

Overview of Fiscal Year and Q4 2007

February 15, 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.

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3 Operating Results by Key Business Units

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2. Rakuten Ichiba Business Unit
3. Travel Business Unit
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5. Securities Business Unit
6. Professional Sports Business Unit
7. Telephone Business Unit
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1 Reviewing Fiscal Year 2007

Net Income for Fiscal Year 2007
36.89 Billion Yen

2007 Summary

**Building a Business Structure for
100 Billion Yen of Ordinary Profit**

1. Strengthen core business
(Rakuten Ichiba, Rakuten Travel, etc.)
2. New office “Rakuten Tower”
3. Investment in new businesses
under the Growth Management Program (GMP)
4. Enhance “Rakuten Eco-system” by Rakuten card
5. Rakuten KC business restructuring
6. Negative impact by stock market fluctuations
7. Full-scale development of international operations

-1 Rakuten Tower

■ Rakuten Tower opened for business in Shinagawa, Tokyo, in August 2007

- Consolidate six offices once spread across the city
- Base and symbol for the Group
- Fully equipped with training facilities and other amenities, the Rakuten Tower will support career development plan for the employees
- Boost morale, leading to higher retention rates



[Location]

- Higashishinagawa, Shinagawa Ward, Tokyo

[Facilities]

- Business School
- Library
- Rakuten Cafeteria
- Fitness Room



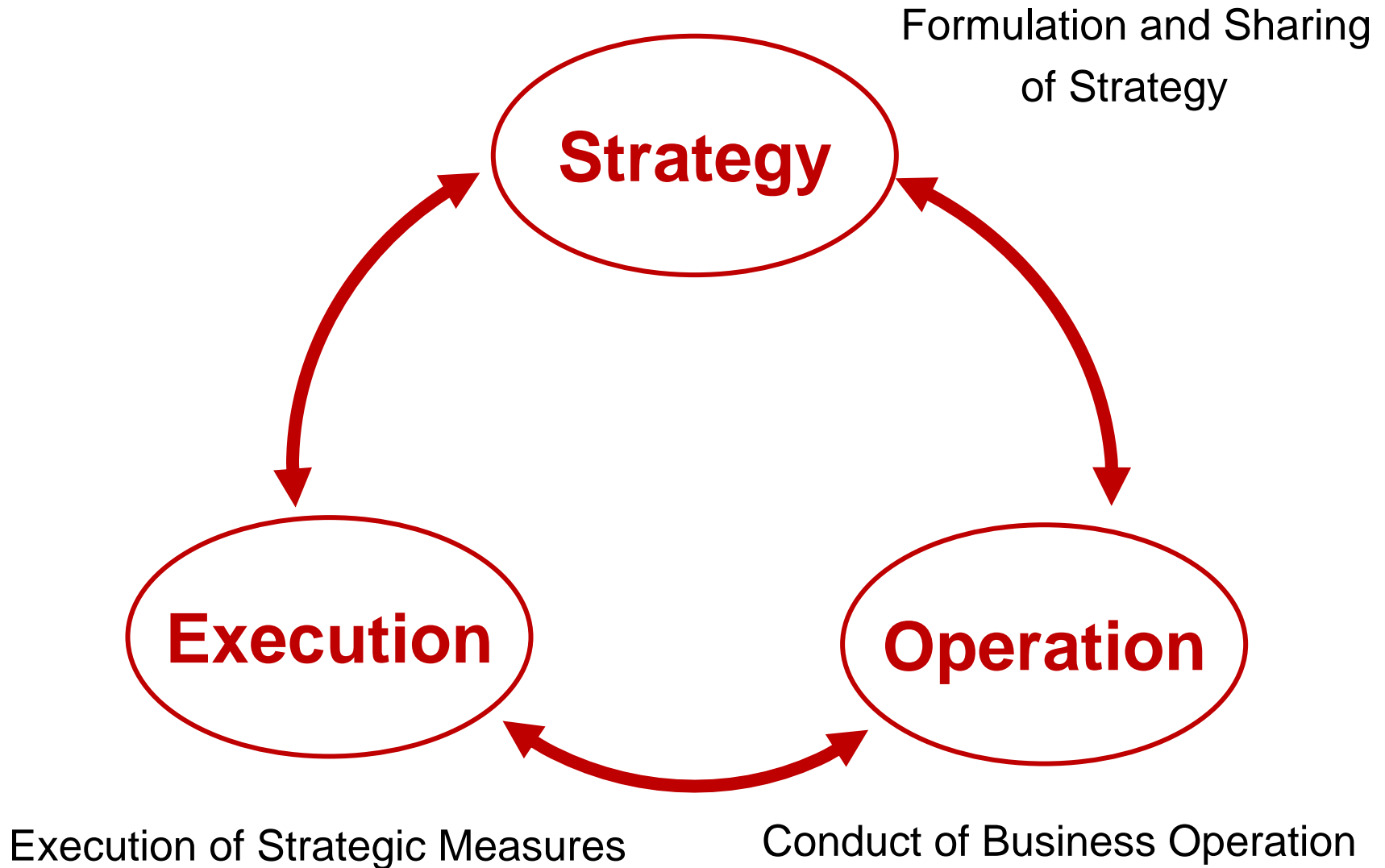
Rakuten-ism

- Embodiment of corporate culture and Code of Conduct
 - Observed group-wide, as well as overseas

Share Values, Mission and Practice

for

a Highly Motivated “Winning Team”

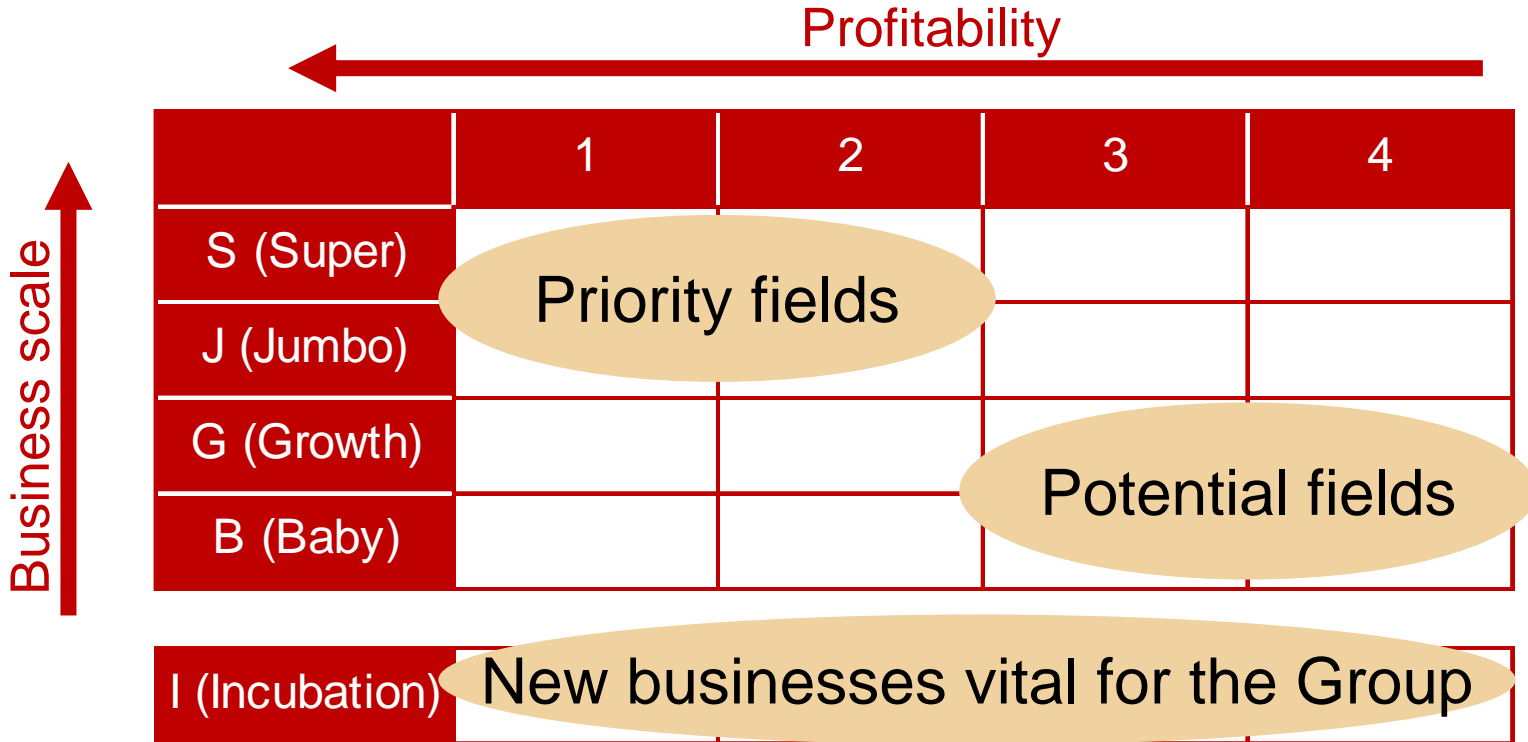


1 -2 Investment in New Businesses under the Growth Management Program (GMP)

■ Use business “grids” as basis for controlling diversified businesses (introduced in fall 2006)

(1) Monitor growth and profitability

(2) Allocate resources effectively



■ Investment in new businesses for future growth

(New services and new consolidated BU in 2006/Q4~2007)

■ Auction



■ Off track betting (Horse racing mall)



■ Banking (alliance with TTB)



■ DVD/CD rental (operated by ex-Rakuten books, Inc)



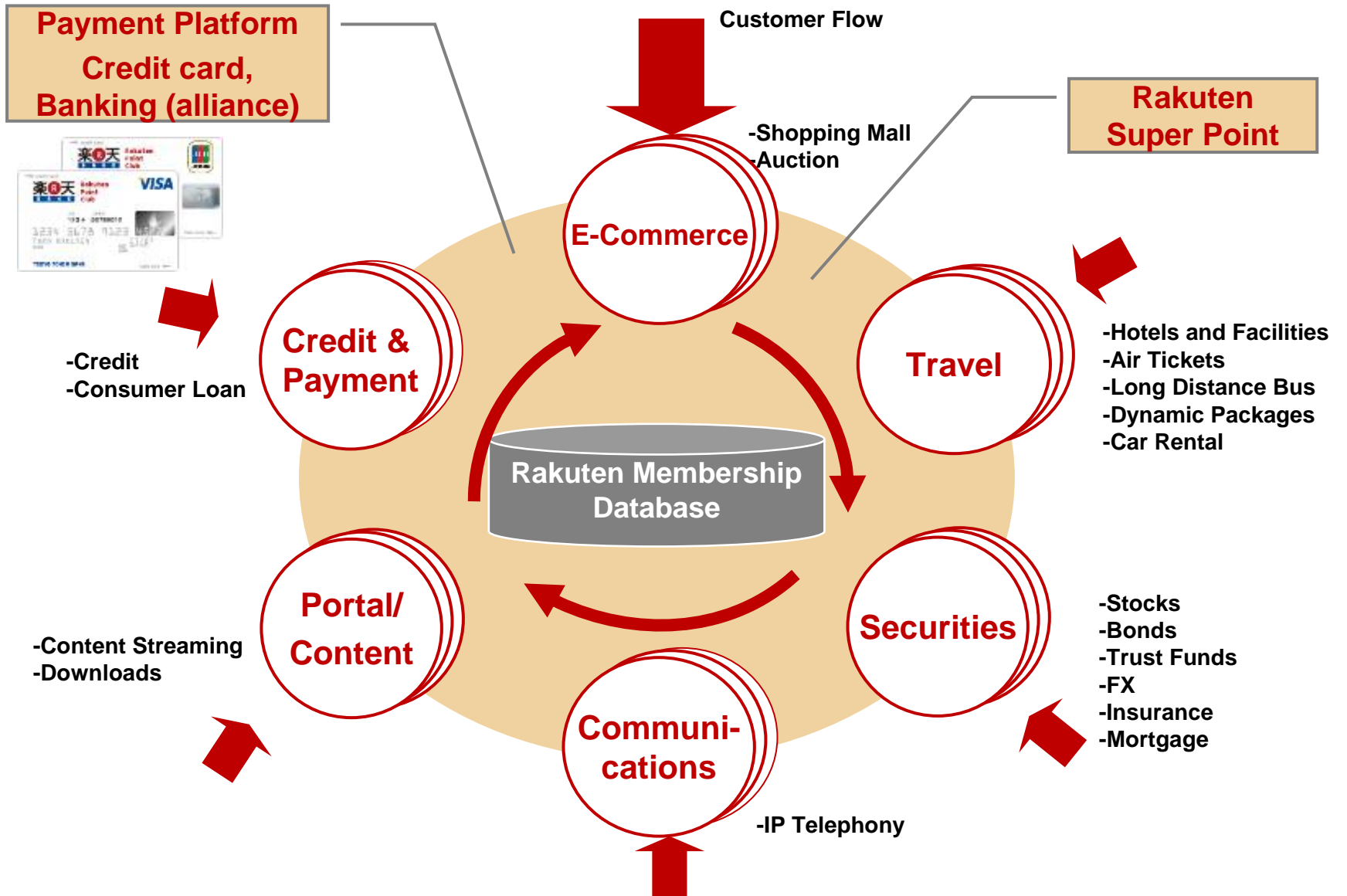
■ Telephone (Fusion communications)



(new services scheduled in after 2008)

■ Global Ichiba

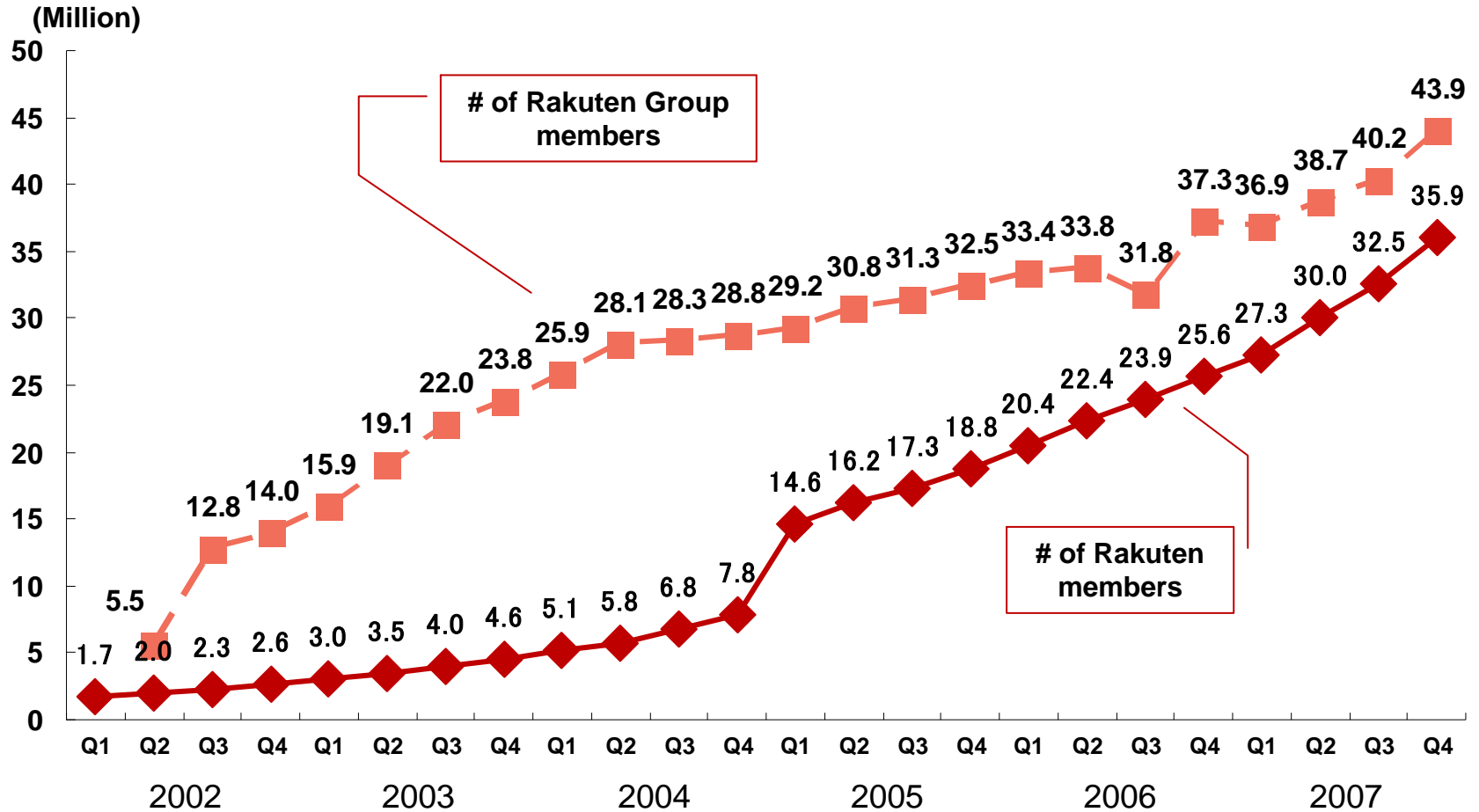
1-3 Strengthening Rakuten Eco-system



Growth in Number of Rakuten Members



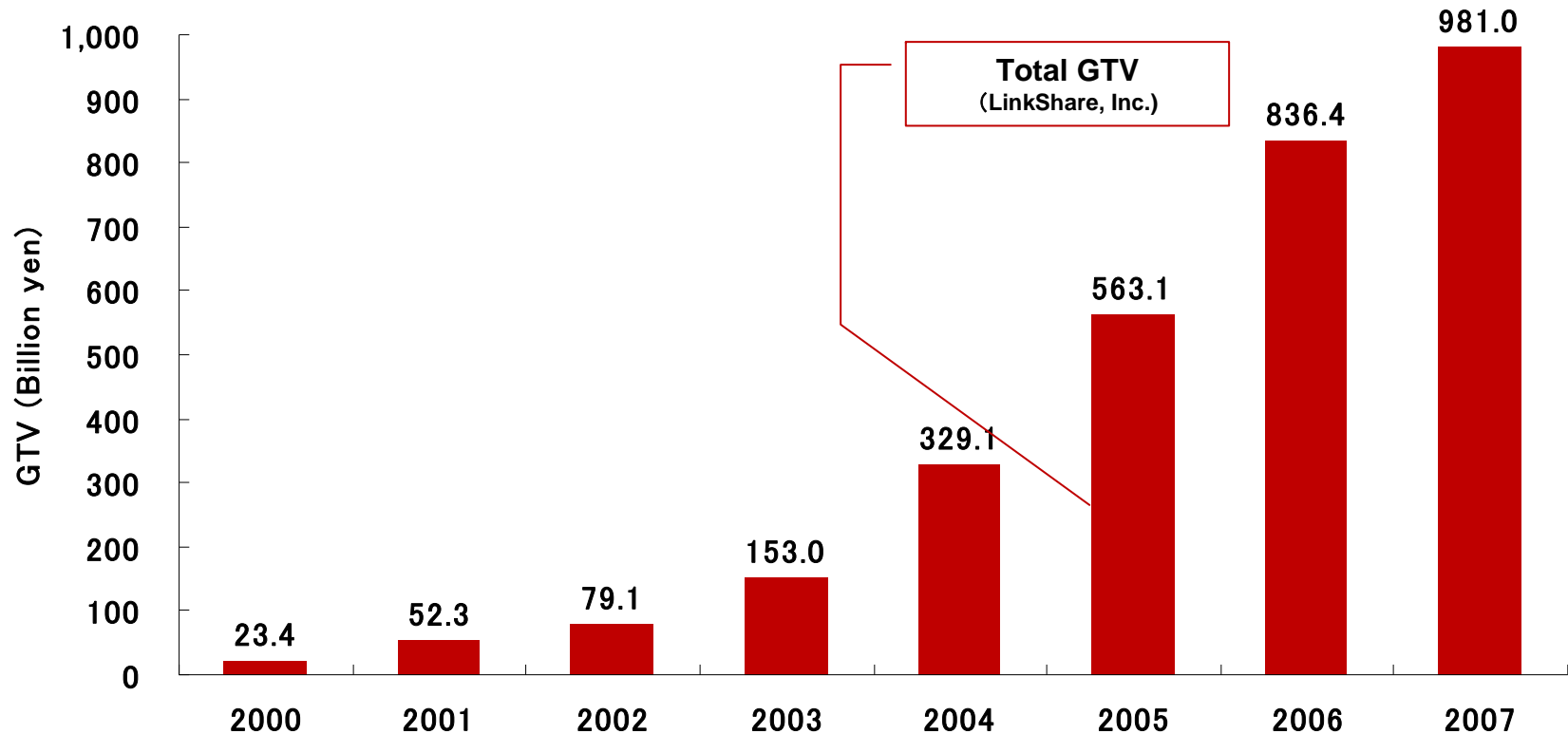
- Rakuten Group members increasing at an accelerating pace, reached about 44 million
- Rakuten members surpassed 35 million



* 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.

- GTV surpassed 980 billion yen due to growth in each businesses, approach a trillion yen



* E-Commerce : Mall (Fixed-price, Group purchase, Super Auction), Flea market, Mobile, Business, Golf, Books, Auction, LinkShare

* Travel : Domestic/international accommodation booking, International tickets, Domestic/international dynamic packaging, Domestic bus service

1 -4 Measures for Strengthening Profit Base at Each Business

■ Constantly enacted improvements in “Super” and “Jumbo” businesses (medium- to large-scale), even before the introduction of GMP

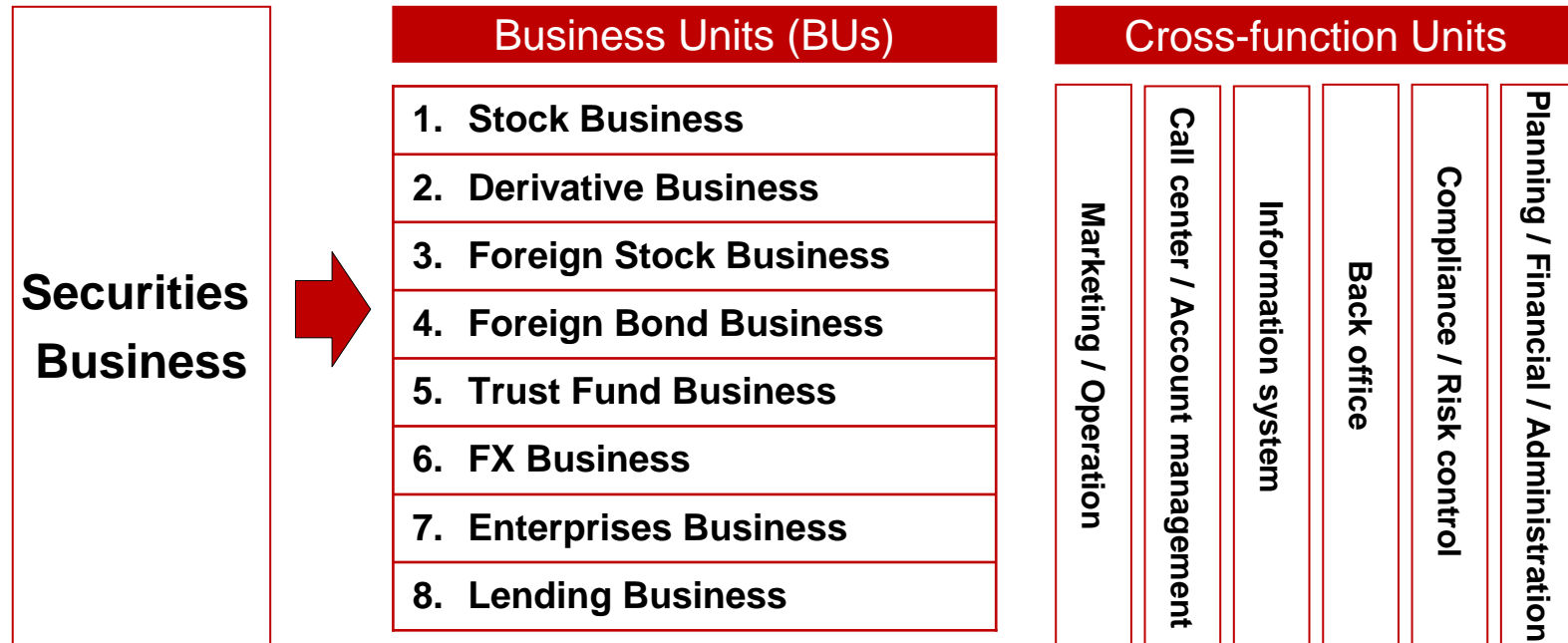
2002	■ Rakuten Ichiba: introduction of “margin fee” per sales of merchants
2003	■ Rakuten Travel and Rakuten Securities joined the Rakuten Group
2004	■ Rakuten Credit joined the Rakuten Group
2005	■ Rakuten KC and LinkShare joined the Rakuten Group
2006	■ Full-scale start of new contracts for Rakuten Travel*
2007	■ Rakuten KC business restructuring
2008	■ Restructuring of profit base for Rakuten Securities

* Rakuten Travel’s new contracts applied to reservations of accommodations starting from September 2005

