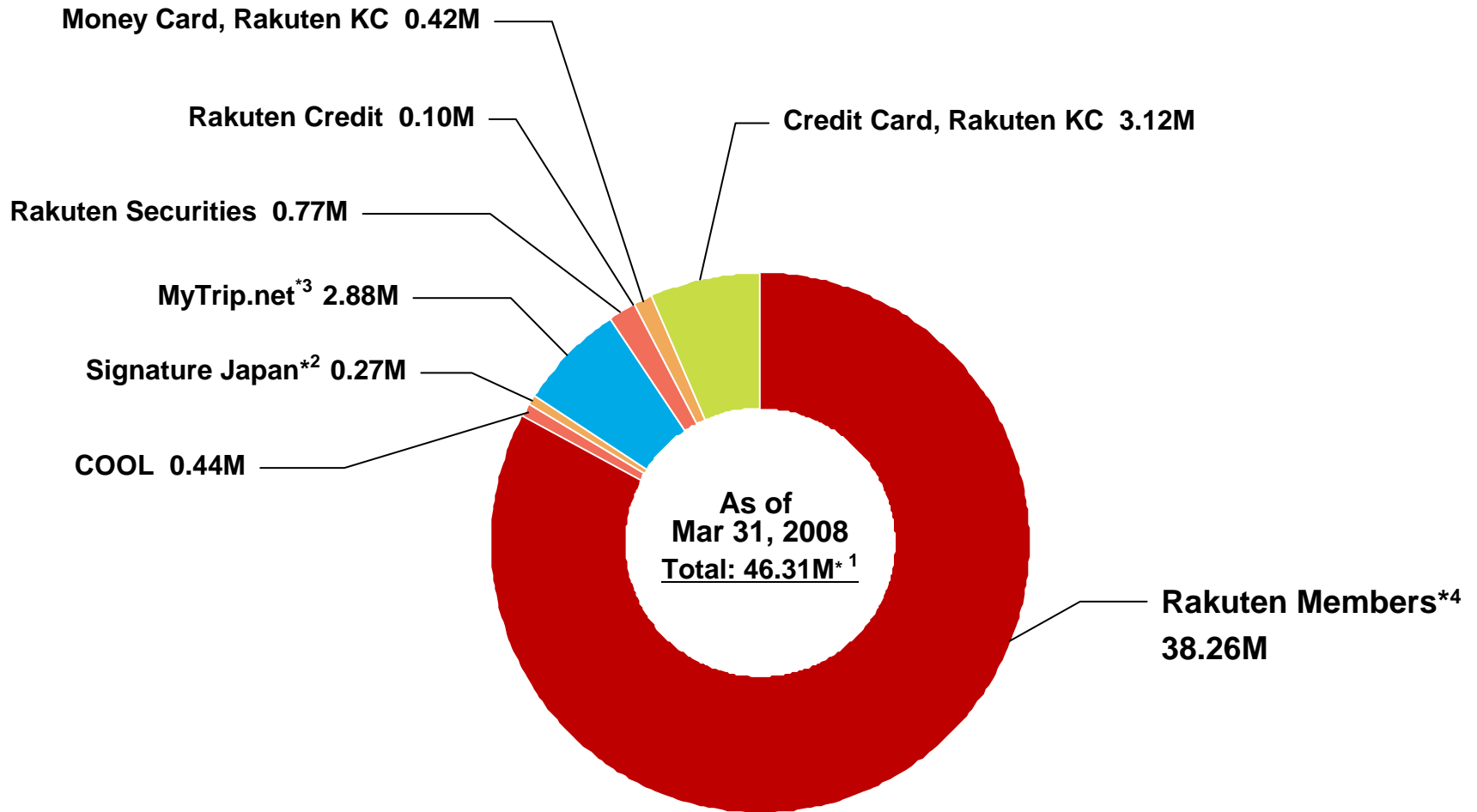
- Group members continues to increase at an pace, reaching 46 million
- Rakuten members surpassed 38 million



* Rakuten Members : Members who have integrated IDs (e.g Rakuten Ichiba, Rakuten Travel, Infoseek, Rakuten greeting, etc)

* Rakuten Group members : Rakuten members and members who have either un-integrated IDs with Rakuten securities, Rakuten KC, Rakuten Credit and etc, or un-integrated IDs for former-My trip.net service members etc.

