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Rakuten, Inc. (JASDAQ 4755)  
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## **Rakuten Statement on Litigation Regarding an Article in the Shincho Weekly**

Rakuten, Inc. (Headquarters: Minato-ku, Tokyo, Chairman & CEO: Hiroshi Mikitani, hereafter referred to as 'Rakuten') and Rakuten Securities, Inc. (Headquarters: Minato-ku, Tokyo, CEO: Yuji Kusunoki, hereafter referred to as 'Rakuten Securities') brought civil action in The Tokyo District Court on the 4th October, 2006, against Shinchosha Publishing Company (hereafter referred to as 'Shinchosha'), Shinchosha CEO Takanobu Sato, Shinchosha Executive Director and Chief Editor/Publisher of the Shincho Weekly Kiyoshi Hayakawa, as well as the concerned Shincho Weekly journalist, claiming libel and related damages totaling 1,268.61 million yen, and demanding an official apology published in the Shincho Weekly and Newspapers.

The article in question and subject to the claim of libel by Rakuten and Rakuten Securities was entitled 'Special: Investigation into the X Day of Rakuten Chairman Mr. Mikitani Advances Beneath the Surface', as published in the Shincho Weekly of 7th September, 2006. (hereafter referred to as 'the Article').

The Article reported that Rakuten Chairman & CEO Hiroshi Mikitani allegedly committed significantly criminal activities including insider trading and offering money to Sokaiya, or Japanese gangsters, and that the Special Investigation Department of The Tokyo District Public Prosecutors Office had advanced an investigation by questioning Hiroshi Mikitani and Atsushi Kunishige, Rakuten Securities CEO at the time of the alleged crimes. The Article also gave an impression that Mikitani's arrest was imminent.

However, Mr. Mikitani, Rakuten and Rakuten Securities strongly deny each of these allegations, and assert that Hiroshi Mikitani did never commit insider trading on the acquisition of TBS shares, did never offer money to Japanese gangsters, nor were Mikitani and Kunishige questioned by the Special Investigation Department of The Tokyo District Public Prosecutors Office.

The Article attempted to degrade the social reputation and corporate value of Rakuten and Rakuten Securities, and did in fact cause general alarm which produced a sudden fall in Rakuten's share price. In addition, Rakuten Securities suffered the loss of large sums of money. Hence, Rakuten and Rakuten Securities are demanding the above sum in damages.

Rakuten has protested Shinchosha on this matter and demanded an official apology, but as yet has received no sincere response, leaving no resort but legal action.

Further, the Shincho Weekly published a follow-up article on the same subject in its edition of the 5th October, 2006, against which we dispatched a letter of protest on the 4th October, 2006.

Rakuten and Rakuten Securities will pursue legal measures to the extent of the law against Shinchosha Publishing Company and its agents, unless we receive their sincere correspondence on this matter.

*Notice: This press release is a translation from the Japanese and is provided solely for the convenience of non-Japanese readers.*