Issues	Measures	Status
<ul style="list-style-type: none"> ■ Review of business line 	<ul style="list-style-type: none"> ➤ Sale of auto-loan business on Nov.1, 2006 ➤ Shift resources into credit card and unsecured loan operation 	Completed
<ul style="list-style-type: none"> ■ High level of operating costs 	<ul style="list-style-type: none"> ➤ Office shut-down (67 offices to 4 offices) ➤ Reduction in headcounts (2,200 to 800) 	Completed
<ul style="list-style-type: none"> ■ Interest repayment claims 	<ul style="list-style-type: none"> ➤ One-time provisioning for future possible claims ➤ Prospectus for expenses relating to claims becomes drastically lower 	Completed
<ul style="list-style-type: none"> ■ New businesses 	<ul style="list-style-type: none"> ➤ Focus on “Rakuten Card” business 	Ongoing

*1: Refine an estimation method for allowance for loss on interest repayments

- Establish lean and strong business structure by thoroughgoing “Rakuten-ism” since 2008
 - a. Divided Rakuten Securities business into 8 business units (BUs), to put “Strategy” into effective
 - b. Monitor “Execution” by identifying person responsible for each measure
 - c. Share the progress in “Operation (Business performance)” by daily and weekly reports
 - d. Hold weekly meeting with top and middle management with feedback, incorporate into “Execution”



■ Thorough control of 36 Business Units

- **Clarify rules of withdrawal**
- **Businesses merged or discontinued in 2007**

(BUs marked for discontinuance in 2007)

- **Messenger**
- **Cross Media**
- **Asset Management**
- **Internet Television**

(BUs merged with other BU in 2007)

- **Greeting Service**
- **Stuffed Animal Greeting Cards**
- **Fine Wine**
- **Downloads**

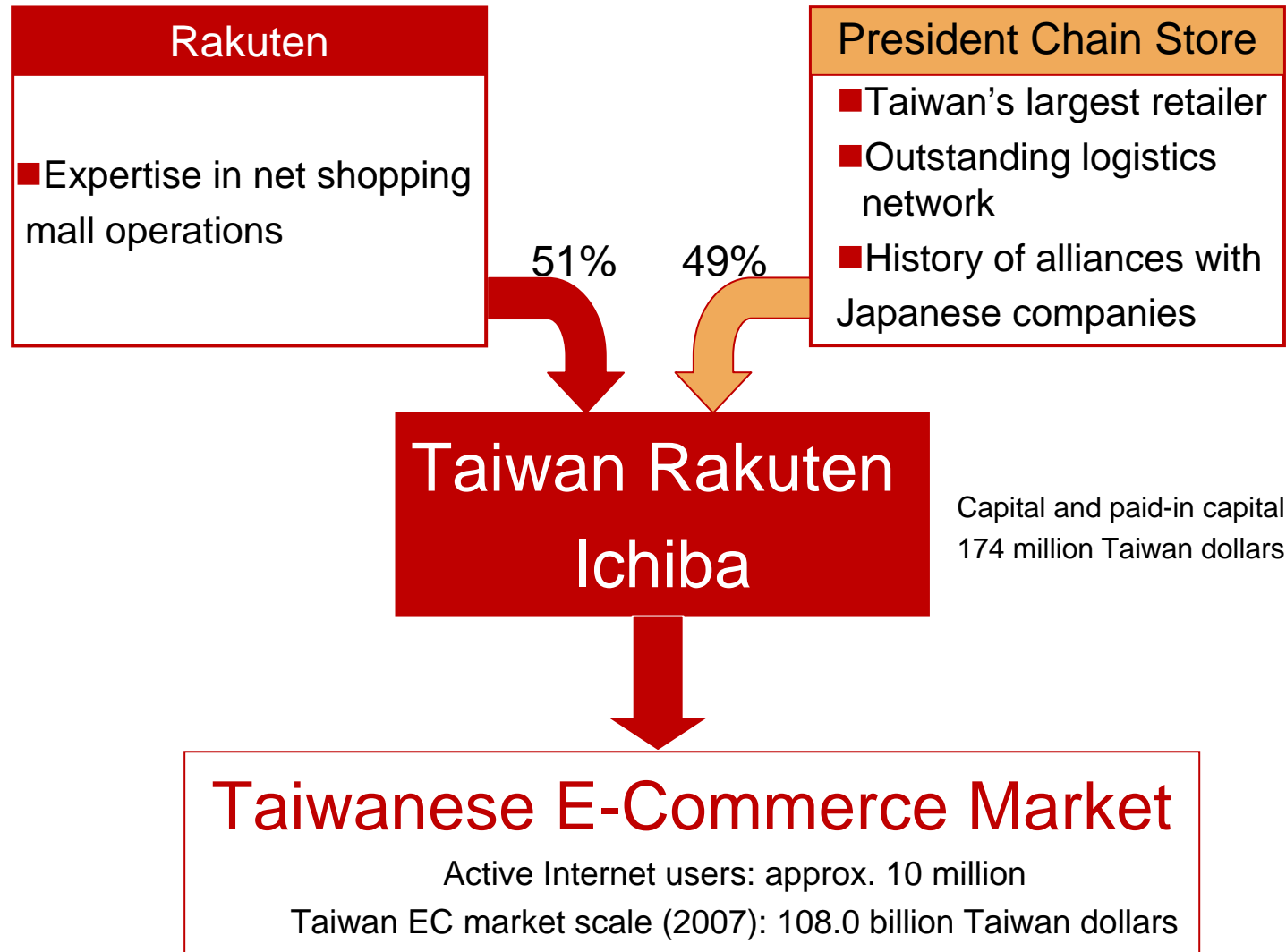
- **Stronger accounting system**
- **Measures in 2008**
 - **Established accounting operation control division**
 - Strong involvement in each business unit by head office of accounting
 - **Sophisticate budget controls**
 - Monitor budget in the short term
 - Improve in accuracy
 - **Enhance internal control**

1-5 Full-scale Development of International Operations

- Bring a “Made in Japan” internet business model overseas
- Retain a “Start Small, Grow Big” development policy

2005	■ Acquired U.S.-based LinkShare
2007	■ Initiated market surveys in various countries ■ Agreement with Taiwan-based President Chain Store Corporation to establish a joint venture for operation of “Taiwan Rakuten Ichiba”
2008 –	■ Start of “Taiwan Rakuten Ichiba” service (scheduled) ■ Establish a core base for European operations in Luxembourg ■ Plan to develop in more countries

Establishment of Joint Venture to Operate Taiwan Rakuten Ichiba



* 1US\$ = 32.4 Taiwan dollar (NT\$) as of December 31, 2007

2

Fiscal Year and Q4 2007:

Consolidated Operating Results

(Billion Yen)

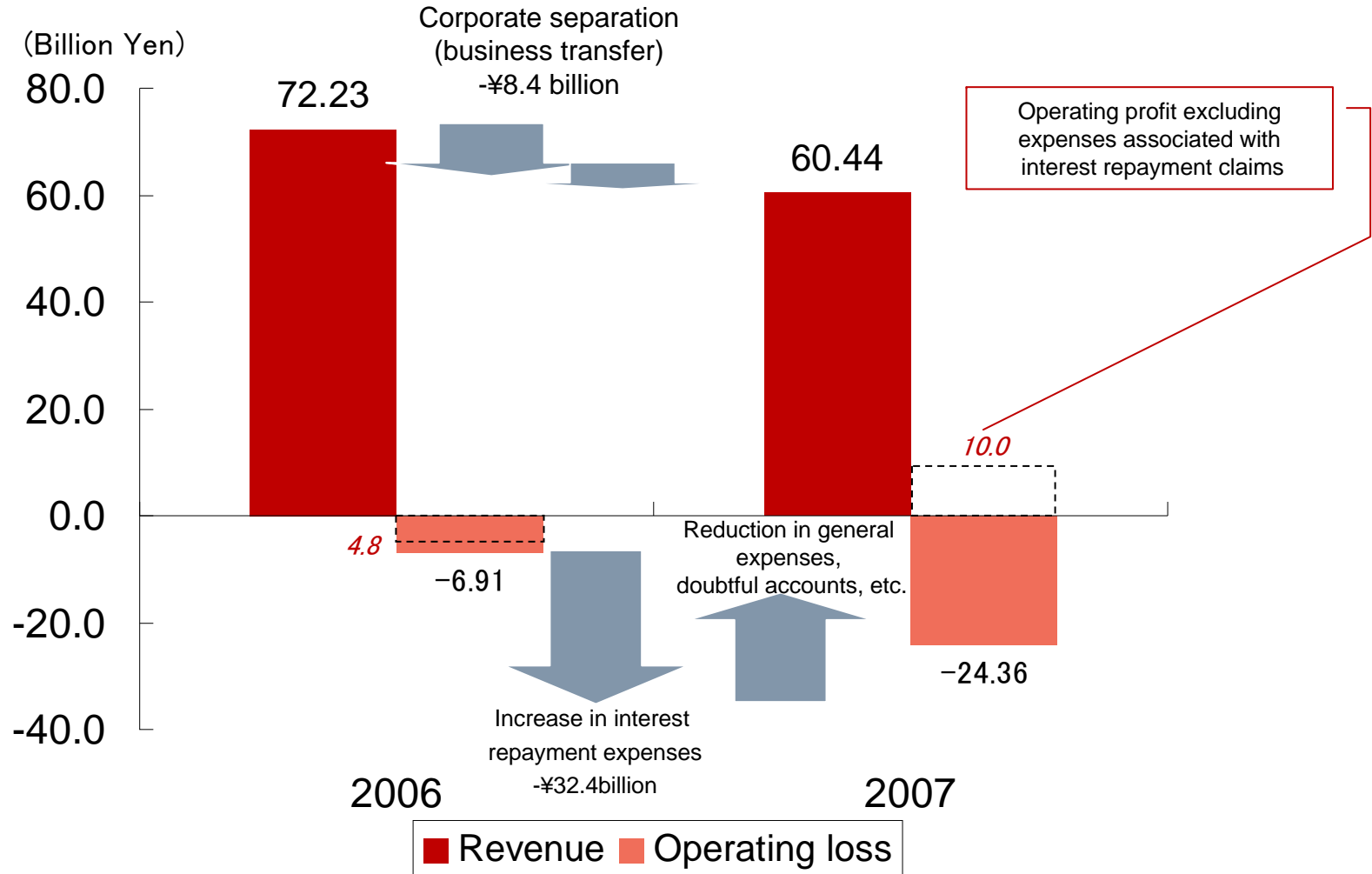
	FY06 (Jan. to Dec. 06)	FY07 (Jan. to Dec. 07)	YoY	Remarks
Net Sales	203.27	213.93	+5.2%	-Increase in revenues at Rakuten Ichiba and Rakuten Travel -Decline in revenues due to transfer business at Rakuten KC -Decline revenues at Rakuten Securities HD reflecting market conditions
Operating Profit	29.14	0.11	-99.6%	-Increase in expenses related to interest repayment at Rakuten KC -Decrease in Rakuten Securities HD results
Ordinary Profit	30.40	2.37	-92.2%	
EBITDA *1	42.38	19.62	-53.7%	
Earnings Before Tax	3.21	50.67	-	-Gain from sale of Ctrip.com Internatinal shares ¥53.8 billion
Net Income	2.70	36.89	-	
Total Assets	1,296.06	1,158.92	-10.6%	
Interest-bearing Debt*2	546.49	417.57	-23.6%	
Net Assets	203.19	193.82	-4.6%	

* 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

- **Expenses for non-operational offices (Roppongi Office)**
(Q3: about 0.24 billion yen, Q4: about 0.3 billion yen)
- **Expenses for 10th anniversary events**
(Mainly Q4: 0.37 billion yen)
- **Increase in other corporate expenses**
- **Posted differences of allocation of common costs by segment in second half between financial accounting and managerial accounting (about 0.9 billion yen)**

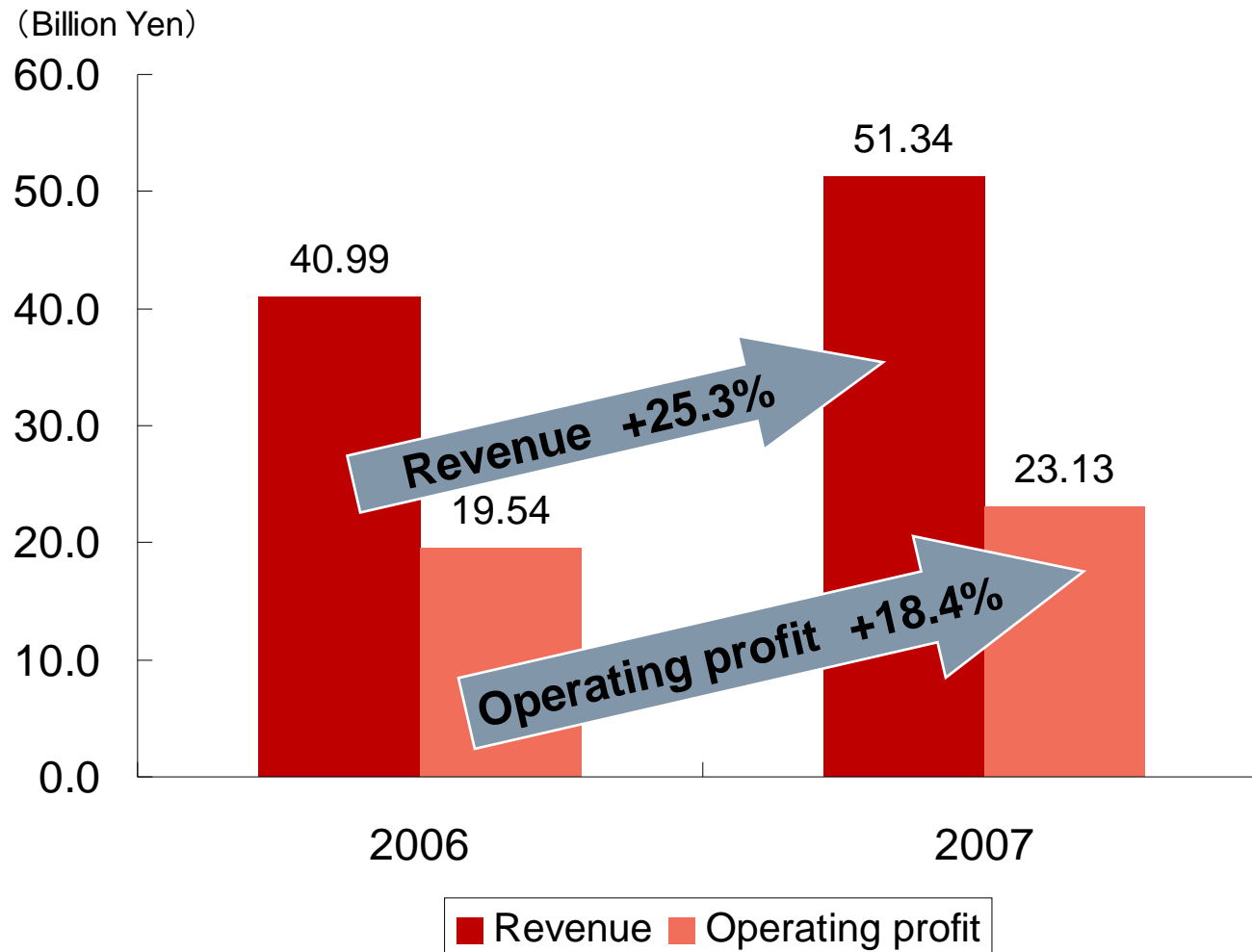
Rakuten KC



*Effects of securitization on operating loss: 2006 -¥0.4 billion 2007 -¥4.6 billion

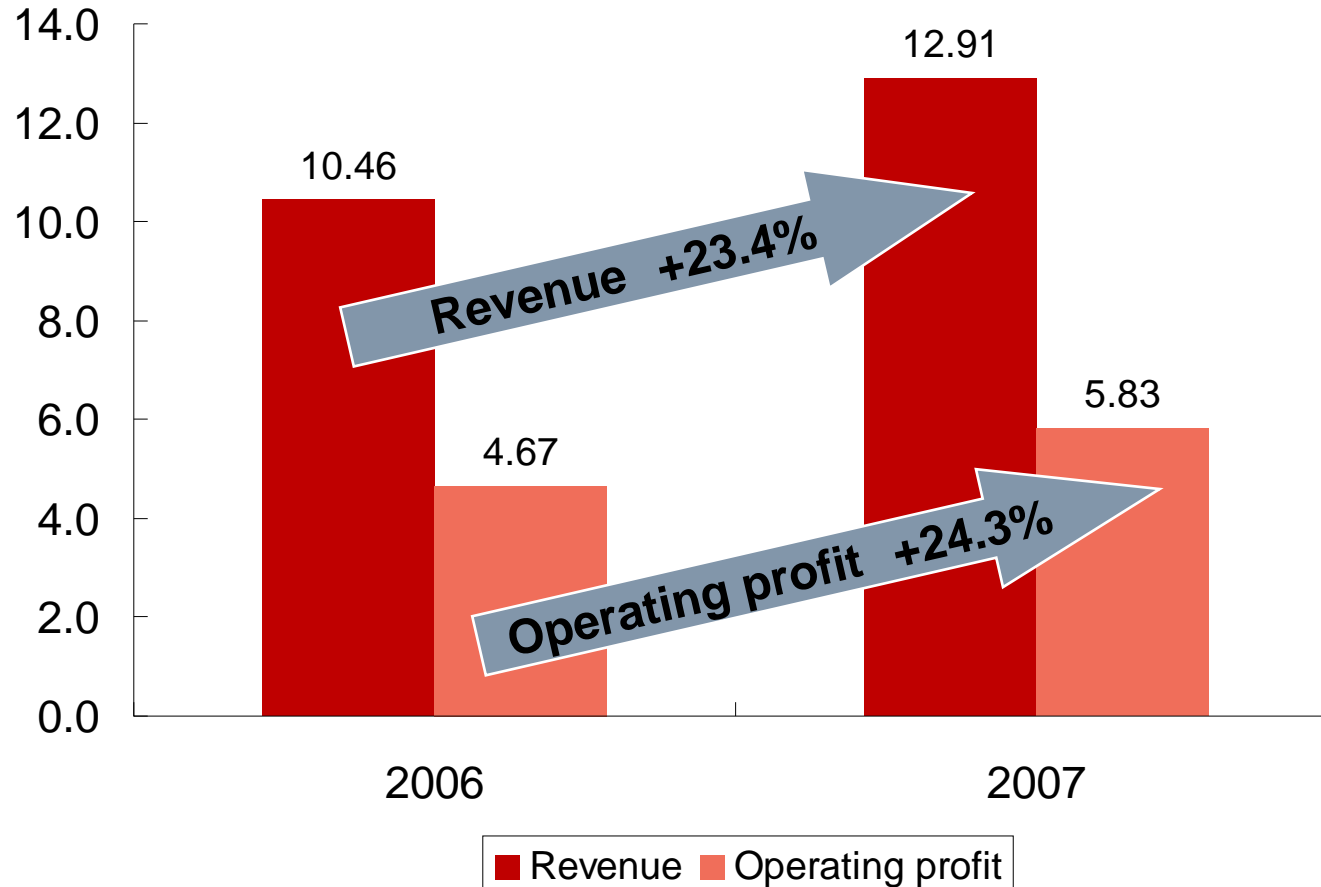
*Expenses associated with interest repayment claims in 2007 includes write-offs of excess interest portion of principals (recorded as "additional provision for allowance for doubtful accounts" in income statements)

Rakuten Ichiba Business Unit

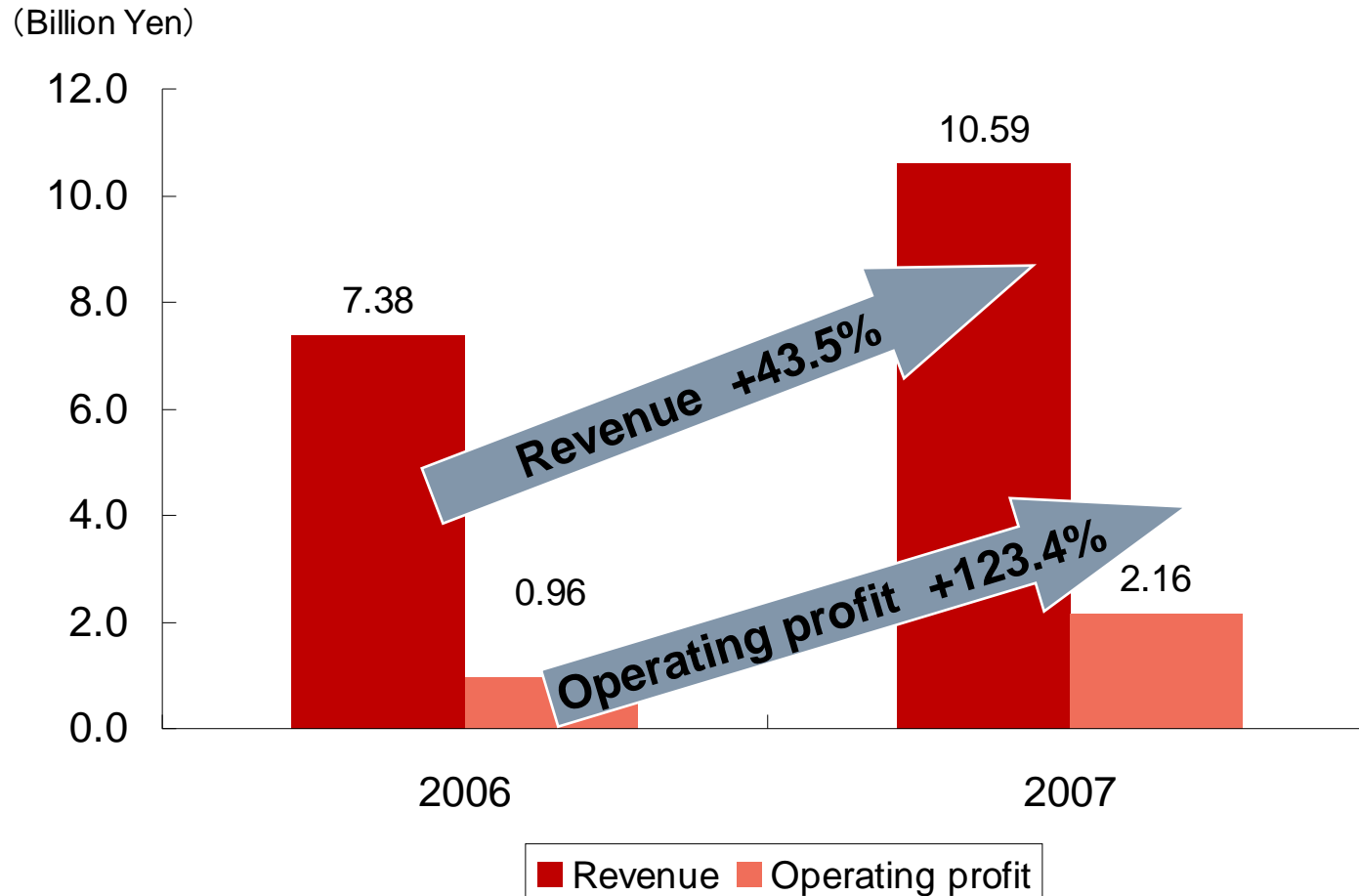


Rakuten Travel

(Billion Yen)