Group Membership



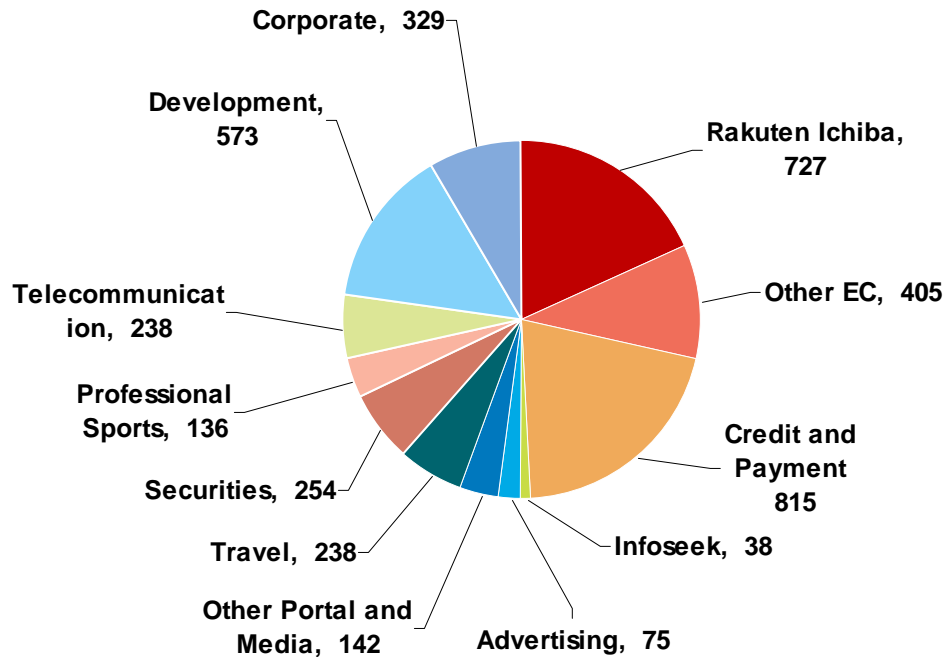
*1 Figures include members using duplicate services
Financial related business included since FY06 Q4

*2 Automatically registrant card members excluded

*3 MyTrip.net members exclude members converted into Rakuten ID

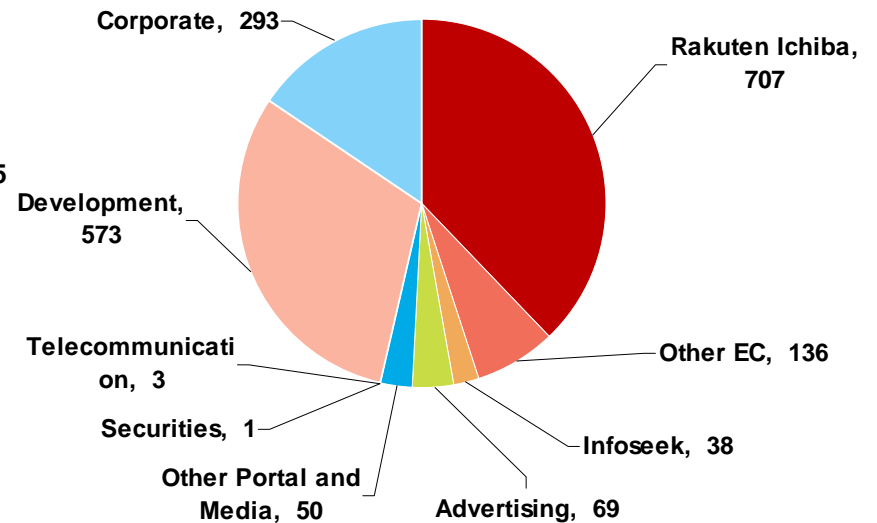
*4 Ynot members converted into Rakuten ID in July 2007

Rakuten Group 3,970



Rakuten, Inc 1,870

(Non-consolidated)



* As of Mar 31, 2008

* Excluding directors, auditors and part-time workers

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