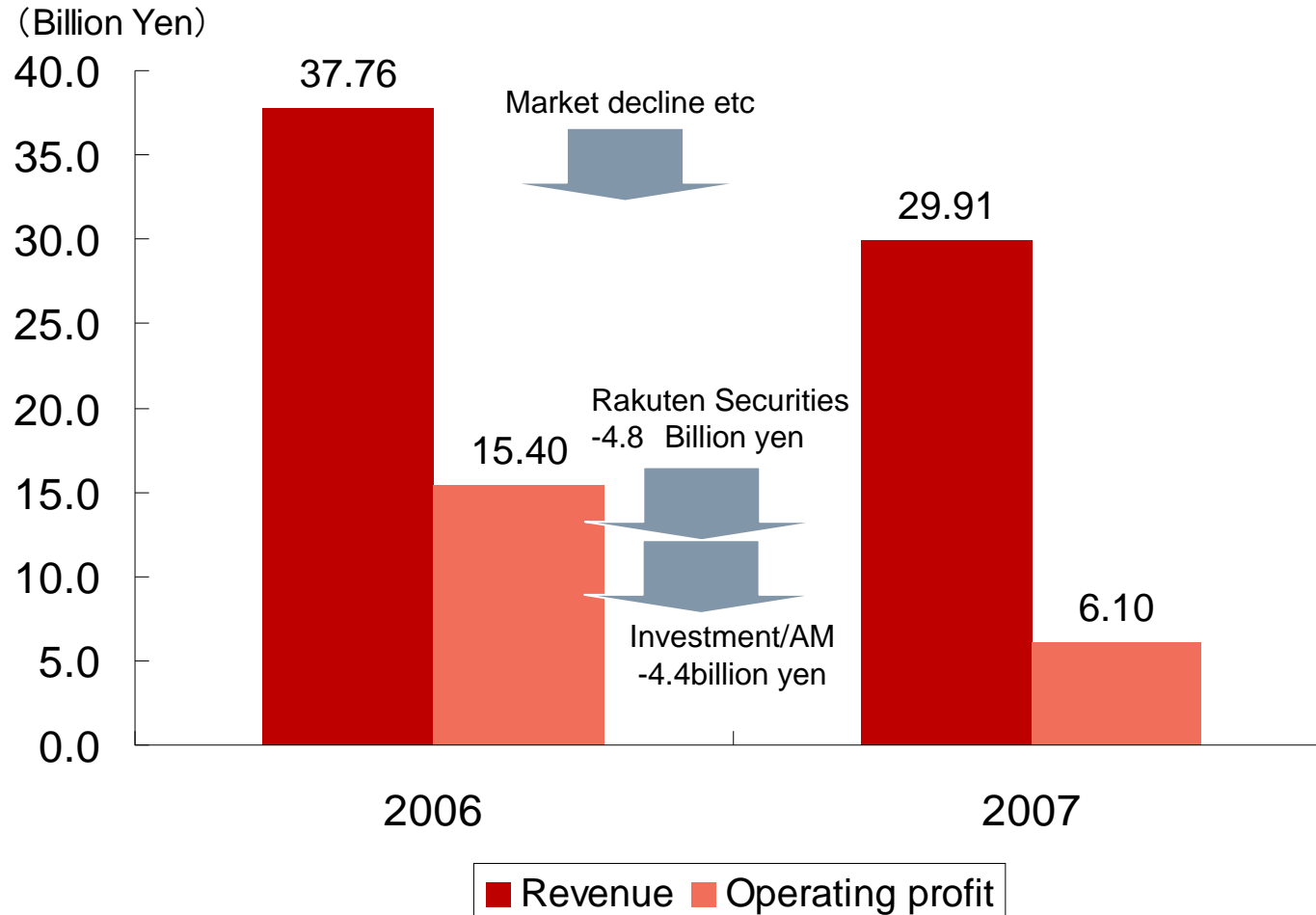


Rakuten Credit

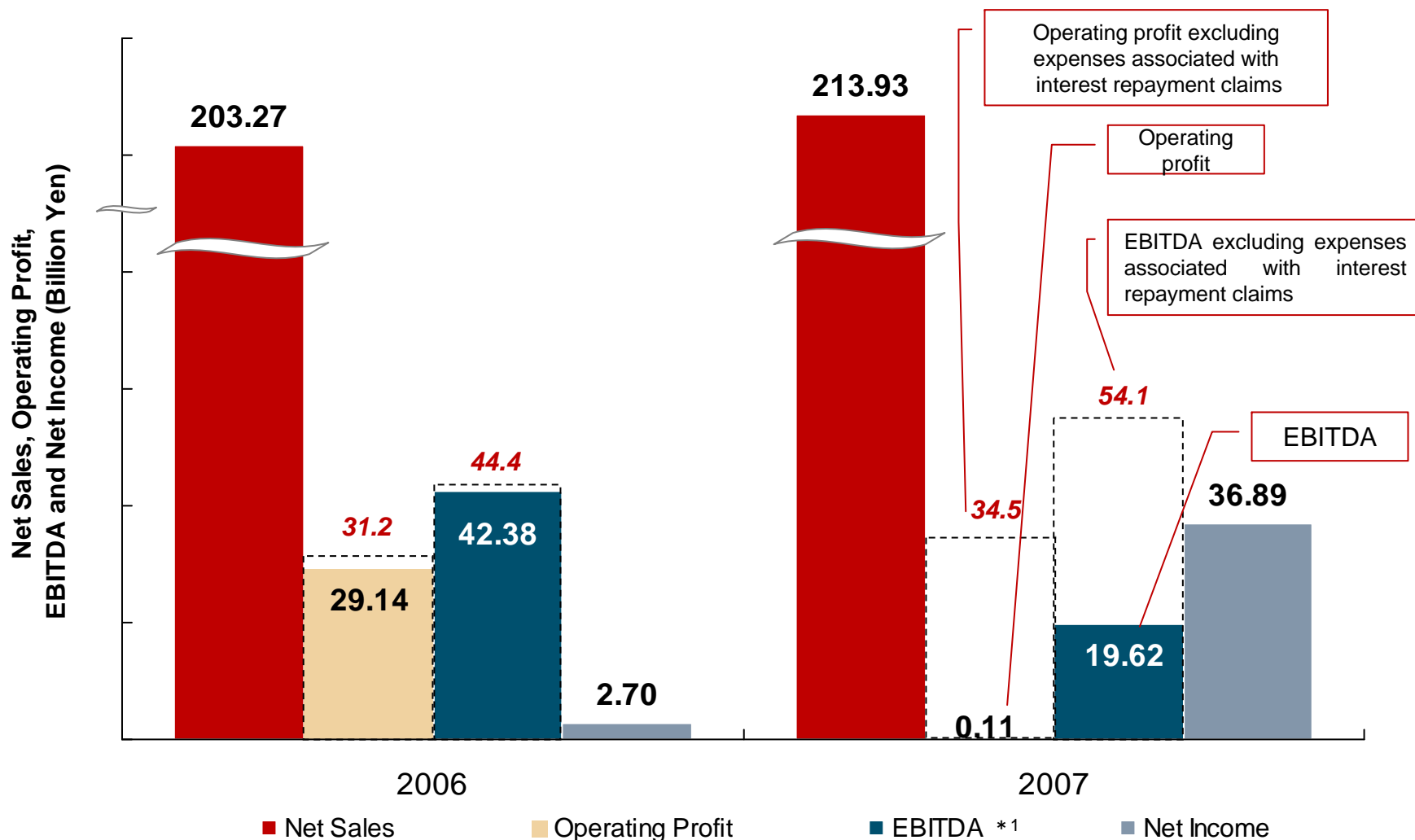


※Securitization effect of Operating profit: zero in 2006, +0.72 billion yen in 2007

Rakuten Securities HD



Consolidated Financial Results



*1 EBITDA= Ordinary profit + Interest expense + Depreciation and amortization + Amortization of goodwill – Effect of securitizing loan receivables
 *2 Expenses associated with interest repayment claims in 2007 includes write-offs of excess interest portion of principals (recorded as “additional provision for allowance for doubtful accounts” in income statements)

- 1. Completed the foundation which earns consistently more than 50 billion yen of ordinary profit**
- 2. Established a quantitative control of investments to new businesses**
- 3. Built a business structure for 100 billion yen of ordinary profit**

3 Operating Results by Key Business Units

1. KC Business Unit
2. Rakuten Ichiba Business Unit
3. Travel Business Unit
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7. Telephone Business Unit
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3 -1 **KC Business**

Eliminate to Risks Arising From Interest Repayment Claims



■ Lump-sum provision to allowance for interest repayment losses after receiving an injection of capital (¥25 billion) from Rakuten, Inc. Allowance provision is among the best in the industry, sufficient for 6.9 years.

Robust Cardholder Recruitment and Usage for Rakuten Card



■ Credit card shopping transaction volume +35.2% over the same quarter of the previous year.

Preparation for Compliance With Revised Money-lending Law



■ Lower the maximum lending interest rate to under 18% for new contracts
■ Completion of internal regulations and manual for compliance with Stage 2 Implementation from December 19

Change of Estimation Method for Allowance for Loss on Interest Repayments

Previous estimation method	Period	Reasonably estimated future period (approximately 2.5 years)
	Calculation base	Ratio of number of interest repayment claims, Average amount of repayment claims and etc.
	Allowance	Additional provision is made as actual interest repayment claims increases on a quarterly basis
	Impact on profit and loss	Posted operating costs “Actual losses + additional provision” 1~1.2 billion yen per month in 2007 on negative earning impact



Revised estimation method	Period	Foreseeable future
	Calculation base	Historical ratio of change in asset default category, Average amount of repayment claims and etc.
	Allowance	Made allowance for total future possible loss in Dec 2008, remained unchanged unless significant changes in calculation basis
	Impact on profit and loss	07/Oct-Dec : A lump-sum provision After 2008 : Prospect for the expenses become approximately zero

Allowance for Interest Repayments and Allowance for Doubtful Accounts

■ Eliminate total risks with interest repayment claims for foreseeable future by this lump-sum provision

- Equivalent to roughly 6.9 times of actual annualized losses incurred in first half of fiscal 2007.
- Other credit and consumer credit companies made provisions equivalent to 4 to 5 times of actual annualized losses for first half in fiscal 2007.

(Billion Yen)

Item	Comment	Sep. 30, 2007	Dec. 31, 2007	Changes
Allowance for loss on interest repayments	'Cash-Out' amount associated with interest repayments	7.1	20.0	+12.9
Allowance for doubtful accounts	Write-offs of excess interest portion of principal by claims	5.1	18.0	+12.9
	Other allowance for doubtful accounts	28.0	26.8	-1.2
		33.1	44.9	+11.8

Doubtful account allowance ratio ¹	9.38%	12.9%
Doubtful account allowance ratio ¹ (excl. write-offs of excess interest portion)	7.71%	7.44%
Doubtful account write-off ratio ²	0.70%	0.72%

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

Expense Associated with Interest Repayment Claims Rakuten

Unit: Million yen

		2007 (Jan-Mar)	2007 (Apr-Jun)	2007 (Jul-Sep)	2007 (Oct-Dec)
		Q1	Q2	Q3	Q4
	Actual Cash-Out amount	476	660	765	994
	Additional provision	614	1,230	1,728	12,995
A. Total expenses associated with repayments (Cash-Out)		1,090	1,890	2,493	13,949
	Write-offs of excess interest portion of principal	463	576	734	836
	Additional provision	- 2,064	- 6	1,545	12,916
B. Total expenses associated with Write-offs of principal by claims		- 1,601	570	2,279	13,752
Total expense associated with Interest repayment claims (A+B)		- 511	2,460	4,772	27,701

*Expenses associated with write-offs of excess interest portion of principals are recorded as "additional provision for allowance for doubtful accounts" in income statements)

Income Statement

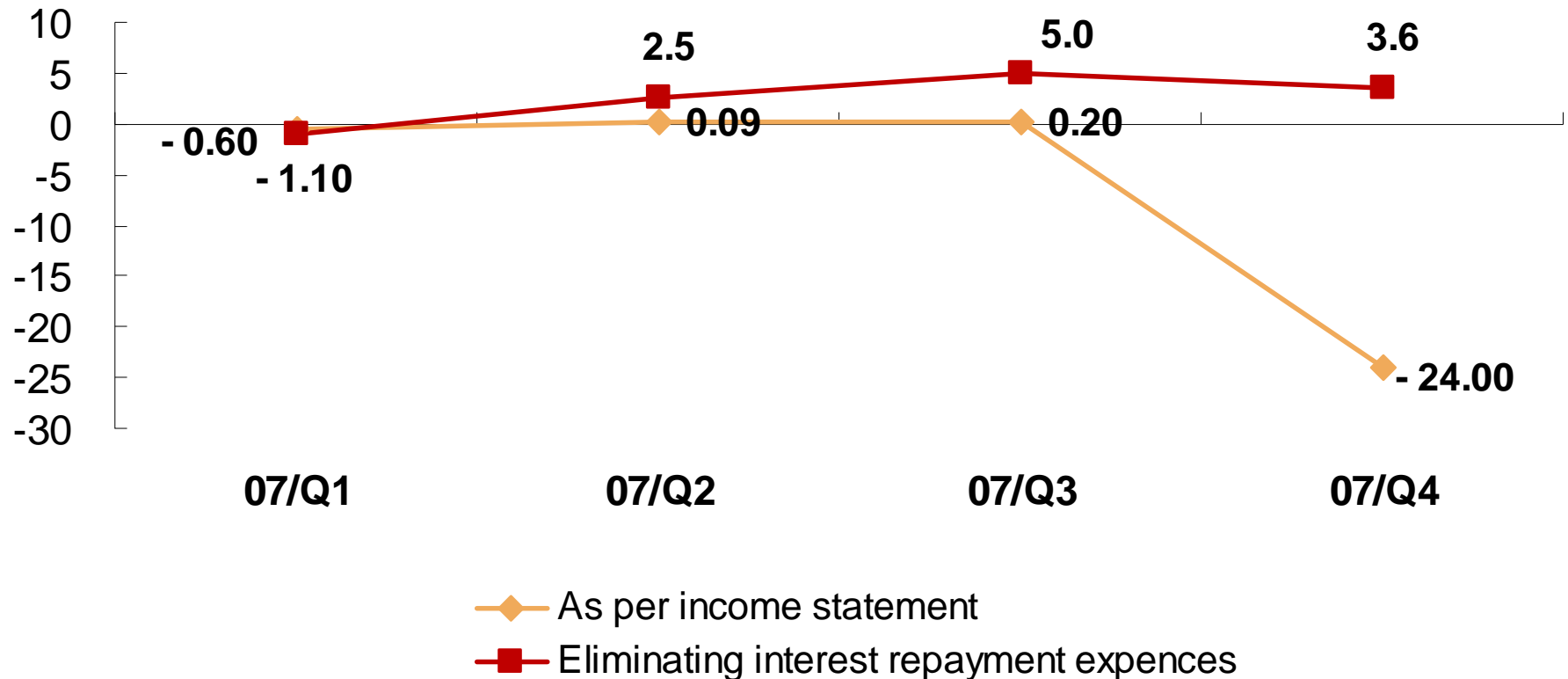
(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

	2006 (Oct-Dec)	2007 (Jul-Sep)	2007 (Oct-Dec)
Sales	15.6	15.4	15.0
Operating Expense	13.8	15.2	39.0
SG & A	12.0	13.7	37.5
Interest Expense	1.7	1.4	1.5
Operating Profit (Loss)	1.7	0.2	-24.0
Non-Operating Profit	0.0	0.0	0.0
Ordinary Profit (Loss)	1.7	0.2	-24.0
Extraordinary Loss	-0.2	0.1	0.0
Earnings (Losses) Before Tax	1.5	0.3	-24.1
Provision for income taxes	-5.3	0.1	-7.8
Net Income (Loss)	6.9	0.2	-16.3

Ordinary Profit (before securitizing effect)	3.2	1.4	-23.0
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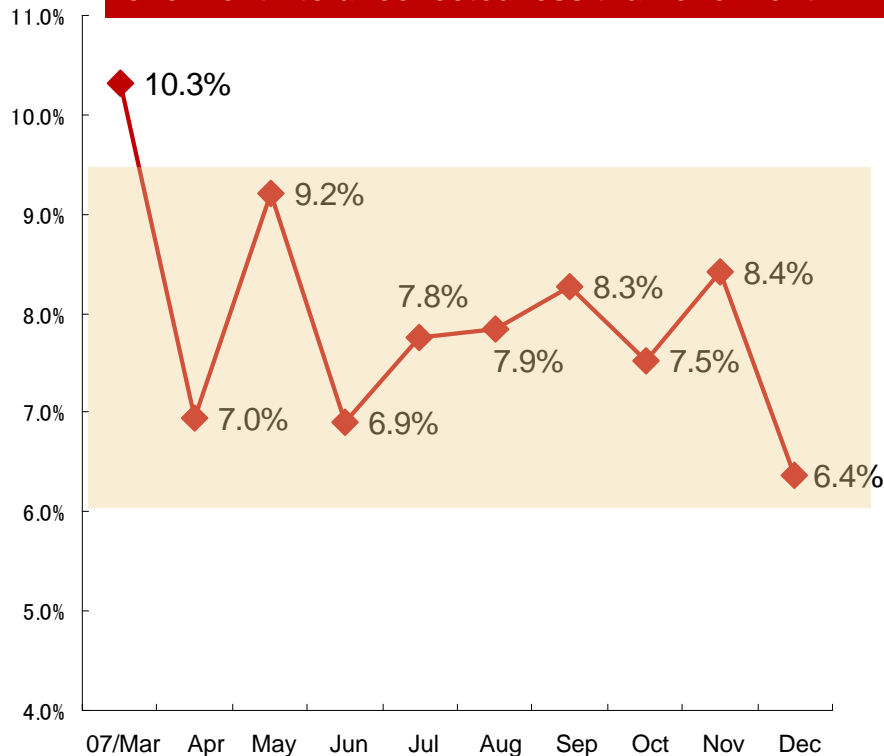
■ Excluding interest repayment expenses, roughly ¥10 billion in profit generated for the full year.

Billion Yen

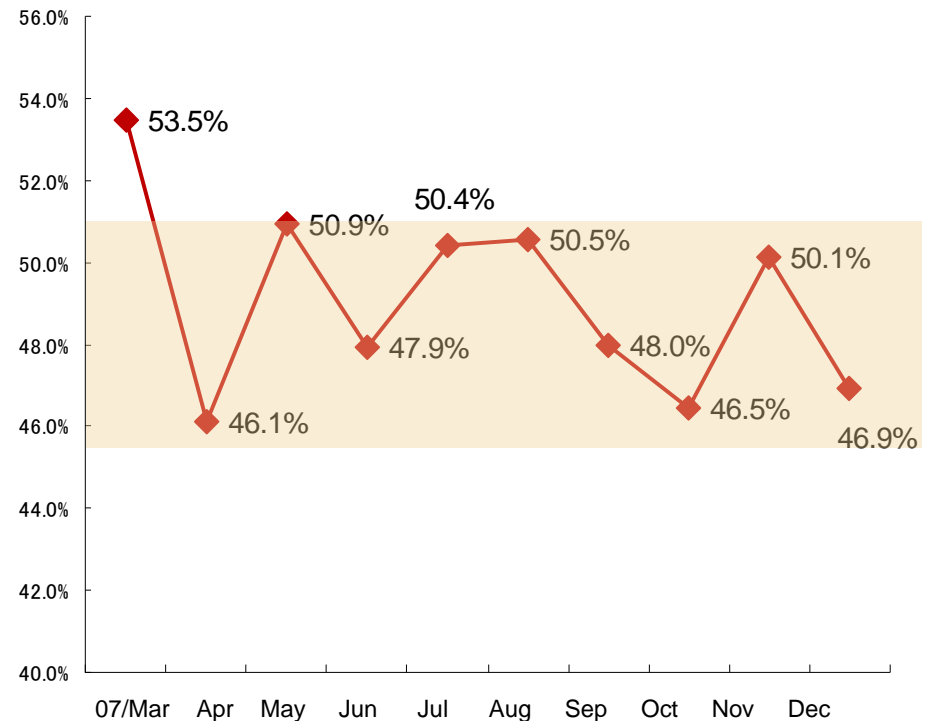


■ More stable amount of uncollectible loans due to continued efforts to strengthen collection since March

Ratio of uncollectible loan carried over more than one month to uncollected less than one month



Ratio of uncollectible loan carried over more than two months to uncollected less than two months



* Ratio of uncollectible payments carried forward: Balances carried forward to next billing period/Initial balance

* Ratio of carried over: [amount of carried over uncollected loan in the end of month] divide [the uncollectible loan at beginning of the month]

■ Steady decline in balance of carried uncollectible loans (from less than one month to more than one month) due to enhanced screening and progress in collection

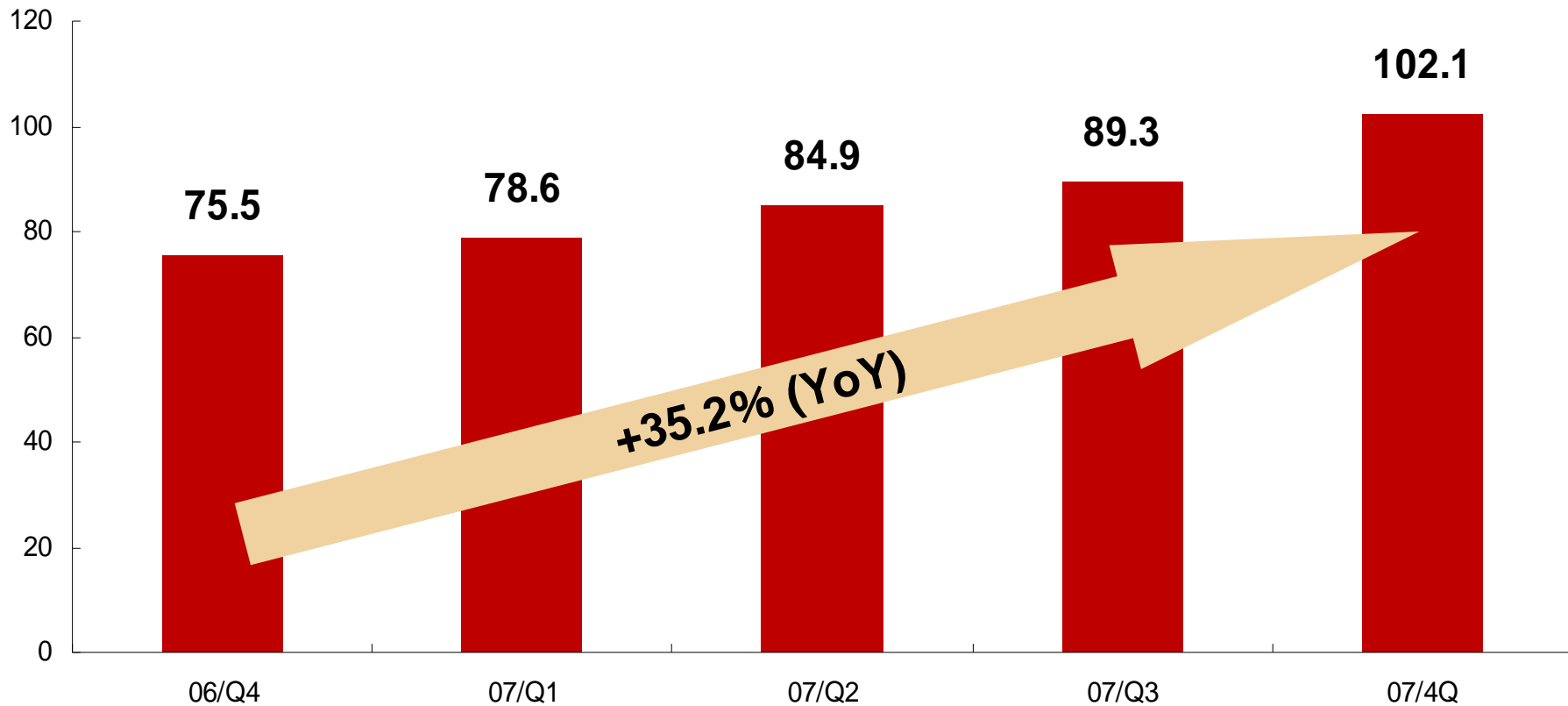
Amount Carried Uncollectible Loans

(Million Yen)

The length of uncollected	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
From less than one month to more than one month	7,164	4,865	5,653	4,765	5,304	5,108	5,488	4,952	5,251	4,281
From less than two months to more than two months	5,148	4,497	3,867	3,882	3,557	3,704	3,429	3,455	3,434	3,229
From less than three months to more than three months	4,400	4,252	3,959	3,468	3,370	3,259	3,304	3,067	3,087	3,057
From less than four months to more than four months	3,541	3,404	3,567	3,347	2,925	2,934	2,795	2,819	2,657	2,571

■ Transaction Volume +35.2%(YoY) due to steady increase of Rakuten card

(Billion Yen)



3 -2 Rakuten Ichiba Business Unit

■ “Gravitational Pull” of Rakuten Ichiba Increasing Significantly



- Grew to mega-marketplace which generates 537 billion yen GMS
- Gross Merchandise Sales +22.6% (Oct. to Dec., YoY)
- Unique Buyers Growth +23.7%

■ Store Support Reflecting Close Ties to Region



- Kobe branch opened in November 2007
- Preparations to open additional branches in Hiroshima and Niigata

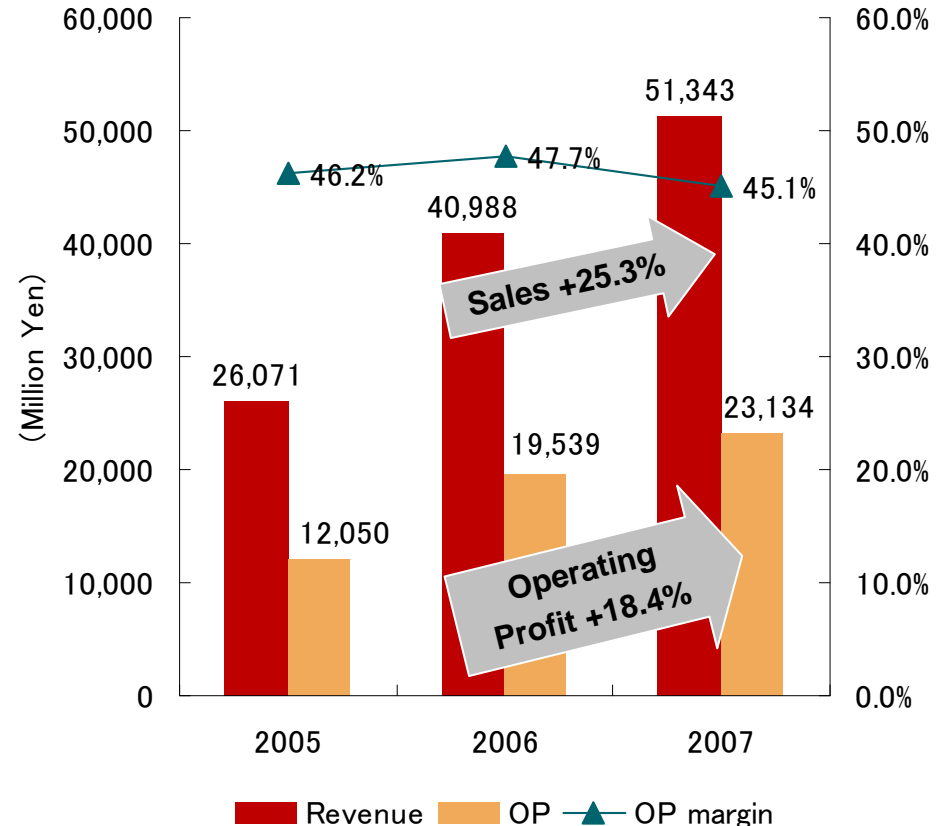
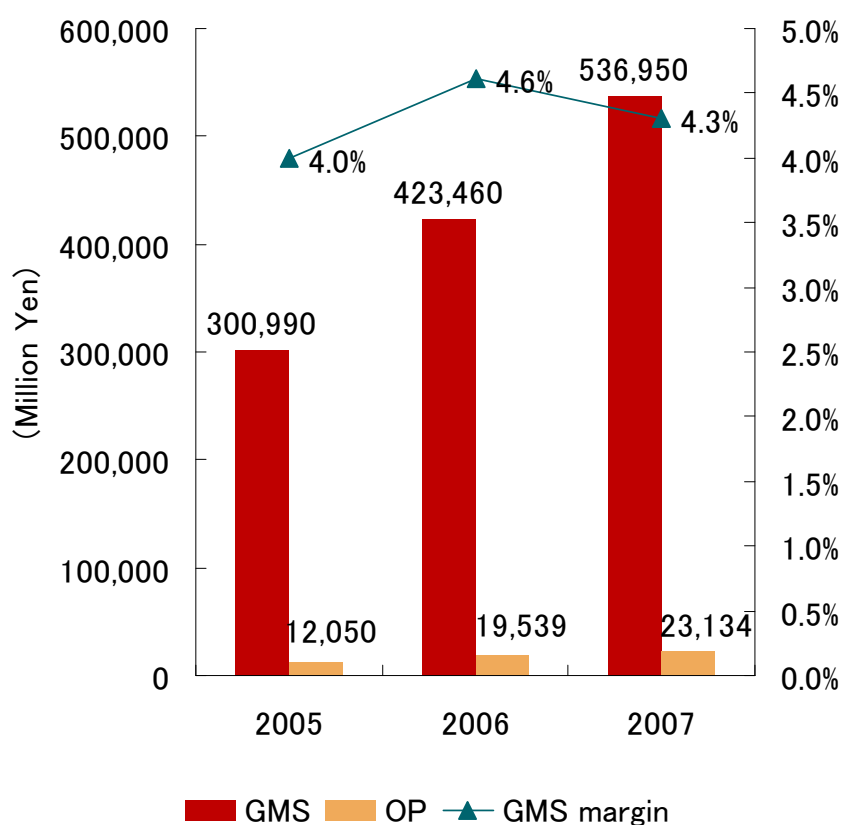
■ Develop New Revenue Sources (2008)



- Start of new sales formats: regular purchase, reservation , etc.
- Global shipping
- Lead generation
- R-mail Express (targeting mail)
- New advertising products

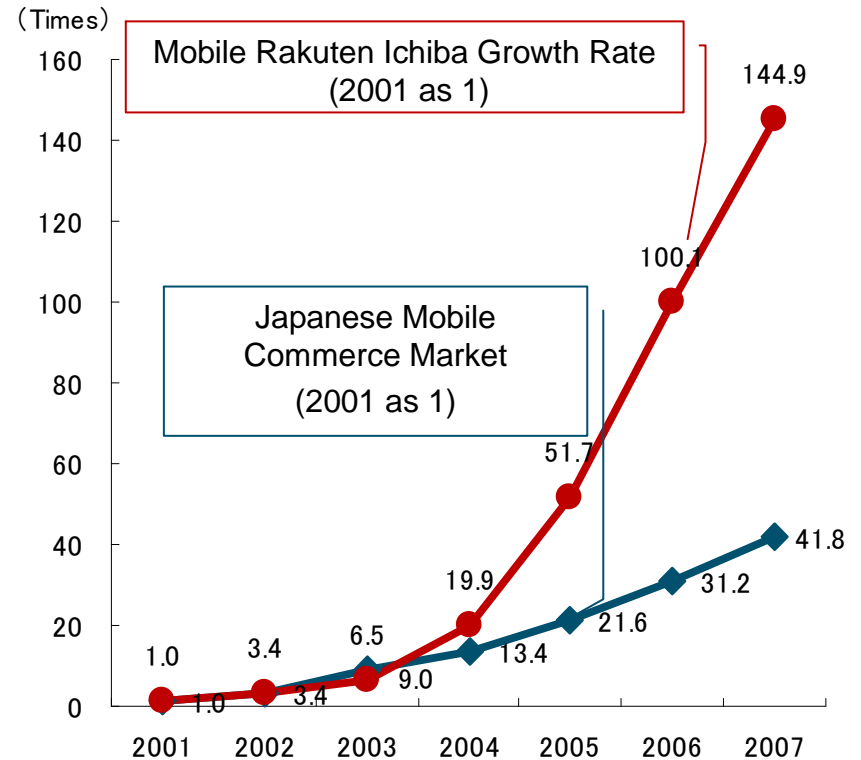
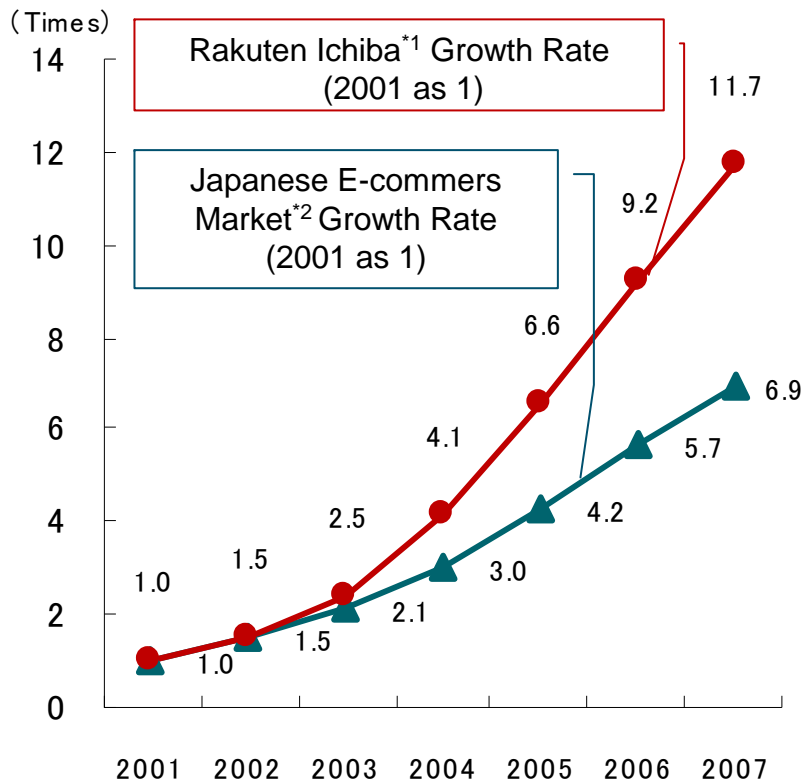
Rakuten Ichiba Revenue and Operating Profit (Full Year)

- High Growth Rate Maintained; Revenue +25.3% (YoY), Operating Profit +18.4% (YoY)
- Profit Margin Roughly Same for Gross Merchandise Sales and Revenues



*1 Charge on below ¥1 million sales per month to Standard merchants started from 2006 1Q

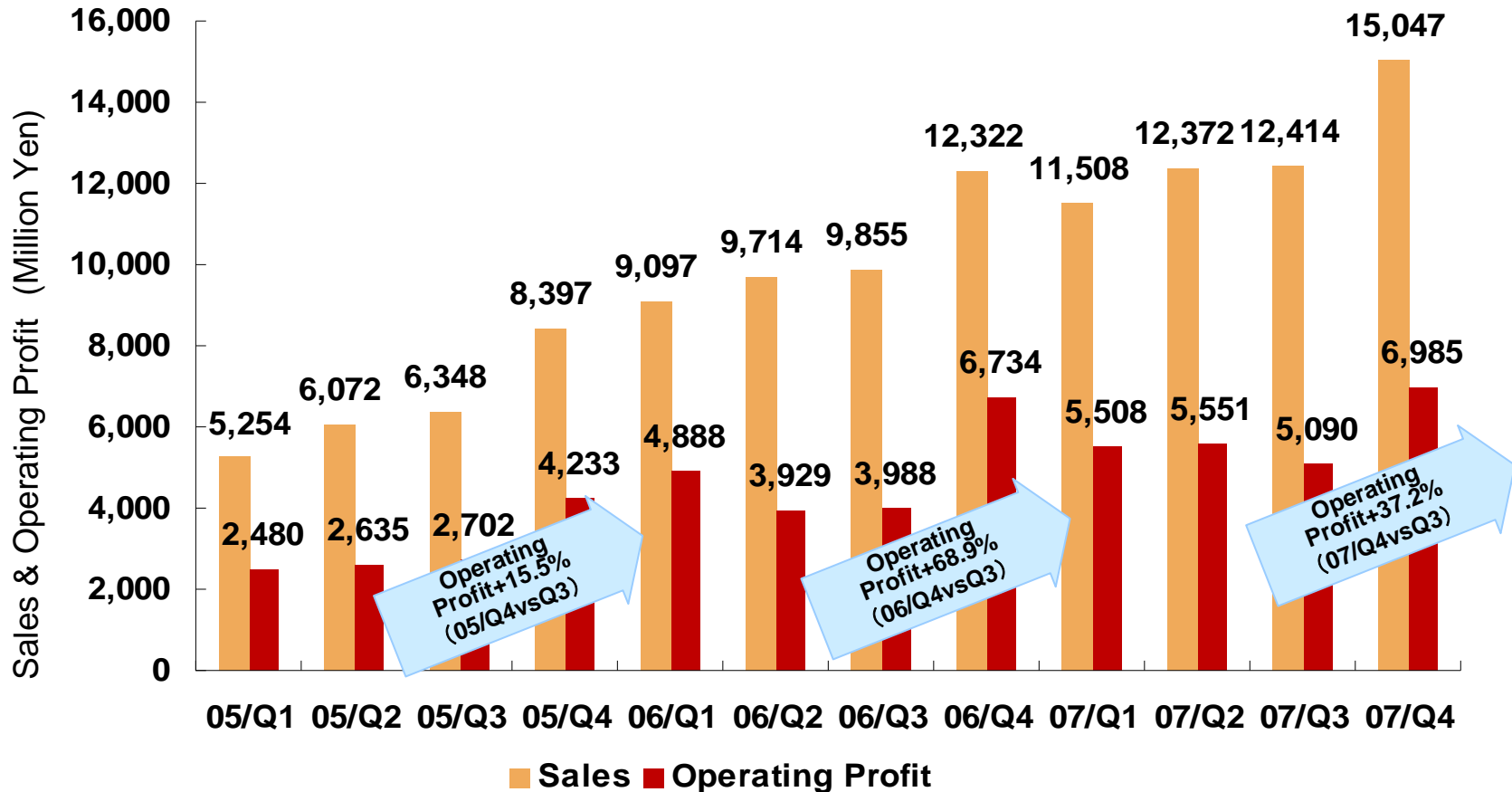
- Rakuten Ichiba (including Books) Outperforms the Japanese E-Commerce Market
- Approx. 145-fold Growth in Gross Merchandise Sales for Mobile Rakuten Ichiba in 6 Years



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

*2 Source: "Internet shopping and the mobile shopping market" in *Mail-order and e-Commerce Business—Present and Future: 2007-2008* published by Fuji Keizai (November 20, 2007)

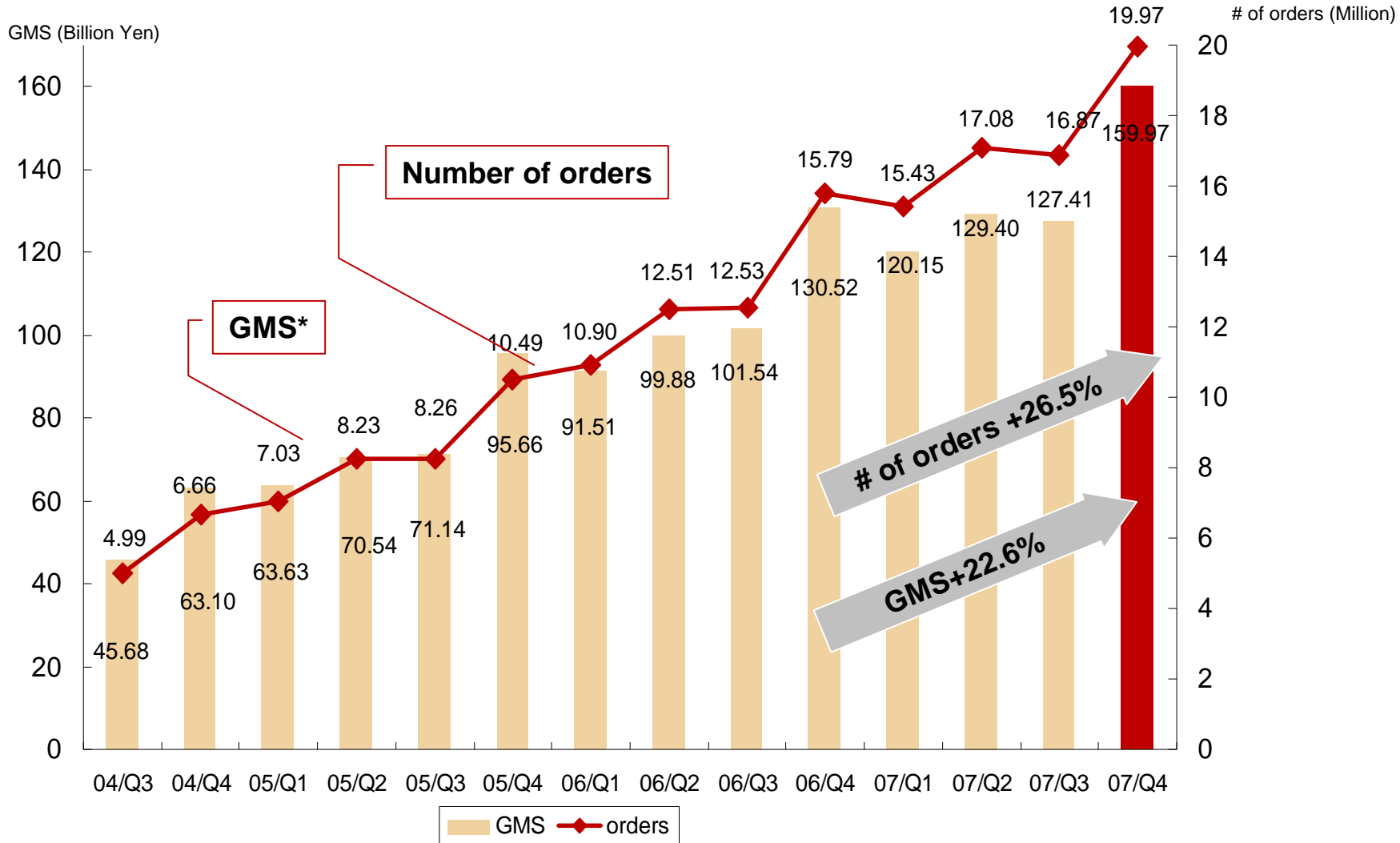
- Post a record sales and OP, Growth rate of sales +22.1% (YoY)
- Mild year-on-year profit increase due to extremely well performance in 06/Q4 and record expenses for new services started in 07/Q4



*1 Charge on below 1 million sales per month to Standard merchants started from 06/Q1

*2 Retroactive adjustment of 07/Q2

Gross Merchandise Sales of Rakuten Ichiba and Rakuten Books +22.6%(YoY)



* 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)



- Maintain growth in Number of Unique Buyers (+23.3% YoY) and Transactions (+27.3% YoY)

	2006/Q2	2006/Q3	2006/Q4	2007/Q1	2007/Q2	2007/Q3	2007/Q4
Unique Buyers ('000)	3,970	4,070	4,710	4,730	5,140	5,180	5,810
# of Transactions ('000)	11,790	11,650	14,680	14,410	16,140	15,800	18,690
Average # of Transactions per Buyer	2.97	2.86	3.11	3.05	3.14	3.05	3.22
Quarterly GMS Per Buyer	¥24,650	¥24,249	¥26,942	¥24,649	¥24,527	¥23,827	¥26,687

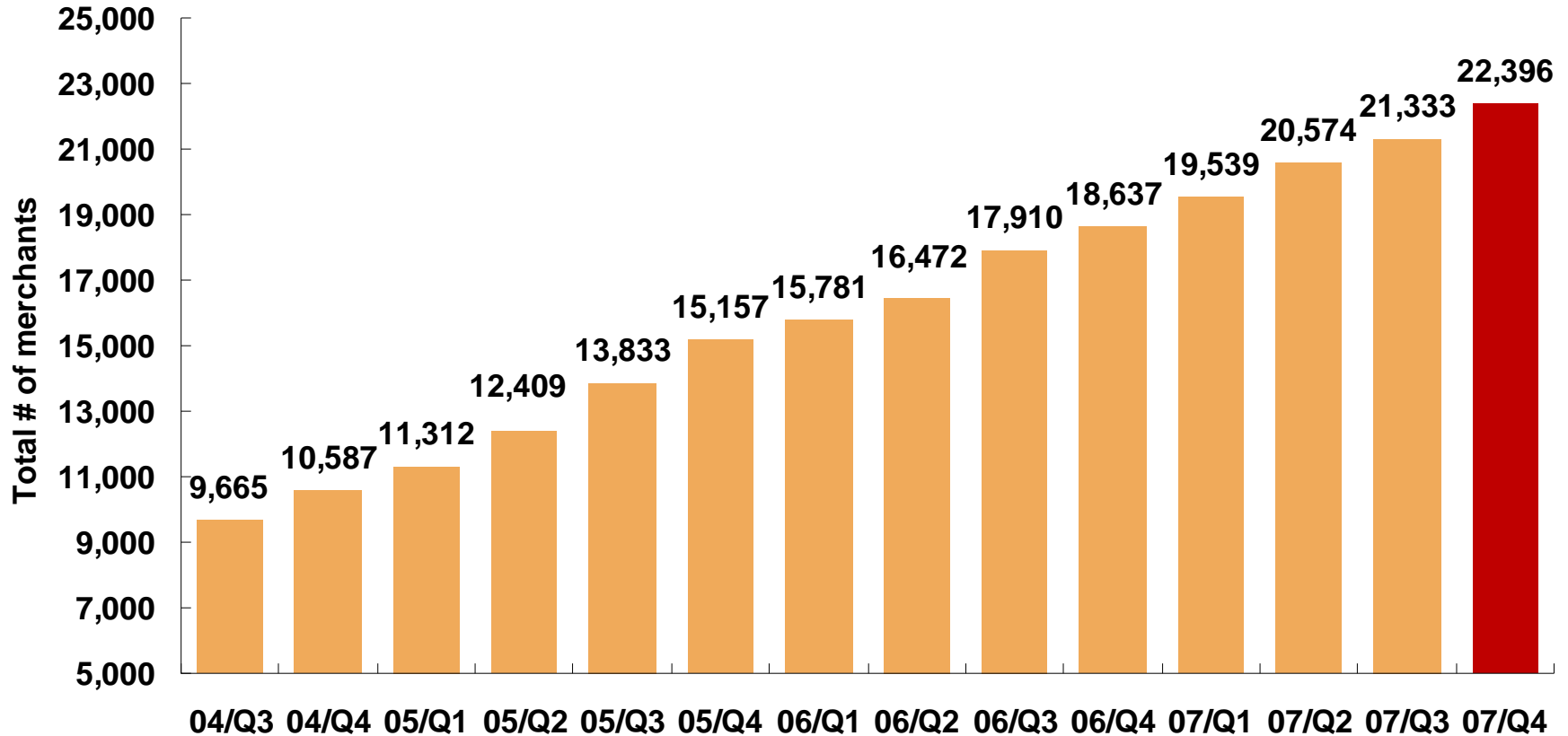
* Based on E-mail address

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

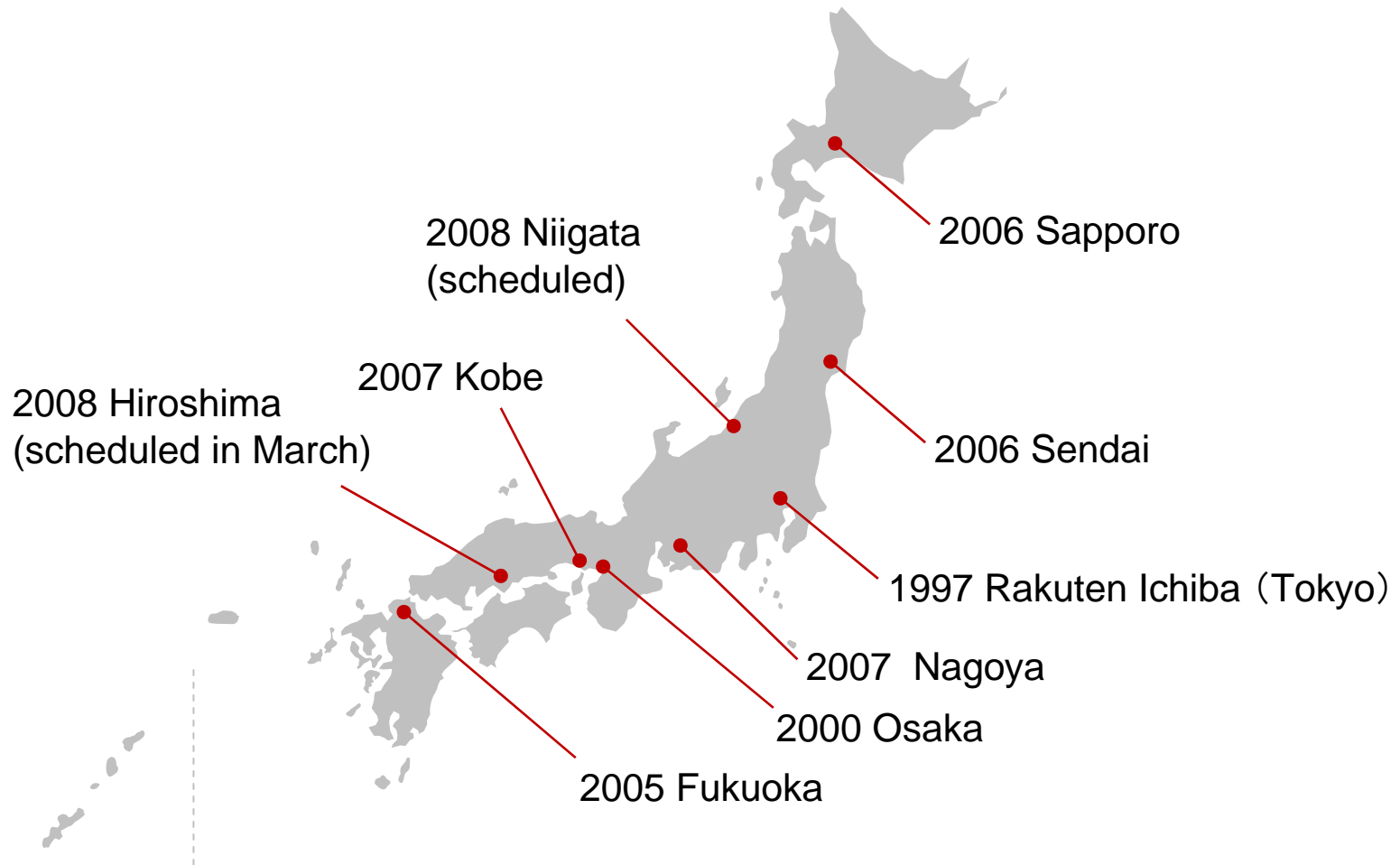
* Quarterly GMS Per Buyer = GMS (Rakuten Ichiba) / Unique Buyers

Number of the Merchants

■ Total Number of the Merchants Maintain Healthy Growth +20.2%

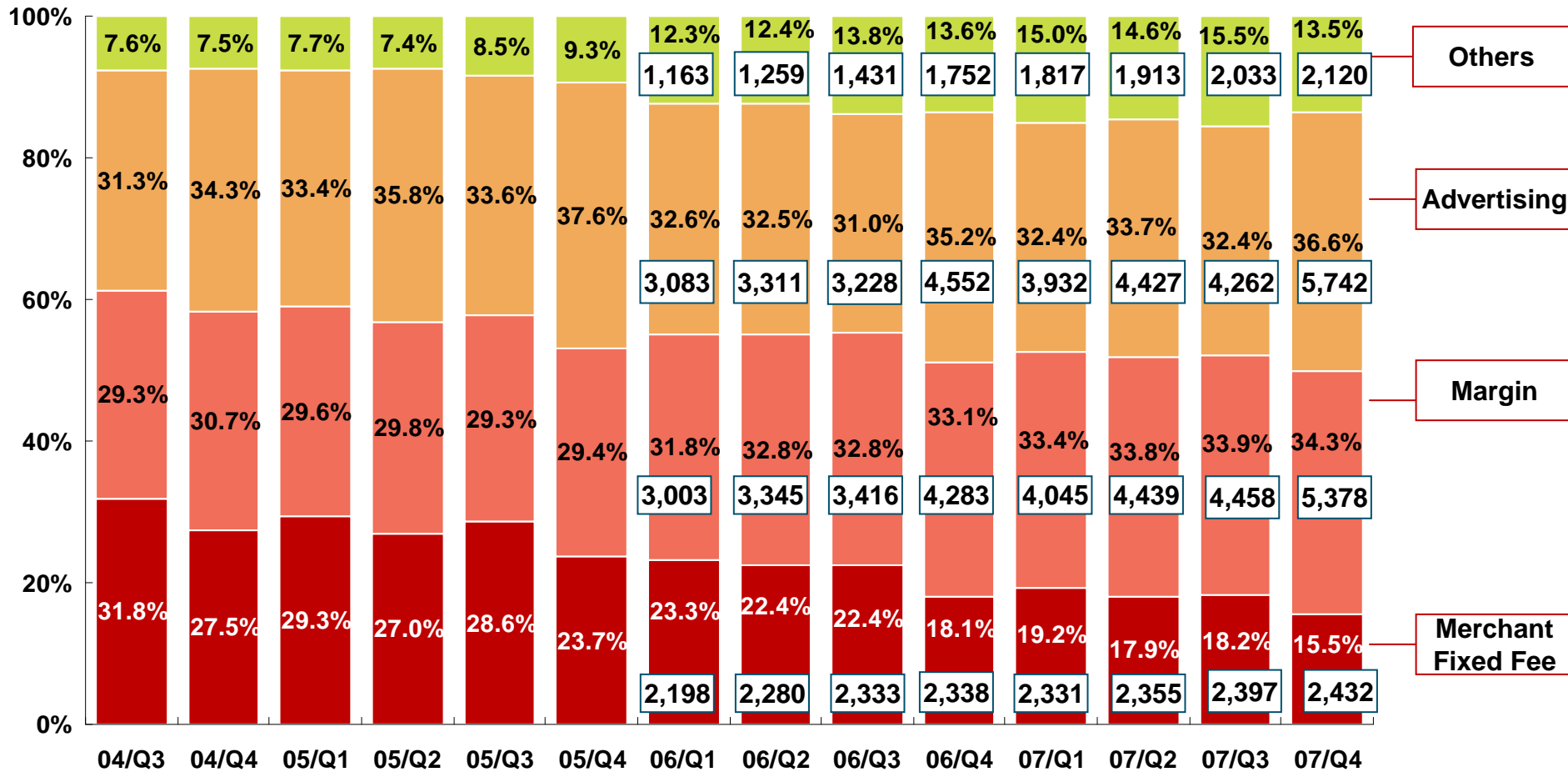


- Active development of local branches to communicate with merchants



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

■ Increase in revenues in all categories

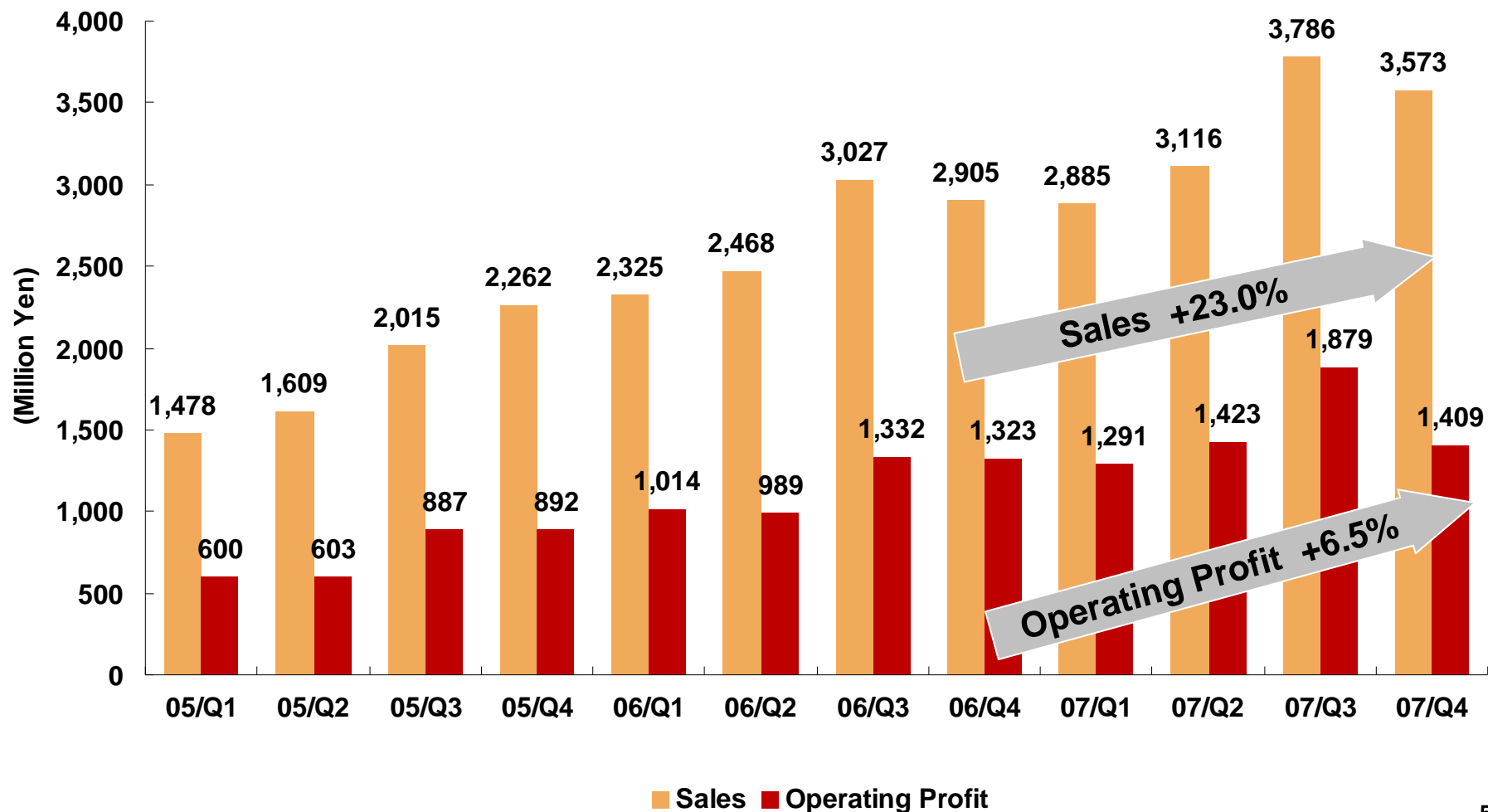


* Others includes internal sales.

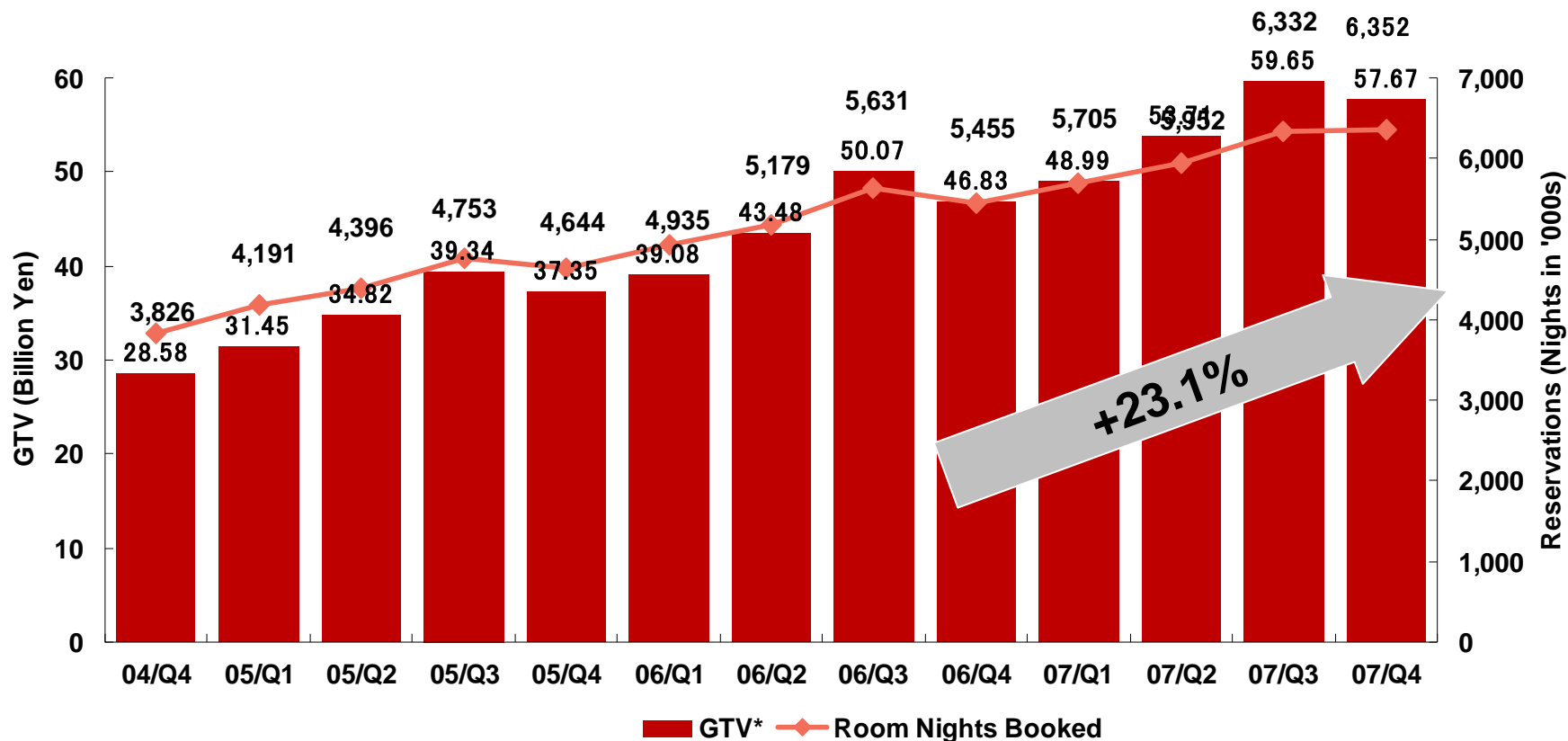
□ = Million Yen

- 3 Travel Business Unit

- Sales +23.5% (YoY), Maintained High Growth
- Mild year-on-year profit increase due to increase of marketing costs for aim to expanding GTV



- New Contracts Promoted Gross Booking value, +23.1% (YoY)
- High Steady Position in Travel Booking Sites



* Gross Transaction Value at time of reservation (before cancellation, tax calculated)

* Travel Business: MyTrip.net and Rakuten Travel combined

* 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

- Top Page, Area Page and Map revamped in December 2007
- Revised a site more focused on meeting leisure demand

The screenshot shows the Rakuten Travel website interface. At the top, there's a navigation bar with '国内' (Domestic) and '海外' (Overseas) tabs. Below that, there are service categories like '国内宿泊' (Domestic Accommodation), '航空券+宿泊' (Flight + Accommodation), '高速バス' (Express Bus), 'レンタカー' (Rental Car), '航空券' (Flight Ticket), and 'ペットホテル' (Pet Hotel). A search bar is visible with filters for dates and number of people. The main content area features a large banner for 'スキー & スノーボード特集' (Ski & Snowboard Special) and several smaller promotional tiles for hotels and travel packages.

Renewal Overview

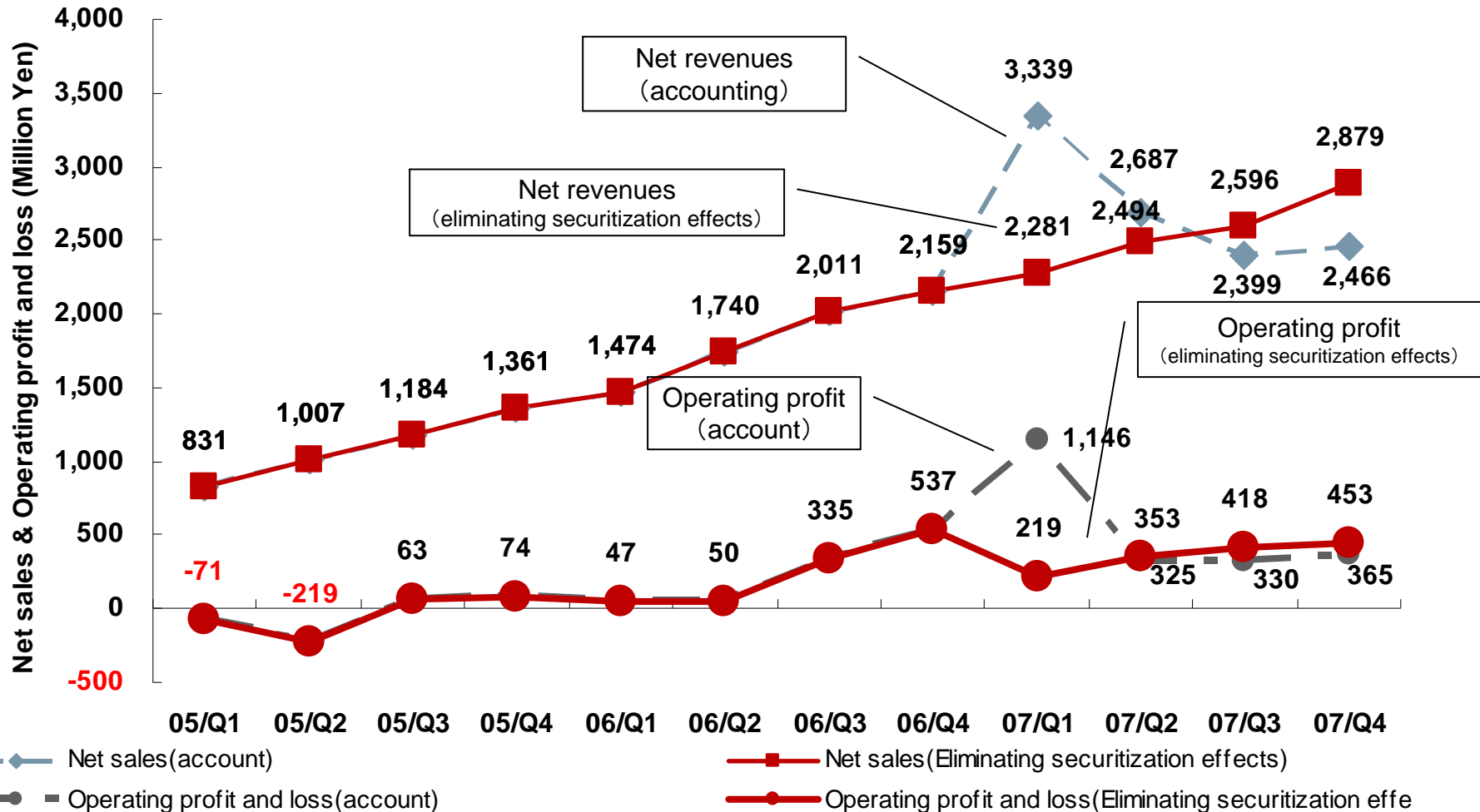
- Top Page
 - Screen width expanded to 950 pixels
 - Enhanced content targeting latent needs with in-depth features, campaigns, etc.
- Area Page
 - Increased geographic areas covered from 6 to 13, and devised in-depth features focused on areas
- Map
 - Basket function added
 - Moveable map enables users to freely search anywhere in Japan

3 -4 Personal Finance Business Unit (Rakuten Credit)

Rakuten Credit: Sales and Operating Profit (pro forma)

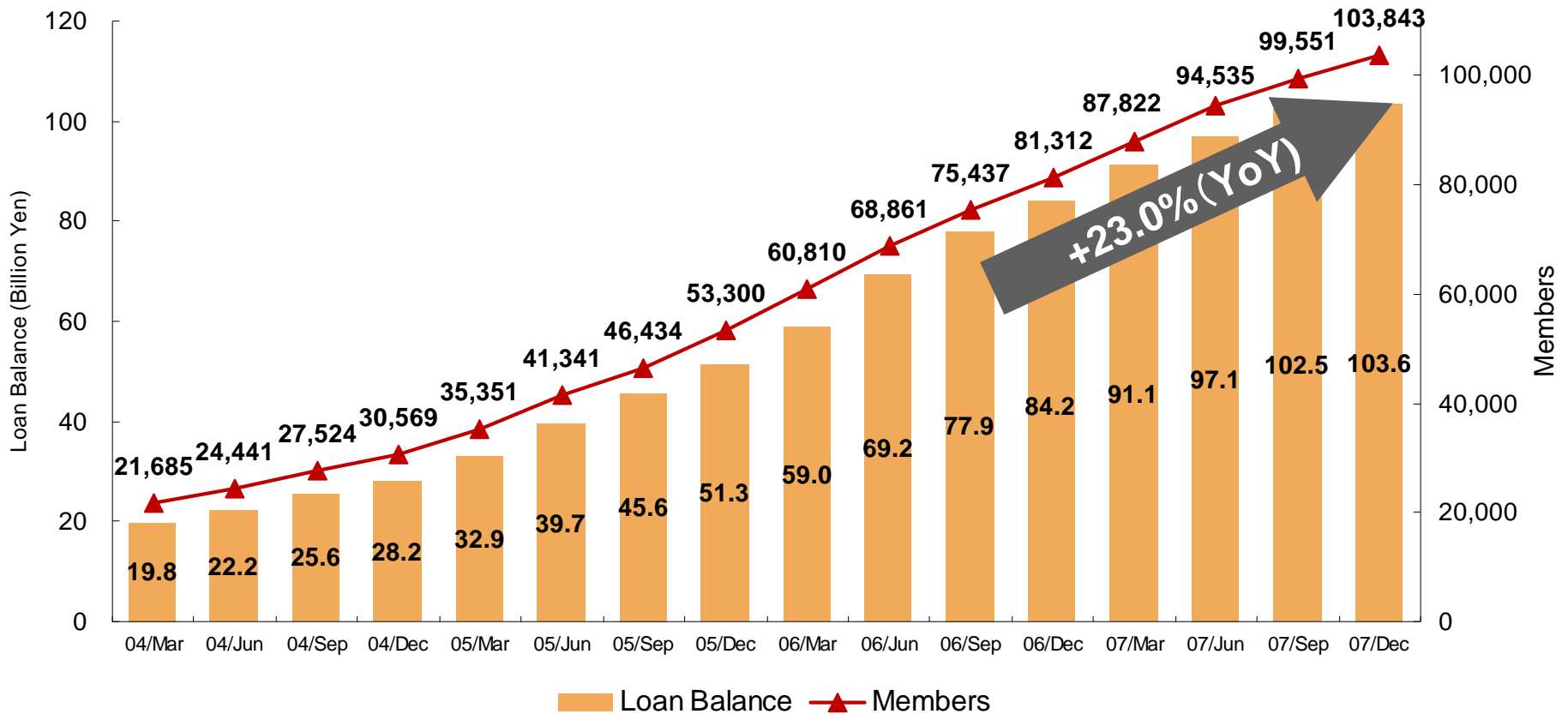


- Eliminating effects of securitization, Net sales increased by 10.9%, Operating profit was largely unchanged from the previous quarter due to increasing allowance for doubtful accounts



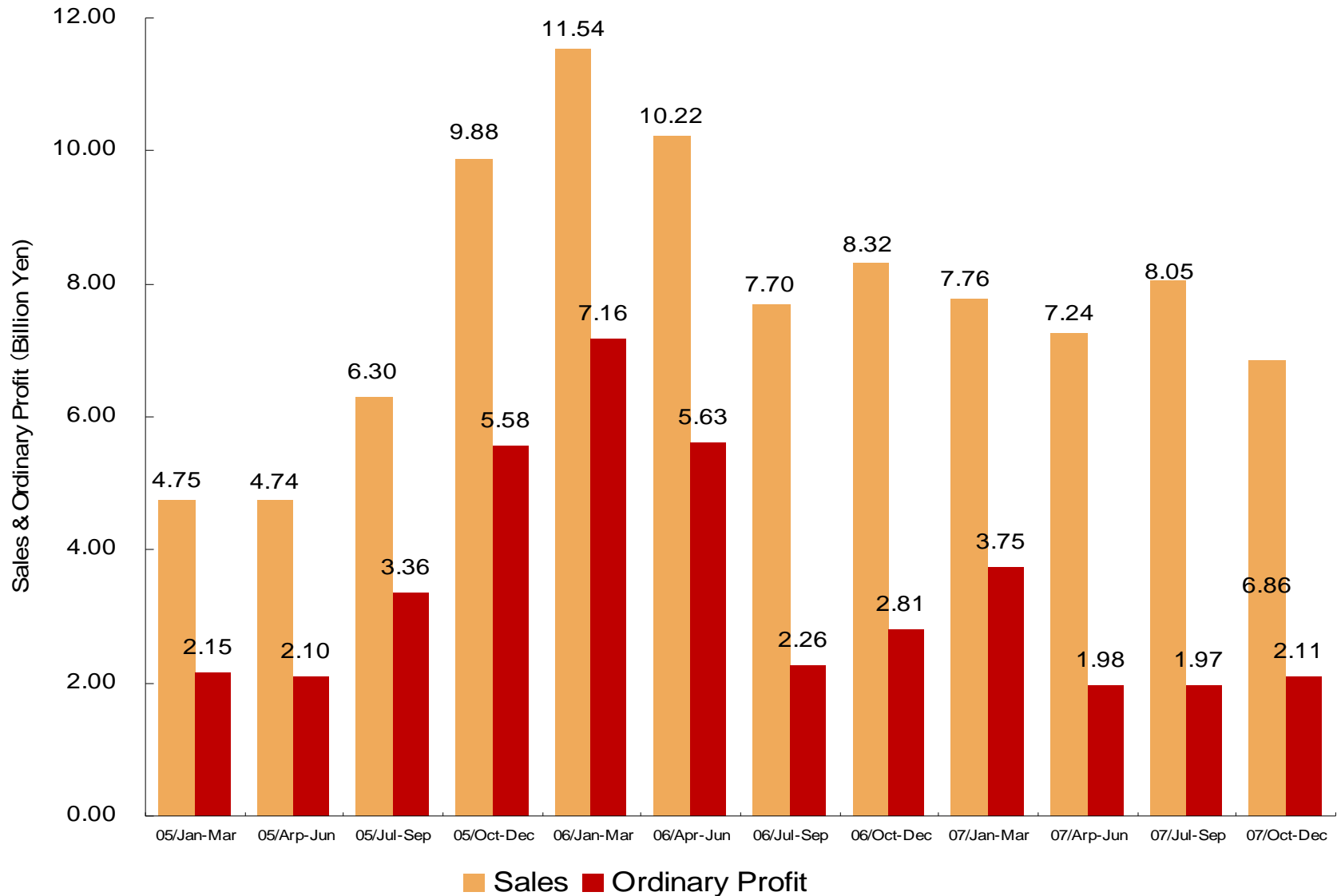
* Retroactive adjustment of 07/Q2

- Maintaining high growth of loans receivable balance, +23.0%(YoY),
- Surpassed 100,000 members
- Growth of the credit balance is controlled by influence of regulations in money-lending industry



3 -5 Securities Business

Rakuten Securities Holdings: Sales & Ordinary Profit



Rakuten Securities Holdings: Industry Comparisons



Financial Overview for Oct-Dec 2007 (YoY)

(Million Yen)

	Rakuten Securities HD				E*Trade	Matsui	kabu.com	MBH				
			Rakuten securities (Non-consolidated)									
Sales	6,858	-17.6%	6,864	+7.3%	17,205	+25.3%	9,779	-2.2%	5,325	+15.6%	7,979	+2.9%
(Net Interest)	1,760	+18.8%	1,781	+18.5%	4,239	+24.6%	2,888	-23.8%	1,397	+24.7%	1,406	+17.7%
Net Sales	6,225	-19.2%	6,252	+7.8%	15,675	+24.0%	9,067	-2.6%	5,000	+15.3%	6,937	-2.1%
SG&A	4,960	-2.7%	4,451	-1.0%	9,708	+41.9%	3,761	-17.3%	2,212	-2.6%	3,471	-2.2%
Ordinary Profit	2,105	-25.0%	2,066	+46.3%	5,921	+3.1%	5,308	+11.3%	2,788	+35.1%	3,441	-2.4%
Net Profit	-752	—	-691	—	4,202	+31.7%	3,291	+14.9%	1,656	+40.8%	1,902	-10.5%

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

Rakuten Securities Holdings: Industry Comparisons



Financial Overview for Oct-Dec 2007 (QoQ)

(Million Yen)

	Rakuten Securities HD				E*Trade	Matsui	kabu.com	MBH				
	Rakuten Securities HD		Rakuten securities (Non-consolidated)									
Sales	6,858	-14.8%	6,864	-5.0%	17,205	+0.4%	9,779	-10.0%	5,325	-4.3%	7,979	+3.4%
(Net Interest)	1,760	-10.5%	1,781	-10.3%	4,239	-7.7%	2,888	-14.9%	1,397	-12.5%	1,406	+8.9%
Net Sales	6,225	-13.6%	6,252	-2.4%	15,675	+3.6%	9,067	-8.3%	5,000	-3.2%	6,937	-1.7%
SG&A	4,960	-7.5%	4,451	-14.0%	9,708	+13.0%	3,761	+3.7%	2,212	-14.5%	3,471	-2.4%
Ordinary Profit	2,105	+6.8%	2,066	+44.1%	5,921	-7.9%	5,308	-15.3%	2,788	+8.7%	3,441	+0.2%
Net Profit	-752	—	-691	—	4,202	+2.2%	3,291	-7.9%	1,656	+3.2%	1,902	-2.6%

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

- The cost-reduction plan centering on system cost has been implemented since 06/Q4
- It is possible to reduce about 0.1 billion yen by the month (*1)

Until 2007/4Q (The main policies which were already implemented)

1. Reduction in data center cost by integration (from 3 to 2) (since 06/Q4)
2. Review of network cost by optimization of the number and capacity (since 06/Q4)
3. Review of call-center cost by effective allocation of personnel (since 06/Q4)
4. Review of maintenance and lease contract of main system (*2)
5. Reduction in interest cost by purchasing of leased software assets (*3)
6. Reduction in lease fee due to restructuring and cancellation of leased software assets (*3)
7. Reduction in lease and maintenance cost due to server integration (*3)

(*1) The amount may be changed with new investments.

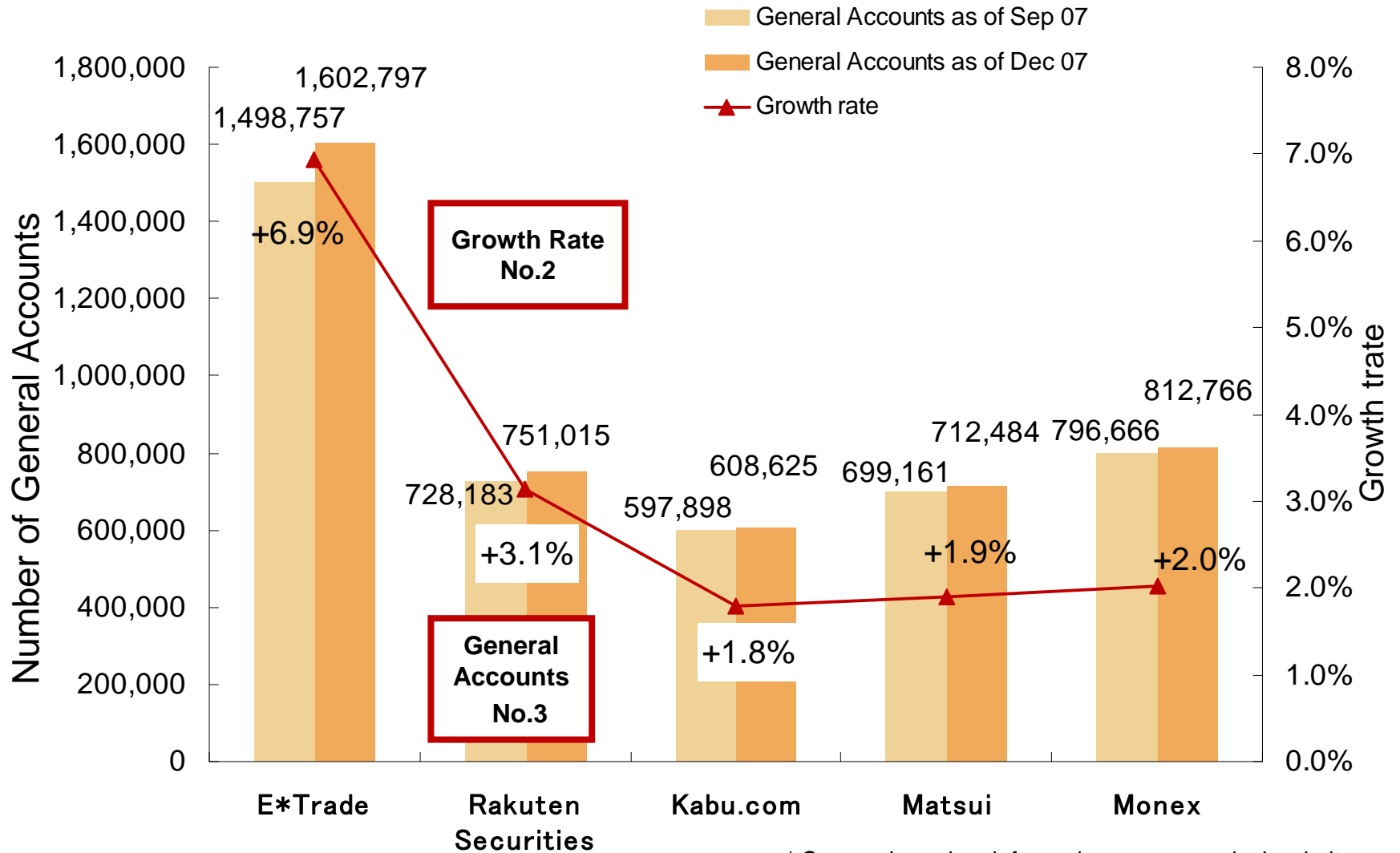
(*2) As a result of implementation of above 4, Rakuten Securities recognized 833 million yen of an extraordinary loss for review of lease contracts regarding system at the end of June 2007.

(*3) As a result of implementation of above 5 through 7, Rakuten Securities recognized 2,138 million yen of an extraordinary loss (481 million yen of a loss on retirement due to purchasing of software and lease assets (5), 1,029 million yen of a loss on cancellation of lease due to restructuring of software and lease assets (6) and 627 million yen of a loss on cancellation of lease (7)) at the end of December 2007.

After 08/Q1 (Scheduled)

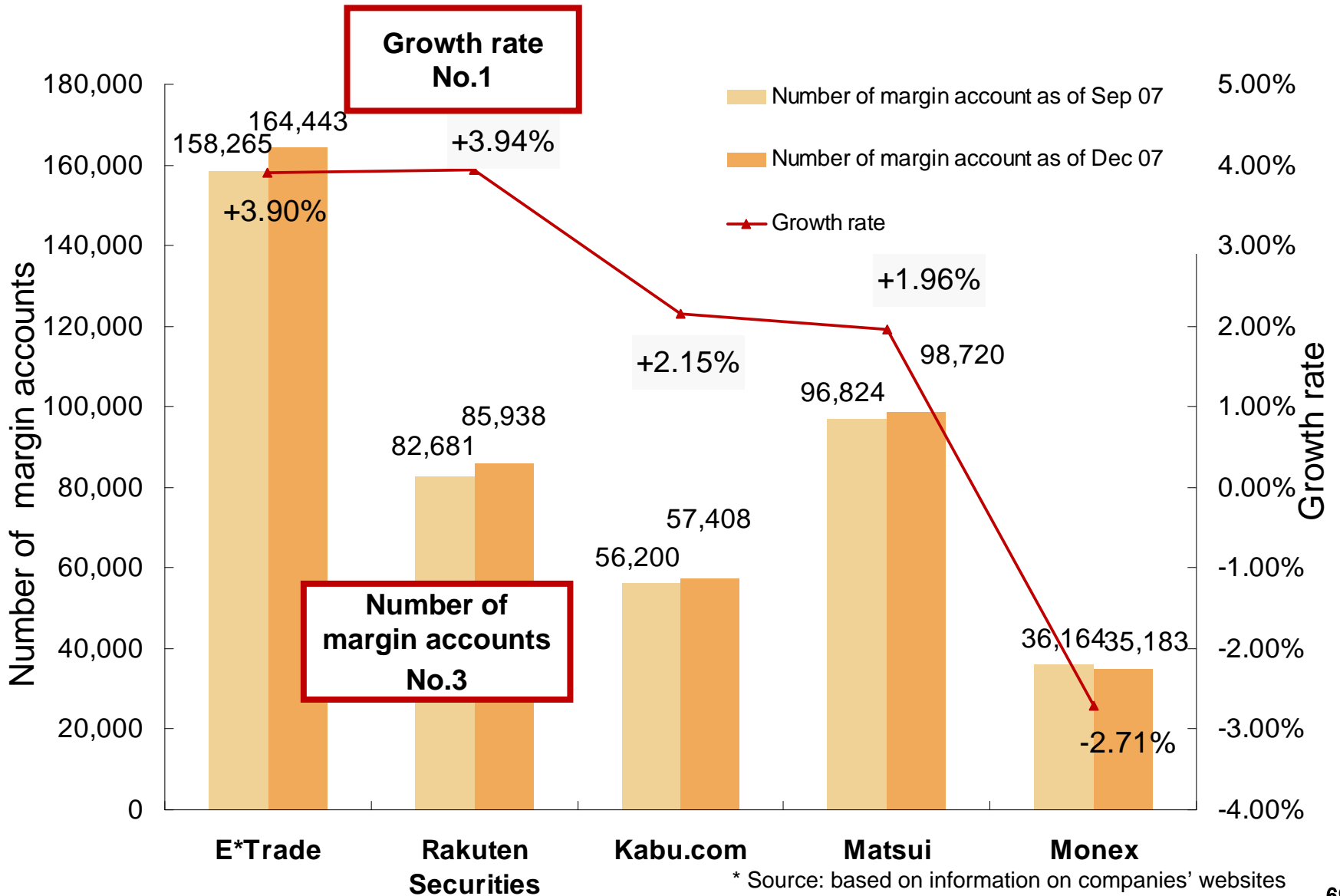
Data center integration (from 2 to 1)

Rakuten Securities: Number of General Accounts Rakuten

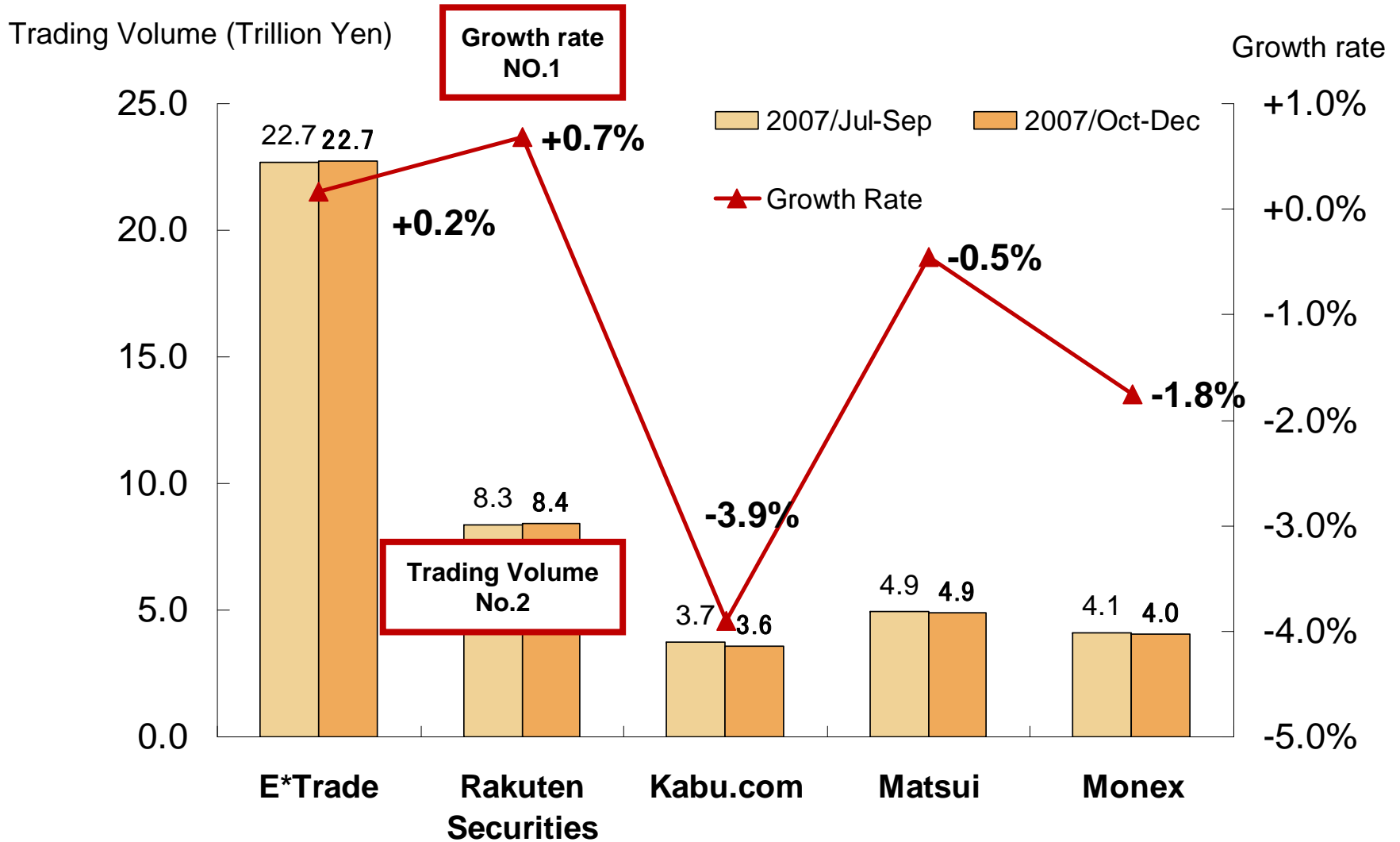


* Source: based on information on companies' websites

Rakuten Securities: Number of Margin Accounts



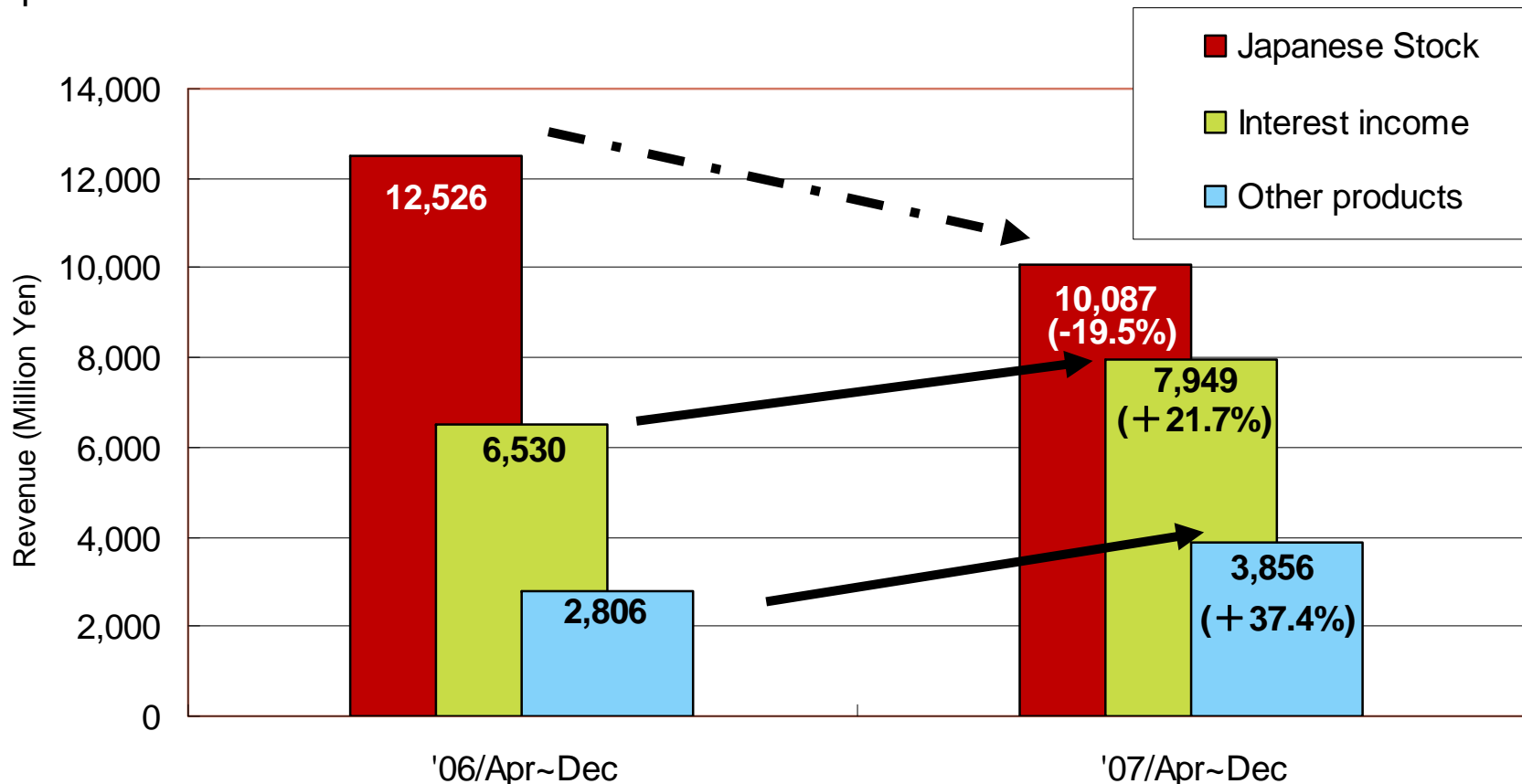
Rakuten Securities: Trading Value



* Source: based on information on companies' websites

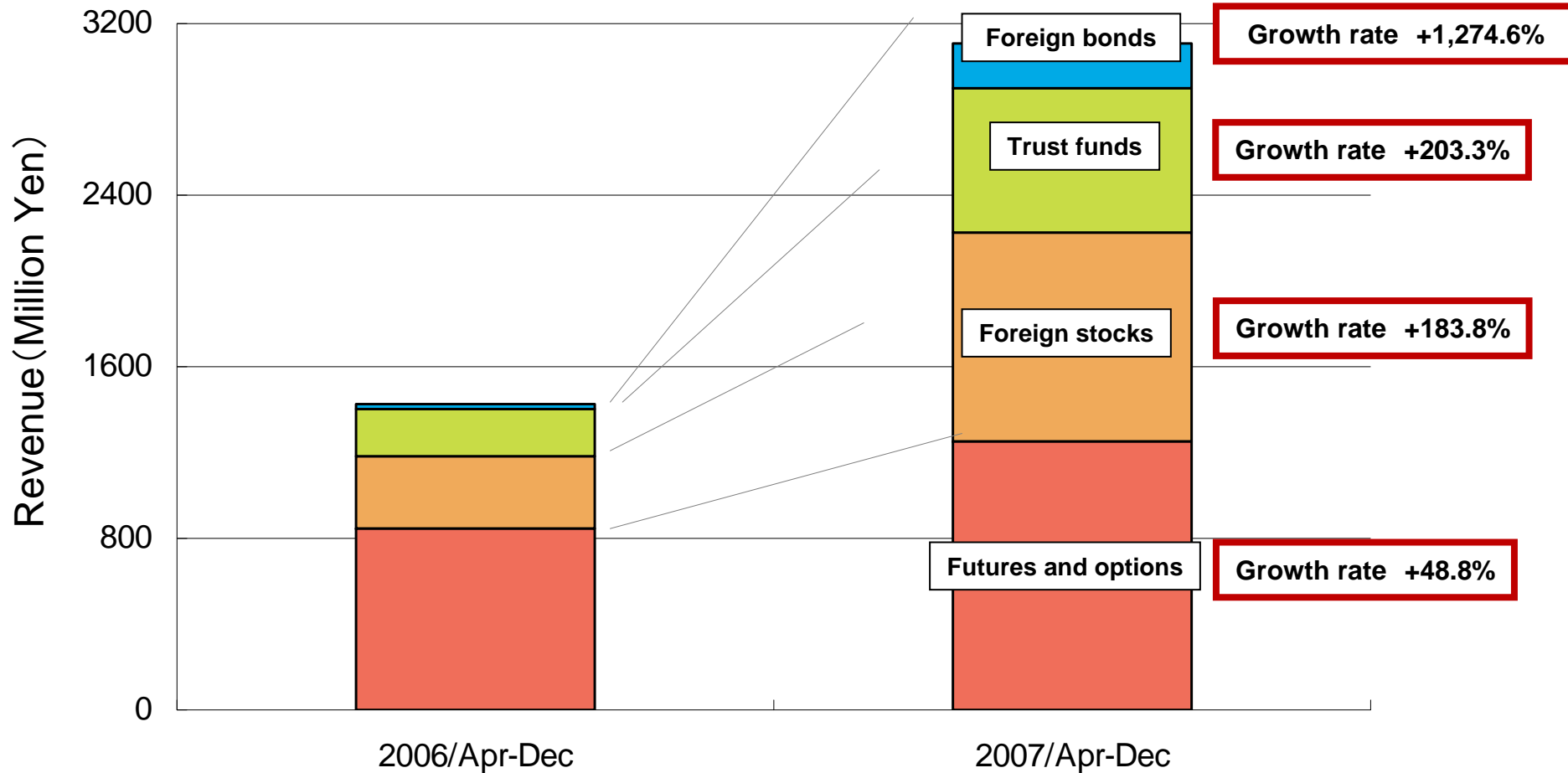
Diversifying Revenue Source

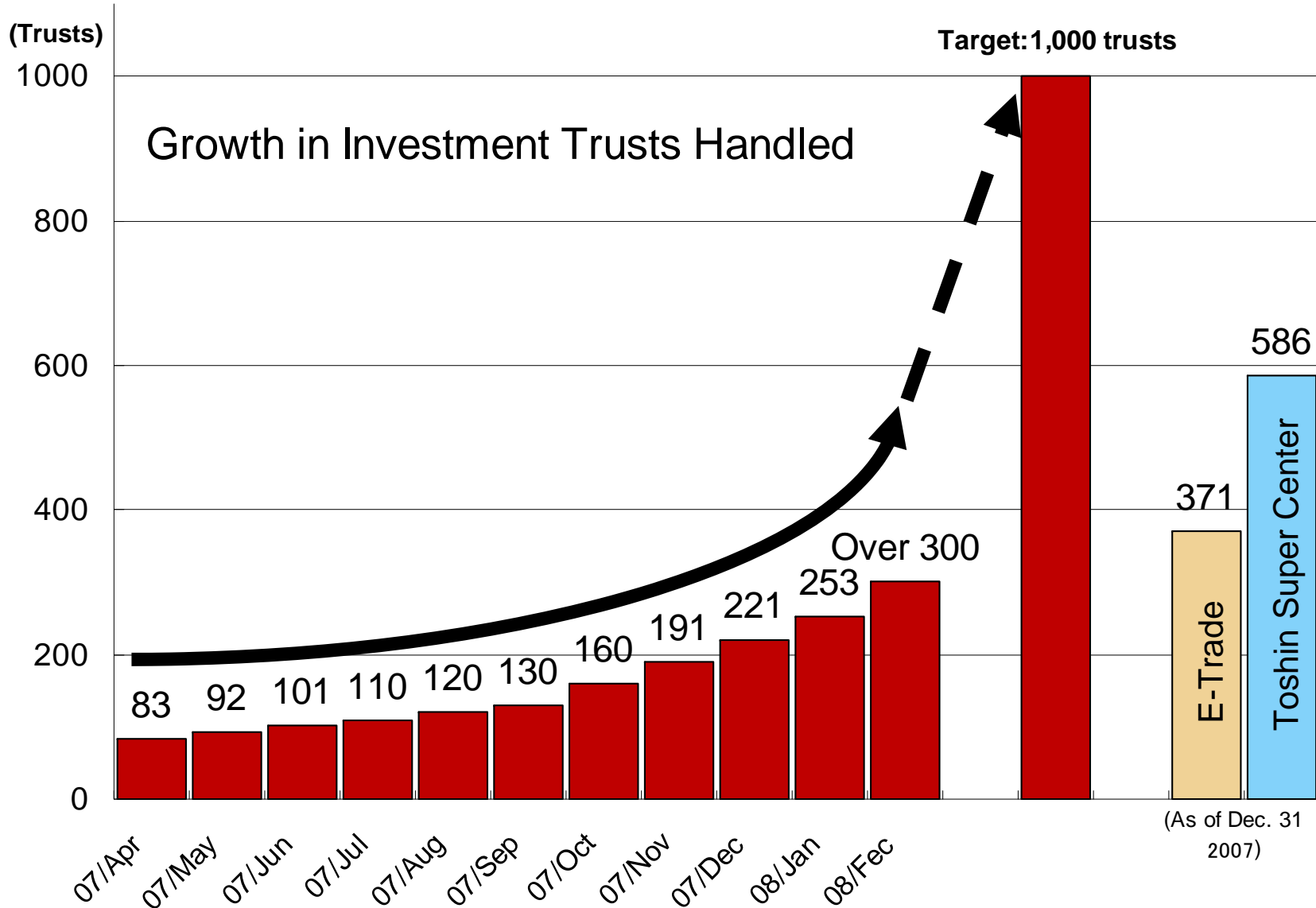
Amid declining domestic stock market, Rakuten recorded substantial growth in interest income, as well as earnings from trust funds, foreign stocks and bonds, and other products.



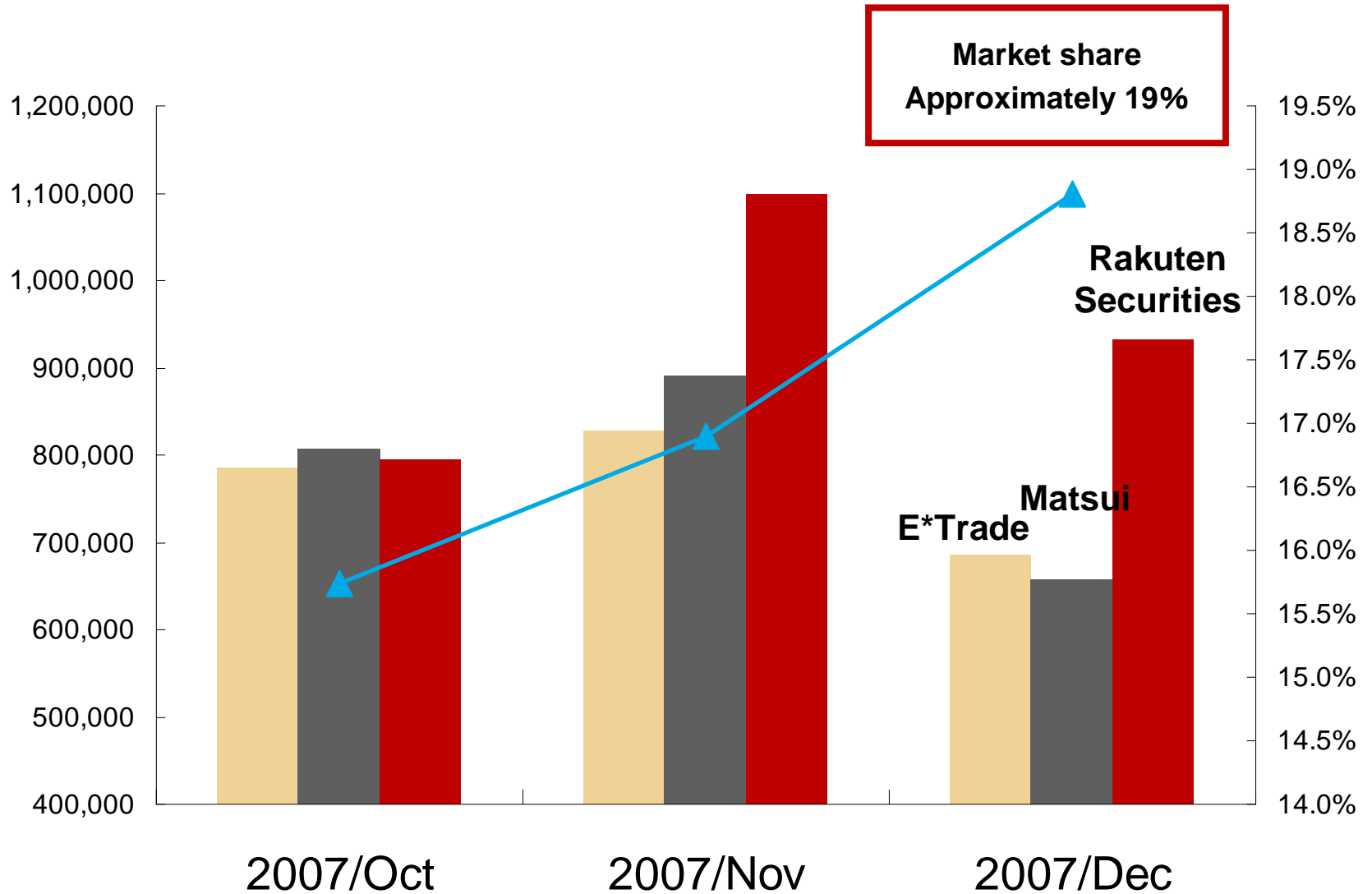
*Other item includes foreign exchange loss and profit regarding foreign transaction

Strong growth revenues in Foreign stocks, Foreign bonds and Trust funds





■ Top share in “Nikkei 225 mini” in online brokerage firms



2 -8 Professional Sports Business

Sharp improvement in sales and operating profit, fueled by healthy increase in spectators

(Million Yen)

Non-consolidated (Rakuten Baseball, Inc.)	2006	2007	YoY Change (%)
Sales	6,669	7,526	+12.9%
Operating expenses	8,011	8,457	+5.6%
Operating loss	-1,342	-931	-

Consolidated (Including Rakuten Sports Properties, Inc.)	2006	2007	YoY Change (%)
Sales	7,489	8,497	+13.5%
Operating expenses	8,869	9,351	+5.4%
Operating loss	-1,380	-854	-

■ **Total Number of Spectators**

League's Top Rate of Increase



■ **2007 Season: 1,117,369 spectators (Up +17.4% YoY)**

■ **Sales Healthy**

Healthy Performance in Mainstay Businesses



- **Goods: ¥971 million (up +18% YoY)**
- **Advertising and Sponsor sales: ¥3,161 million (up +17% YoY)**
- **Tickets: ¥2,619 million (up +9% YoY)**

3 -7 Telephone Business Unit

Fusion Communications Revenue and Operating Profit

- Undertaking business restructuring through drastic reform of cost structure

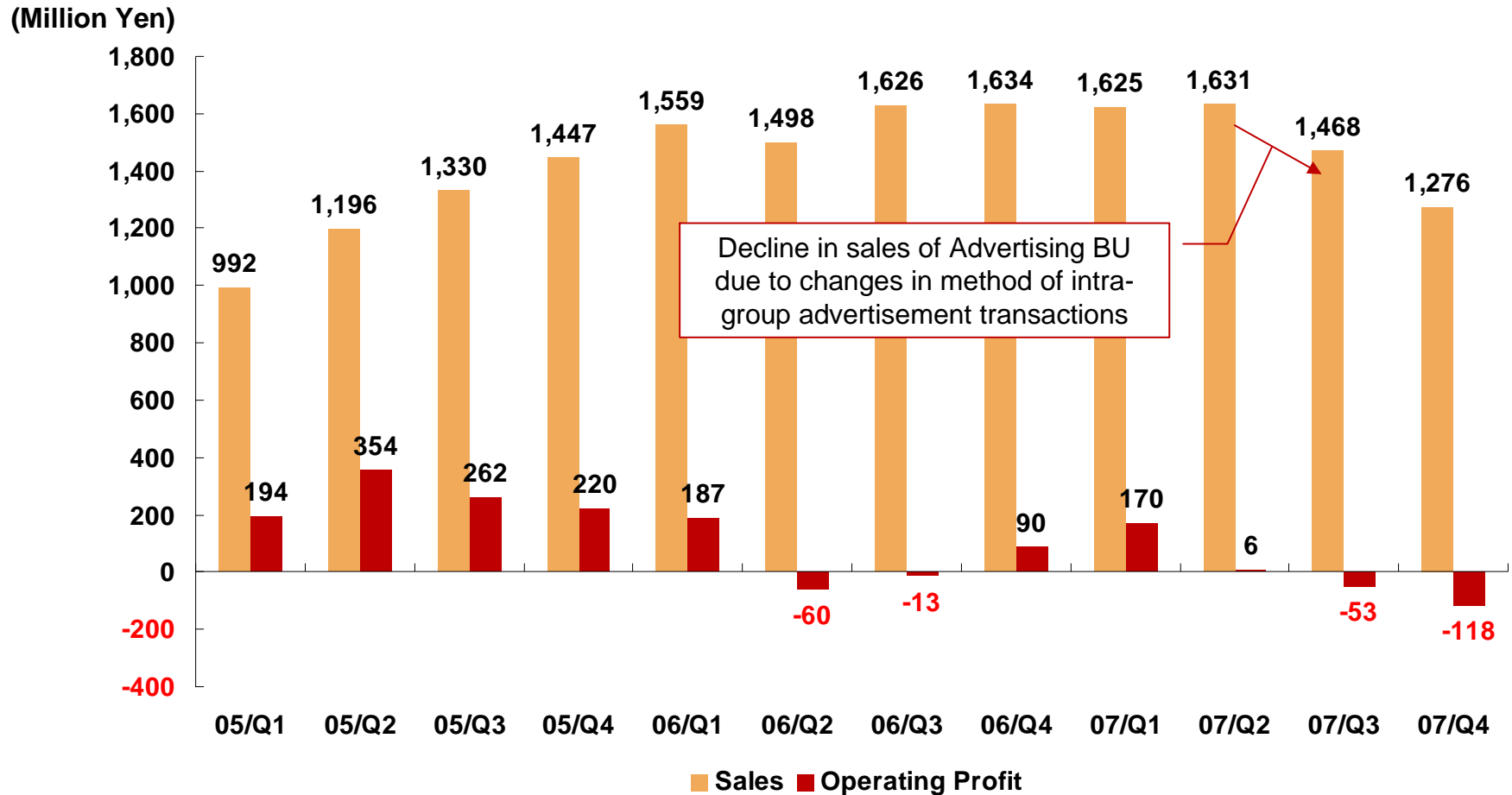
Joined in Rakuten Group
from Aug, 2007

(Million Yen)

	2007(Apr-Jun)	2007(Jul-Sep)	2007(Oct-Dec)
Revenue	11,068	9,569	9,209
Operating expenses	11,589	10,485	9,462
variable expense	5,991	5,398	5,160
fixed expense	4,668	4,252	3,529
SG&A	929	835	774
Operating profit and loss	-521	-916	-254

3 -8 Infoseek and Advertising Business

Infoseek Business Unit, Advertising Business Unit: Sales and Operating Profit



*Difference with Portal & Media Business in segment information to consolidated financial statements is accounted for by Target, Inc., College Students' Portal Community, Inc., Rakuten Research, Inc. and the blog business. Internet TV and publishing businesses of Rakuten, Inc.

3 Segment Information, Key Business Units

2007 Financial Overview by Segment (YoY)

(Billion Yen)

	Sales	YoY	OP	YoY	OP margin	EBITDA*	YoY	EBITDA Margin
E-Commerce	76.87	+30.0%	19.54	+10.7%	25.4%	20.96	-9.6%	27.3%
Credit and Payment	71.09	-10.7%	-25.17	-	-35.4%	-18.45	-	-26.0%
Portal and Media	14.67	+12.2%	-0.36	-	-2.5%	0.19	-78.7%	1.3%
Travel	13.36	+24.6%	6.00	+28.9%	44.9%	5.82	-0.4%	43.6%
Securities	30.55	-24.7%	5.74	-62.6%	18.8%	6.50	-63.6%	21.3%
Professional Sports	8.24	+13.5%	-0.83	-	-10.1%	0.90	-	11.0%
Telecommunication	9.70	-	-0.39	-	-4.1%	-1.12	-	-11.5%
Corporate and Internal elimination	-10.58	-	-4.40	-	-	4.82	-	-
Consolidated	213.93	+5.2%	0.11	-99.6%	0.1%	19.62	-53.7%	9.2%

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

2007/Q4 Financial Overview by Segment (YoY)



(Billion Yen)

	2006/Q4			2007/Q4							
	Sales	OP	EBITDA*	Sales	YoY	OP	YoY	OP margin	EBITDA*	YoY	EBITDA Margin
E-Commerce	18.45	6.24	7.88	23.03	+24.8%	6.02	-3.5%	26.2%	7.68	-2.5%	33.4%
Credit and Payment	17.78	2.57	4.80	17.21	-3.2%	-24.62	-	-143.1%	-22.92	-	-133.2%
Portal and Media	3.48	0.17	0.33	4.02	+15.4%	-0.21	-	-5.4%	0.01	-96.8%	0.3%
Travel	2.90	1.32	1.65	3.57	+23.0%	1.40	+6.5%	39.4%	1.54	-6.8%	43.3%
Securities	8.47	2.25	2.88	6.93	-18.2%	1.09	-51.6%	15.7%	2.22	-22.8%	32.1%
Professional Sports	1.12	-0.75	-0.55	1.38	+23.6%	-0.66	-	-48.0%	-0.44	-	-32.3%
Telecommunication	-	-	-	9.70	-	-0.28	-	-2.9%	-1.00	-	-10.4%
Corporate and Internal elimination	-2.06	-0.31	-0.43	-2.94	-	-2.34	-	-	-1.02	-	-
Consolidated	50.15	11.49	16.58	62.92	+25.4%	-19.61	-	-31.2%	-13.93	-	-22.1%

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

2007/Q4 Financial Overview by Segment (QoQ)



(Billion Yen)

	2007/Q3			2007/Q4							
	Sales	OP	EBITDA*	Sales	QoQ	OP	QoQ	OP margin	EBITDA*	QoQ	EBITDA Margin
E-Commerce	18.19	3.75	4.83	23.03	+26.6%	6.02	+60.6%	26.2%	7.68	59.1%	33.4%
Credit and Payment	17.89	-0.21	1.66	17.21	-3.8%	-24.62	-	-143.1%	-22.92	-	-133.2%
Portal and Media	3.39	-0.30	-0.09	4.02	+18.5%	-0.21	-	-5.4%	0.01	-	0.3%
Travel	3.78	1.87	2.36	3.57	-5.6%	1.40	-25.0%	39.4%	1.54	-34.6%	43.3%
Securities	8.34	1.76	2.14	6.93	-16.9%	1.09	-38.4%	15.7%	2.22	3.6%	32.1%
Professional Sports	3.01	0.44	0.64	1.38	-54.0%	-0.66	-	-48.0%	-0.44	-	-32.3%
Telecommunication	0.00	-0.11	-0.11	9.70	-	-0.28	-	-2.9%	-1.00	-	-10.4%
Corporate and Internal elimination	-2.54	-0.93	-0.79	-2.94	-	-2.34	-	-	-1.02	-	-
Consolidated	52.08	6.26	10.65	62.92	+20.8%	-19.61	-412.9%	-31.2%	-13.93	-	-22.1%

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

E-Commerce Business
Rakuten Ichiba*2
Greeting Service *2,5
Business Service *2
Stuffed Animal Greeting Cards *2,5
Golf *2
Auto *2
Delivery *2
Package Media (Books & Media)
Media Rental
Auction
Fine Wine *5
Dining
Downloads *6
Tickets
Performance Marketing (LinkShare)
Horse Racing Mall

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

Portal and Media Business
Infoseek
Advertising
Blog
Research
Career Service
Target
CS Television
Internet Television *4
Cross Media *4

Travel Business
Travel

Securities Business
Securities
Capital Investments
Asset Management
Property Management

Professional Sports Business
Professional Sports

Telecommunication Business*3
Telephone*3 (Fusion Communications) (Messenger) *4

*1 Excludes Incubation Businesses

*2 E-Commerce businesses operated by Rakuten, Inc in 2007/Q4

*3 Established in 2007/Q3

*4 Discontinued in 2007/Q4

*5 Integrated with Rakuten Ichiba in 2008/Q1

*6 Integrated or divided into package media and other business Unit in 2008/Q1

2007 Financial Overview by Business Unit (YoY)



(Billion Yen)

Segment	BU/Company	2006		2007				
		Sales	Operating Profit	Sales	YoY	Operating Profit	YoY	OP Margin
E-Commerce	Rakuten Ichiba Business	40.99	19.54	51.34	+25.3%	23.13	+18.4%	45.1%
E-Commerce	Rakuten Books*1	9.07	-0.13	15.12	+66.6%	-0.79	-	-5.2%
E-Commerce	Rakuten Auction*1	0.90	-0.53	1.45	+61.2%	-1.84	-	-127.3%
E-Commerce	LinkShare*1,2	6.02	2.13	7.07	+17.5%	2.38	+11.9%	33.8%
Credit and Payment	Rakuten KC*1	72.23	-6.91	60.44	-16.3%	-24.36	-	-40.3%
Credit and Payment	Rakuten Credit*1	7.38	0.96	10.59	+43.5%	2.16	+123.4%	20.4%
Credit and Payment	Banking (Rakuten Financial Solution)*1	-	-	0.11	-	-1.53	-	-
Portal and Media	Infoseek, Advertising Business	6.31	0.20	6.00	-5.0%	0.00	-97.3%	0.1%
Travel	Rakuten Travel*1	10.46	4.67	12.91	+23.4%	5.83	+24.8%	45.2%
Securities	Rakuten Securities*1	37.76	15.40	29.91	-20.8%	6.10	-60.4%	20.4%
Professional Sports	Rakuten Baseball*1	6.66	-1.34	7.52	+12.9%	-0.93	-	-12.4%
Communication	Fusion Communications*1	-	-	9.20	-	-0.24	-	-2.7%
	Other Business Units	12.54	-0.47	12.81	-1.8%	-1.92	-	-15.1%
	Amortization of Goodwill	-	-3.01	-	-	-3.46	-	-
	Corporate and Internal elimination	-7.10	-1.37	-10.58	-	-4.40	-	-
	Consolidated	203.27	29.14	213.93	+5.2%	0.11	-99.6%	0.1%

*1 Entity basis, except Rakuten HD (Consolidated)

*2 Pro forma basis US\$=117.54(2006), \117.39(2007)

EC / Credit and Payment Segment Business Units Breakdown



(Billion Yen)

		2006		2007				
		Sales	Operating Profit	Sales	YoY	Operating Profit	YoY	OP Margin
	Rakuten Ichiba Business	40.99	19.54	51.34	+25.3%	23.13	+18.4%	45.1%
	Rakuten Books	9.07	-0.13	15.12	+66.6%	-0.79	-	-5.2%
	Rakuten Auction	0.90	-0.53	1.45	+61.2%	-1.84	-	-127.3%
	LinkShare	6.02	2.13	7.07	+17.5%	2.38	+11.9%	33.8%
	Other	2.15	-1.24	1.88	-12.6%	-1.21	-	-
	Amortization of Goodwill	-	-2.11	-	-	-2.13	-	-
E-Commerce Segment		59.15	17.65	76.87	+30.0%	19.54	+10.7%	25.4%
	Rakuten KC	72.23	-6.91	60.44	-16.3%	-24.36	-	-40.3%
	Rakuten Credit	7.38	0.96	10.59	+43.5%	2.16	+123.4%	20.4%
	Banking (Rakuten Financial Solution)	-	-	0.11	-	-1.53	-	-
	Other*	-0.01	0.53	-0.05	-	-0.50	-	-
	Amortization of Goodwill	-	-0.73	-	-	-0.93	-	-
Credit and Payment Segment		79.60	-6.14	71.09	-10.7%	-25.17	+309.4%	-35.4%

*The effect of a difference of an accounting period between Rakuten KC and the Rakuten group is included.

2007/Q4 Financial Overview by Business Unit (YoY)



(Billion Yen)

Segment	BU/Company	06/Q4		07/Q4				
		Sales	Operating Profit	Sales	YoY	Operating Profit	YoY	OP Margin
E-Commerce	Rakuten Ichiba Business	12.32	6.73	15.04	+22.1%	6.98	+3.7%	46.4%
E-Commerce	Rakuten Books*1	3.41	-0.19	4.93	+44.7%	-0.34	-	-7.0%
E-Commerce	Rakuten Auction*1	0.25	-0.32	0.45	+79.4%	-0.25	-	-56.0%
E-Commerce	LinkShare*1,2	1.86	0.84	2.12	+14.1%	0.94	+11.6%	44.4%
Credit and Payment	Rakuten KC*1	15.65	1.79	15.04	-3.9%	-24.02	-	-159.7%
Credit and Payment	Rakuten Credit*1	2.15	0.53	2.17	+0.6%	0.36	-32.3%	16.7%
Credit and Payment	Banking (Rakuten Financial Solution)*1	-	-	0.05	-	-0.65	-	-
Portal and Media	Infoseek, Advertising Business	1.63	0.09	1.27	-21.9%	-0.11	-	-9.3%
Travel	Rakuten Travel*1	2.81	1.30	3.45	+22.6%	1.38	+6.6%	40.2%
Securities	Rakuten Securities*1	8.31	2.60	6.85	-17.5%	1.26	-51.4%	18.4%
Professional Sports	Rakuten Baseball*1	1.07	-0.69	1.27	+18.8%	-0.61	-	-48.5%
Communication	Fusion Communications*1	-	-	9.2	-	-0.24	-	-2.7%
	Other Business Units	2.71	-0.03	3.95	+27.6%	-1.07	-	-27.2%
	Amortization of Goodwill	-	-0.84	-	-	-0.87	-	-
	Corporate and Internal elimination	-2.06	-0.31	-2.94	-	-2.34	-	-
	Consolidated	50.15	11.49	62.92	+25.4%	-19.61	-	-31.2%

*1 Entity basis, except Rakuten HD (Consolidated)

*2 Pro forma basis US\$ = 117.54 yen (2006), 117.39 yen (2007)

2007/Q4 Financial Overview by Business Unit (QoQ)



(Billion Yen)

Segment	BU/Company	07/Q3		07/Q4				
		Sales	Operating Profit	Sales	QoQ	Operating Profit	QoQ	OP Margin
E-Commerce	Rakuten Ichiba Business	12.41	5.09	15.04	+21.2%	6.98	+37.2%	46.4%
E-Commerce	Rakuten Books*1	3.50	-0.31	4.93	+40.7%	-0.34	-	-7.0%
E-Commerce	Rakuten Auction*1	0.35	-0.45	0.45	+28.8%	-0.25	-	-56.0%
E-Commerce	LinkShare*1,2	1.70	0.44	2.12	+24.7%	0.94	+113.6%	44.4%
Credit and Payment	Rakuten KC*1	15.47	0.21	15.04	-2.8%	-24.02	-	-159.7%
Credit and Payment	Rakuten Credit*1	2.39	0.33	2.17	-9.6%	0.36	+9.8%	16.7%
Credit and Payment	Banking (Rakuten Financial Solution)*1	0.02	-0.54	0.05	+131.3%	-0.65	-	-
Portal and Media	Infoseek, Advertising Business	1.46	-0.05	1.27	-13.0%	-0.11	-	-9.3%
Travel	Rakuten Travel*1	3.64	1.82	3.45	-5.2%	1.38	-23.7%	40.2%
Securities	Rakuten Securities*1	8.04	1.84	6.85	-14.8%	1.26	-31.4%	18.4%
Professional Sports	Rakuten Baseball*1	2.74	0.37	1.27	-53.5%	-0.61	-	-48.5%
Communication	Fusion Communications*1	-	-	9.20	-	-0.24	-	-2.7%
	Other Business Units	2.84	-0.66	3.95	+21.8%	-1.07	-	-27.2%
	Amortization of Goodwill	-	-0.88	-	-	-0.87	-	-
	Corporate and Internal elimination	-2.54	-0.93	-2.94	-	-2.34	-	-
	Consolidated	52.08	6.26	62.92	+20.8%	-19.61	-	-31.2%

*1 Entity basis, except Rakuten HD (Consolidated)

*2 Pro forma basis US\$ = 117.54 yen (2006), 117.39 yen (2007)

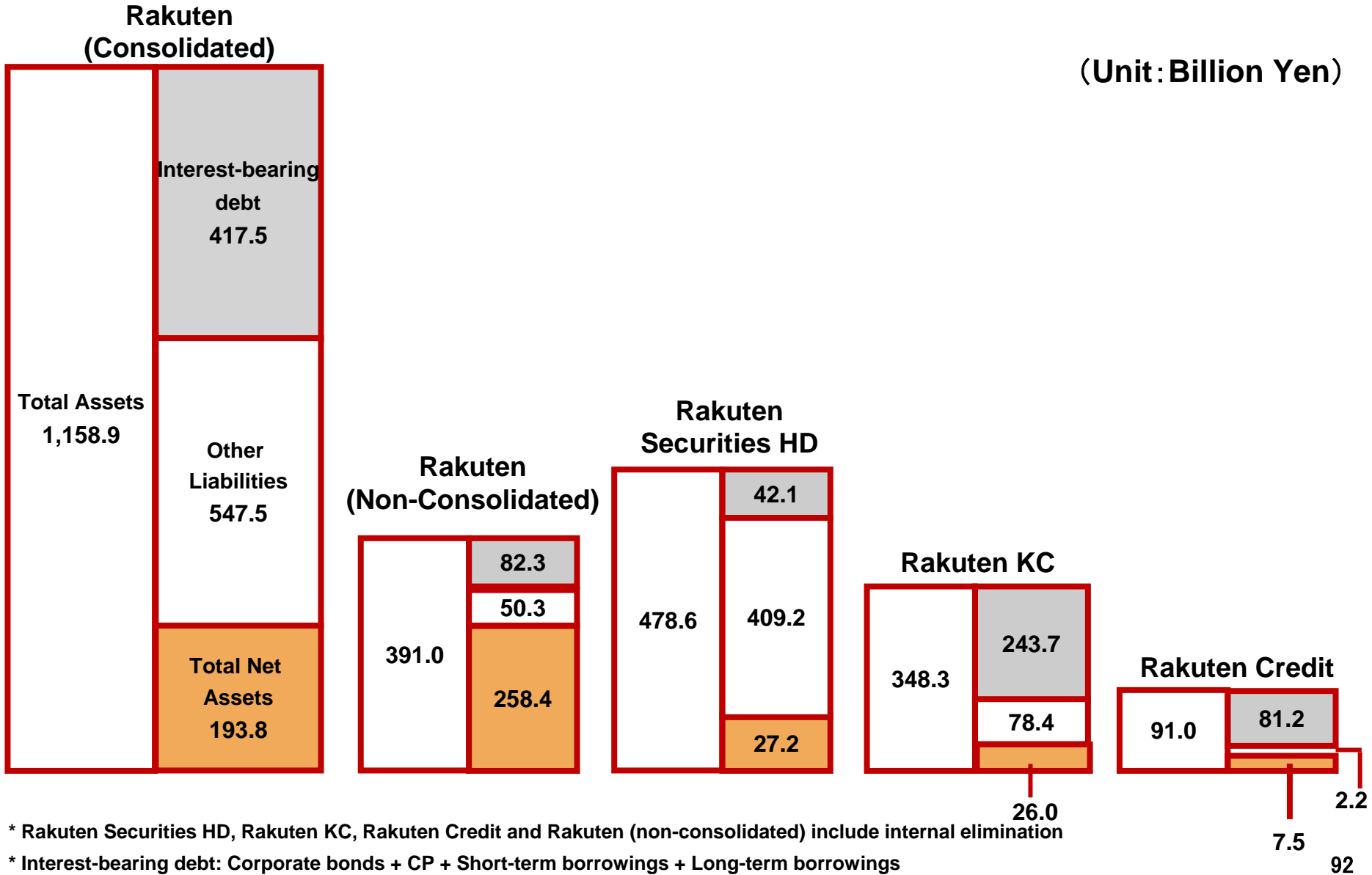
4

Balance Sheets

Rakuten Group: Outlook of Balance Sheet (31st Dec, 2007)



(Unit: Billion Yen)



Consolidated Balance Sheet (Dec 31, 2007)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

CURRENT ASSETS	903.2	CURRENT LIABILITIES	750.4
Cash and cash equivalents	57.4	Accounts payable	16.6
Accounts receivable	27.9	Accounts payable, guarantee contracts	4.4
Installment accounts receivable	70.7	Short-term borrowings	225.1
Installment accounts receivable, guarantee contracts	4.4	Other accounts payable	28.8
Beneficial interests in securitized assets	110.1	Income taxes payable	17.0
Deposits for security brokerage business	230.6	Advances received	4.1
Margin transactions assets for security brokerage business	188.7	Deposits received for security brokerage business	148.3
Short-term guarantee deposits for security brokerage business	8.7	Margin transactions liabilities for security brokerage business	101.6
Other current assets	248.8	Guarantee deposits received for security brokerage business	104.9
Allowance for doubtful accounts	- 44.4	Other current liabilities	99.0
		LONG-TERM LIABILITIES	210.7
		Other	3.9
		TOTAL LIABILITIES	965.0
FIXED ASSETS		SHAREHOLDERS' EQUITY	206.8
Property, plant and equipment	255.7	Common stock	107.4
Intangible fixed assets	24.0	Capital surplus	119.4
Investment and other assets	93.4	Retained earnings	- 20.1
	138.2	Treasury stock	0.0
		VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	- 20.9
		MINORITY INTERESTS	7.8
		TOTAL NET ASSETS	193.8
TOTAL ASSETS	1,158.9	TOTAL LIABILITIES AND NET ASSETS	1,158.9

Consolidated Balance Sheet (Dec 31, 2007)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

CURRENT ASSETS	453.8	CURRENT LIABILITIES	437.9
Cash and cash equivalents	14.6	Short-term borrowings	19.7
Deposits	230.6	Margin transactions liabilities	101.6
Margin transactions assets	188.7	Deposits	148.3
Other current assets	19.9	Guarantee deposits received	104.9
(Allowance for doubtful accounts)	- 0.1	Other current liabilities	63.2
		LONG-TERM LIABILITIES	9.5
		Long-term borrowings	9.5
		STATUTORY RESERVE FOR SECURITY BROKERAGE BUSINESS	3.9
		TOTAL LIABILITIES	451.3
FIXED ASSETS	24.8	SHAREHOLDERS' EQUITY	27.3
Property, plant and equipment	0.2	Common stock	1.0
Intangible fixed assets	5.0	Capital surplus	10.6
Investment and other assets	19.5	Retained earnings	15.7
(Allowance for doubtful accounts)	- 1.4	VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	0.0
		Unrealized holding gain on investment securities	0.0
		TOTAL NET ASSETS	27.2
TOTAL ASSETS	478.6	TOTAL LIABILITIES AND NET ASSETS	478.6

Balance Sheet (Dec 31, 2007)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

CURRENT ASSETS	304.3	CURRENT LIABILITIES	205.4
Cash and cash equivalents	27.8	Accounts payable; guarantee contracts	4.4
Installment accounts receivable	153.0	Short-term borrowings	147.5
Accounts receivable, guarantee contracts	4.4	Other current liabilities	53.3
Beneficial interest in securitized assets	102.1	LONG-TERM LIABILITIES	116.8
Other current assets	59.9	Long-term borrowing	96.2
Allowance for doubtful accounts	-43.1	Allowance for interest repayment	20.0
		Other current fixed liabilities	0.5
		TOTAL LIABILITIES	322.2
FIXED ASSETS	44.0	SHAREHOLDERS' EQUITY	26.6
Property, plant and equipment	14.8	Common stock	3.0
Land and buildings	14.1	Capital surplus	75.7
Other tangible fixed assets	0.7	Retained earnings	-36.3
Intangible fixed assets	2.7	Accumulated deficit	-15.7
Investment and other assets	28.1	VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	-0.5
Allowance for doubtful accounts	-1.7	TOTAL NET ASSETS	26.0
TOTAL ASSETS	348.3	TOTAL LIABILITIES AND NET ASSETS	348.3

*Total securitized loan receivables: 166.8 billion yen

Balance Sheet (Dec 31, 2007)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

CURRENT ASSETS	87.8	CURRENT LIABILITIES	40.0
Cash and cash equivalents	3.0	Short-term borrowings	37.8
Loan receivables	76.6	Other current liabilities	2.2
Beneficial interest in securitized assets	7.9		
Other current assets	0.9	LONG-TERM LIABILITIES	43.4
Allowance for doubtful accounts	-0.7	Long-term borrowing	43.4
		Other current fixed liabilities	0.0
		TOTAL LIABILITIES	83.5
FIXED ASSETS	3.2	SHAREHOLDERS' EQUITY	7.5
Property, plant and equipment	0.1	Capital stock	4.4
Intangible fixed assets	0.6	Capital surplus	3.4
Investment and other assets	2.5	Accumulated deficit	-0.3
		Treasury stock	0.0
		VALUATION, TRANSLATION	0.0
		ADJUSTMENTS AND OTHERS	
		TOTAL NET ASSETS	7.5
TOTAL ASSETS	91.0	TOTAL LIABILITIES AND NET ASSETS	91.0

*Total securitized loan receivables: 24.52 billion yen

Balance Sheet (Dec 31, 2007)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

CURRENT ASSETS	51.6	CURRENT LIABILITIES	87.3
Cash and cash equivalents	6.4	Accounts payable	1.8
Accounts receivable	16.7	Short-term borrowings	38.9
Other current assets	28.6	Other accounts payable	5.9
Allowance for doubtful accounts	- 0.1	Income taxes payable	14.2
		Advanced receivables	3.2
		Reserve for points	5.0
		Other current liabilities	18.2
		FIXED LIABILITIES	45.2
		TOTAL LIABILITIES	132.6
FIXED ASSETS	339.4	SHAREHOLDERS' EQUITY	261.4
Tangible assets	6.8	Common stock	107.4
Intangible assets	8.5	Capital surplus	116.7
Investment and other assets	323.9	Retained earnings	37.1
(Allowance for doubtful accounts)	- 0.3	Treasury stock	- 0.0
		VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS	- 3.0
(Allowance for possible investment losses)	- 2.8	Unrealized holding gain on investment securities	- 3.0
		TOTAL NET ASSETS	258.4
TOTAL ASSETS	391.0	TOTAL LIABILITIES AND NET ASSETS	391.0

 Appendix

Breakdown of Amortization of Goodwill

(Million Yen)

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

* Amortization of goodwill is posted as SG&A

Capital Expenditures



(Billion Yen)

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

*Operating Base

*Excluding Professional Sports and Funds

Rakuten KC: Transaction Volume and Sales

Composition of Transaction Volume

(Million Yen)

	06/Q 4	07/Q 1	07/Q2	07/Q3	07/Q4		
					Results	% of total	YoY change
General services	79,731	80,940	87,058	91,447	104,609	77.6%	31.2%
Card shopping	75,546	78,698	84,907	89,340	102,194	75.8%	35.3%
Other	4,185	2,243	2,152	2,106	2,414	1.8%	- 42.3%
Financing	44,586	33,986	30,409	28,956	26,765	19.9%	- 40.0%
Card cash advances	26,318	20,990	19,337	18,860	17,768	13.2%	- 32.5%
Loan card	18,268	12,996	11,071	10,095	8,997	6.7%	- 50.7%
Installment	5,618	11	23	14	15	0.0%	- 99.7%
Credit guarantee	8,074	2,858	2,528	2,660	1,738	1.3%	- 78.5%
Other	1,876	1,820	1,959	1,766	1,606	1.2%	- 14.4%
Total transaction volume	139,885	119,616	121,978	124,844	134,736	100.0%	- 3.7%

Composition of Revenues

(Million Yen)

	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4		
					Results	% of total	YoY change
General services	2,349	2,390	2,487	2,590	2,864	17.8%	21.9%
Card shopping	2,179	2,253	2,357	2,460	2,729	17.0%	25.2%
Other	170	137	130	130	134	0.8%	- 21.2%
Financing	12,987	12,415	12,396	12,172	11,357	70.7%	- 12.6%
	(11,398)	(11,210)	(11,103)	(11,023)	(10,336)	64.4%	- 9.3%
Card cash advance	8,032	7,603	7,632	7,473	7,051	43.9%	- 12.2%
	(6,835)	(6,538)	(6,686)	(6,634)	(6,305)	39.3%	- 7.8%
Loan card	4,902	4,751	4,708	4,638	4,248	26.4%	- 13.3%
	(4,509)	(4,610)	(4,360)	(4,329)	(3,973)	24.7%	- 11.9%
Other financing	53	61	57	59	57	0.4%	7.5%
Installment	480	1	1	2	0	0.0%	- 100.0%
	(472)	(1)	(1)	(2)	(0)	0.0%	- 100.0%
Credit guarantee	420	281	286	319	333	2.1%	- 20.7%
Other	846	726	1,173	1,484	1,440	9.0%	70.2%
Financing revenues	173	101	167	58	65	0.4%	- 62.4%
Total revenues	17,256	15,913	16,509	16,626	16,062	100.0%	- 6.9%
	(15,658)	(14,708)	(15,217)	(15,478)	(15,040)	93.6%	- 3.9%

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

Rakuten KC: Expenses, Loan Receivables & Membership



Operating Expenses

(Million Yen)

	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4		
					Results	% of total	YoY change
Personnel cost	2,379	1,900	1,348	1,354	1,306	3.3%	- 45.1%
General expenses	5,657	4,777	4,717	4,224	4,433	11.3%	- 21.6%
Interest expenses	1,797	1,494	1,485	1,482	1,529	3.9%	- 14.9%
Expenses related to doubtful account	3,887	6,052	5,159	3,428	4,093	10.5%	5.3%
Interest repayment expenses	144	1,090	1,890	4,772	27,701	70.9%	191.4
Cash-Out	-	-	1,890	2,493	13,949	35.7%	-
Write-Off	-	-	570	2,279	13,752	35.2%	-
Total operating expenses	13,864	15,313	15,170	15,260	39,063	100.0%	181.8%

Balance of Loan Receivables

	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4		
					Results	% of total	YoY change
General services	62,198	60,825	64,137	62,976	72,037	18.8%	15.8%
Card shopping	55,376	54,927	58,635	57,937	67,021	17.5%	21.0%
Other	6,822	5,898	5,503	5,039	5,015	1.3%	- 26.5%
Financing	273,830	269,673	263,512	258,097	249,089	64.9%	- 9.0%
Card cash advances (securitized)	128,451 (90,589)	126,117 (92,437)	122,668 (94,524)	120,413 (91,908)	115,903 (89,970)	30.2% 23.4%	- 9.8% - 0.7%
Loan card (securitized)	110,941 (79,371)	109,482 (85,186)	106,494 (82,421)	103,722 (78,101)	99,342 (76,837)	25.9% 20.0%	- 10.5% - 3.2%
Other financing	34,438	34,074	34,350	33,961	33,844	8.8%	- 1.7%
Installment (securitized)	1,158	1,166	1,108	1,174	1,321	0.3%	14.1%
Credit guarantee (off-balance guarantees)	51,197 (46,144)	50,013 (45,100)	48,248 (43,483)	47,117 (42,467)	46,182 (41,685)	12.0% 10.9%	- 9.8% - 9.7%
Other	27,530	24,052	20,817	17,863	15,150	3.9%	- 45.0%
Total operating receivables (as presented on balance sheet)	415,913 172,279	405,729 158,954	397,823 156,578	387,229 156,889	383,780 160,137	100.0% 41.7%	- 7.7% - 7.0%

Number of Current Cardholders

(Ten thousand members)

	06/Q4	07/Q1	07/Q2	07/Q3	07/Q4	
					Results	YoY change
Credit Card	2.67	2.79	2.86	2.92	3.02	13.1%
(Rakuten Card)	0.48	0.57	0.67	0.77	0.92	91.7%
Loan Card	0.47	0.47	0.46	0.45	0.43	-8.5%

Non-performing Loans and Allowances for Doubtful Accounts

Outstanding loans and allowances by category of debtor

(Billion Yen)

Debtor category	07/Sep 30th	07/Dec 31st
Bankrupt	0.0	0.0
De facto Bankruptcy	27.9	31.0
Doubtful	14.6	13.7
Special Attention	7.9	7.1
Normal	292.4	287.9

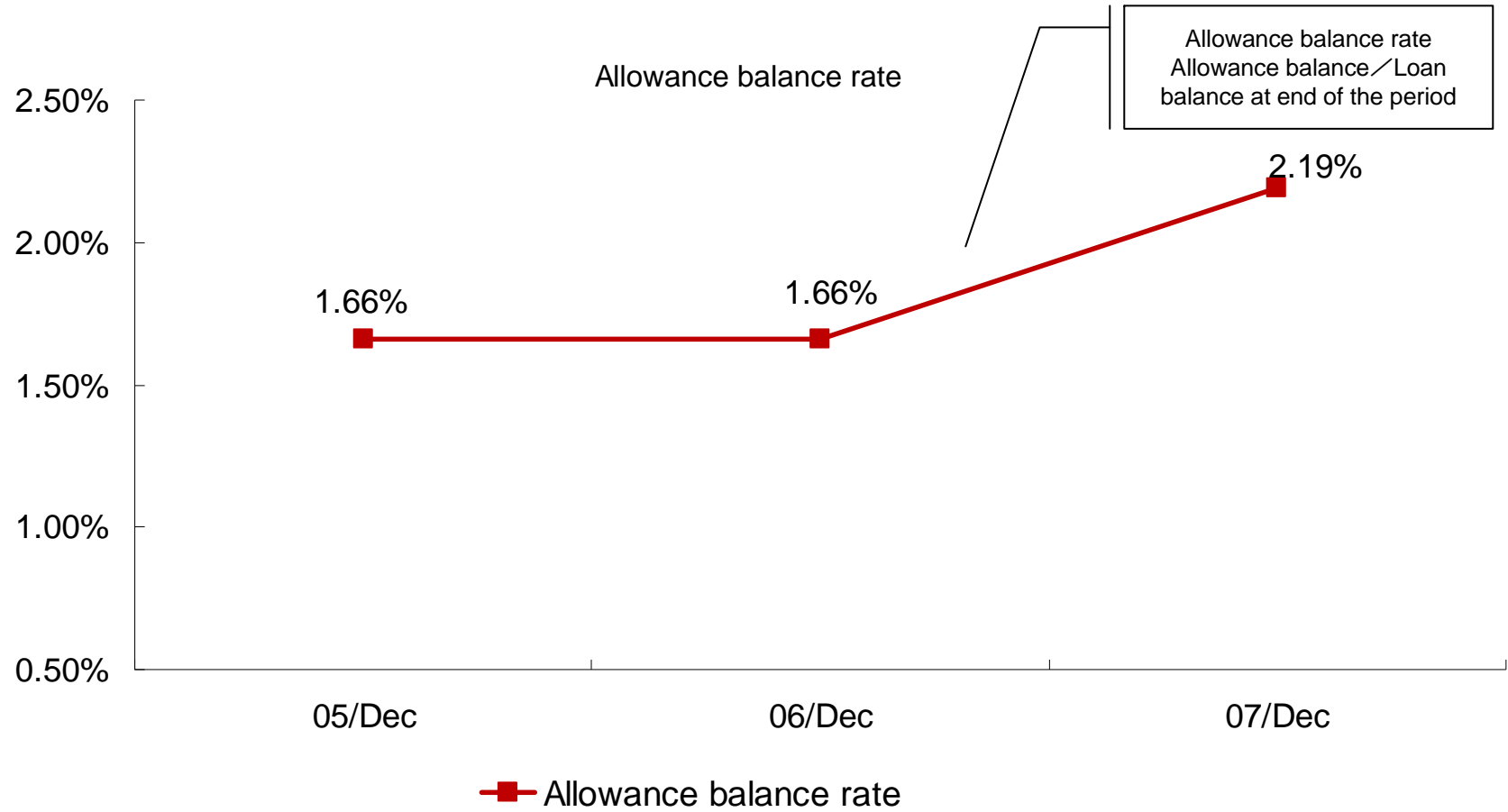
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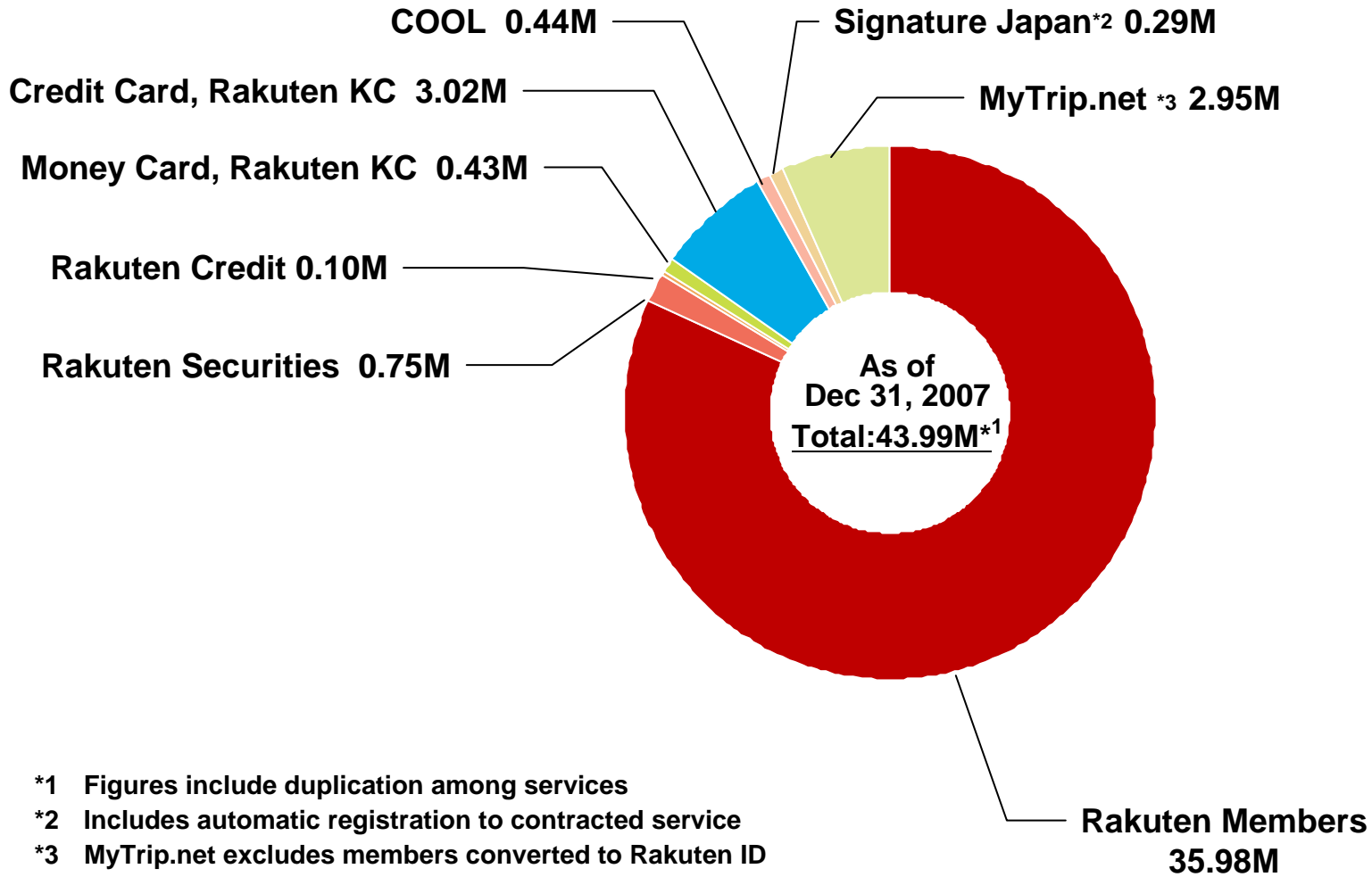
Allowance
Ratio

* Allowance estimated according to level of risk for specific debtor category

Rakuten Credit: Ratios Related to Doubtful Accounts

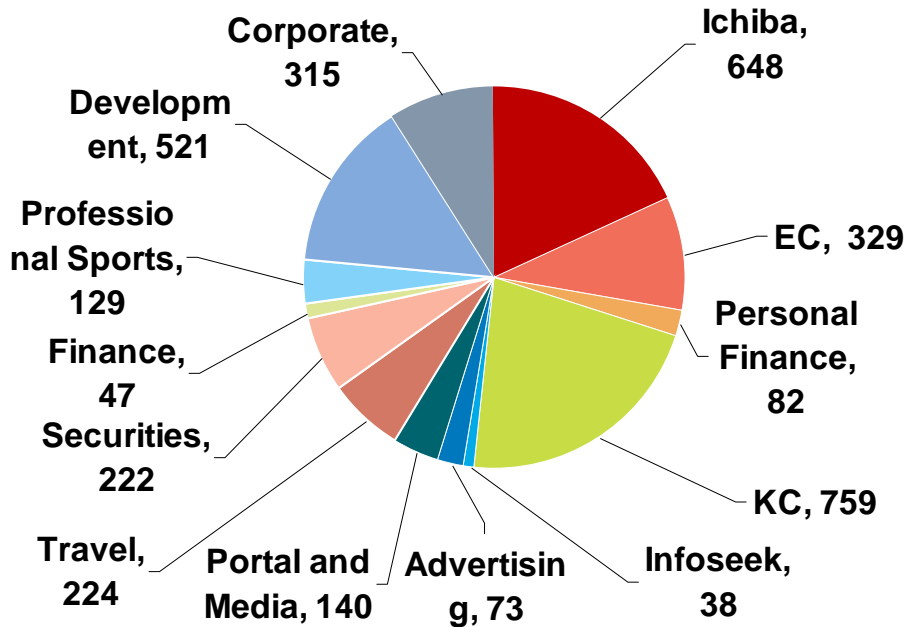
- As part of its efforts to manage doubtful accounts, Rakuten is preparing a relatively robust reserve to provide for loans mediated by lawyers for the purpose of bankruptcy rehabilitation, bankruptcy, adjustment of debts and other actions.



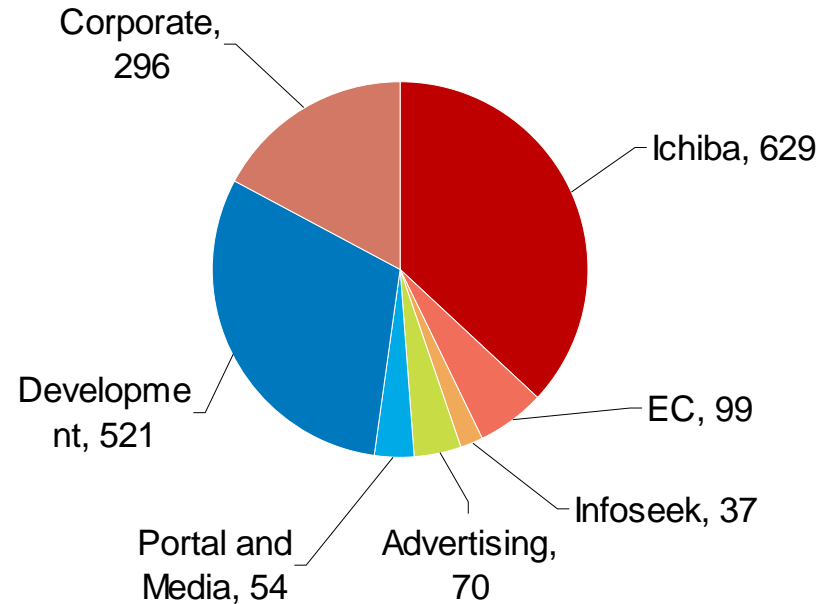


- *1 Figures include duplication among services
- *2 Includes automatic registration to contracted service
- *3 MyTrip.net excludes members converted to Rakuten ID
- *4 Ynot members converted to Rakuten ID by 2007/Jul
- *5 Financial related business added from 2006/Q4

Rakuten Group: 3,527



Rakuten, Inc.: 1,706 (Non-consolidated)



* As of Dec 31, 2007

* Excluding directors, auditors and part-time workers

* Excluding Fusion Communications

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