

(This is a translation of a Japanese press release and for your convenience only.

The original press release in Japanese can be viewed at the following link:

http://www.rakuten.co.jp/info/ir/release/pdf/2007_04_19.pdf)

To Existing Shareholders of Rakuten

April 19, 2007

Rakuten, Inc. (JASDAQ 4755)

Hiroshi Mikitani, Chairman & CEO

Contact: Ken Takayama,

CFO, Senior Executive Officer

Tel: +81-3-4523-8001

Rakuten Press Release Regarding an Intended Share Purchase, Shareholder Proposals and a Proxy Solicitation with respect to Tokyo Broadcasting System, Inc.

Tokyo – April 19, 2007—Rakuten, Inc. (the “ Company”) announced today that the Company (i) has submitted to Tokyo Broadcasting System Inc. (“TBS”) a Letter of Intent to Purchase regarding additional share purchase of TBS shares through a subsidiary of the Company, (ii) has submitted to TBS a Shareholder Proposal Letter, and (iii) plans a proxy solicitation of TBS shareholders at TBS’s annual general shareholders meeting.

1. Submission of Letter of Intent to Purchase

As of the date hereof, the Company expressed its intent to purchase additional common shares in TBS, increasing its group’s ownership through its subsidiaries from 37,770,900 common shares (which includes shares held by joint owners, and represents 19.86% of the total shares outstanding) to a level slightly above 20%, in order to have TBS become an equity-method affiliate of the Company. As such, the Company provided TBS with the information required under the “Response Policy concerning Proposals to Acquire Stock in Our Company” as announced on February 28, 2007 (hereafter, the “New Takeover Defense Measures”). The Letter of Intent to Purchase (an English translation is attached as Attachment 1) explains the additional share purchase and the Company’s thoughts and ideas as a shareholder of TBS.

The following is an outline of the Company’s thoughts and ideas as included in the Letter of Intent to Purchase.

With the additional purchase of TBS shares, the Company intends that both TBS and the

Company can realize the full benefit of providing services that combine the resources of both broadcast media and the Internet service industry. In addition, with an understanding and respect for the importance to society of both broadcast media and the Internet service industry, and by working together with TBS to leverage the respective strengths of the two companies, the Company intends to further ensure and enrich the public nature of TBS broadcasting. In particular, the Company hopes to work together closely with TBS to provide unprecedented services ahead of other industry players, and thus obtains first-mover advantages. The Company believes that taking advantage of the relationship between TBS and the Company in this manner would increase profits, and at the same time, maximize the mid- and long-term interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both companies. Further, the Company does not plan to develop any exclusive business model that would ignore the interests of these stakeholders of TBS, and as a matter of course, the Company does not intend to prevent TBS from engaging in good faith transactions and alliances with other Internet service companies to maximize TBS's shareholder value.

The Company also believes it should respect the policies of TBS's management regarding TBS's relationship with its stakeholders, and the Company will act properly as a shareholder in dealing with directors and employees, business partners, customers, alliance partners, and all other stakeholders of TBS.

As a broadcasting operator with rights to one of the rare and limited public broadcast frequencies, TBS bears a strong social responsibility and public duty. The Company has a deep understanding of this. The Company is also aware that several incidents have recently come to light in which broadcasting operators fabricated facts that were presented in TV programs, and there is a strong concern that public trust in broadcasting operators may decline.

Although the Company assumes that TBS's program council, which is required to be established by each broadcasting operator under the broadcast law, already implements a certain level of monitoring towards program content production, the Company believes it crucial to establish a company-wide compliance structure at the management level and to maintain discipline in business activities in order to recover and maintain the trust of the viewing public towards broadcasting operators. Further, such maintenance of discipline in business activities can serve as a basis of trust for the viewing public with regard to TBS broadcasting activities, and also help TBS fulfill its social duties to protect freedom of expression and citizens' right to be informed. Going forward, as a shareholder, the Company would like to make various proposals to TBS on this point in order to secure the public nature of TBS's broadcasting business. For example, the Company would like to propose policies such as creating an independent third-party organization and continuing monitoring

activities of the program council that TBS has established in accordance with the broadcasting law.

In addition, the Company believes that ensuring the maintenance of discipline in TBS's broadcasting business is the basis for leveraging the respective strengths of both companies to realize the full benefit of providing services that combine the resources of both broadcast media and the Internet service industry, with an understanding and respect for the importance to society of both broadcast media and the Internet service industry. At the same time, the Company believes that ensuring the maintenance of discipline in TBS's broadcasting business is the foundation for maximizing the mid- and long-term interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both companies.

Regarding the locations of production that embody TBS's business activities, the Company would like to cooperate to develop a working environment that will increase motivation and job satisfaction at TBS.

The Company presented to TBS a "Summary Proposal for a World-class Media Group: Towards the Establishment of a Joint Holding Company" (hereafter, the "Proposal") on October 13, 2005, when its group's ownership of shares in TBS reached 29.38 million shares (approximately 15.46% of the voting rights in TBS). The Company subsequently held various discussions with TBS, on topics such as business alliances, upon entering into an MOU with TBS on November 30, 2005 for the purpose of exploring such business alliances. Through such discussions, the Company has already disclosed to TBS all information necessary for TBS to determine whether or not to consider the Company an abusive acquirer. Under these circumstances, the Company believes it would normally be unnecessary for the Company to present to TBS a Letter of Intent to Purchase regarding its additional purchase of TBS stock. Nonetheless, the Company would like to present a Letter of Intent to Purchase to TBS as an indication of its commitment to maintaining and further developing a close relationship with TBS, and its commitment to establishing business alliances or other business partnerships with TBS.

The Company will comply with the procedures set forth in the New Takeover Defense Measures and the Company will not make purchases of TBS shares during the period for evaluation of its proposed acquisition by the board of TBS directors, provided that such procedures and such period are reasonable under the circumstances and in light of the objectives of the New Takeover Defense Measures.

2. Submission of Shareholder Proposal Letter to TBS

As stated above, by contributing to further improvement of TBS's business performance and its corporate value, the Company intends to maximize the mid-and long-term interests of stakeholders

of both companies, including shareholders, employees, viewers, listeners, business partners and users. Towards this end, the Company has decided to exercise its shareholder's proposal right at TBS's annual general shareholders meeting scheduled in June this year, and the Company submitted a Shareholder Proposal Letter to TBS today.

The Company plans to continue to make constructive proposals as necessary and as appropriate, to the extent that the Company believes it can contribute to increasing the performance and corporate value of TBS. The following is an outline of the Company's shareholder proposals.

(1) Appointment of two external directors

This is a proposal for the appointment of Muneaki Masuda and Hiroshi Mikitani as external directors of TBS. The Company's goal in proposing such appointments is to contribute to the development of TBS as the leading broadcasting operator, and to increase the corporate value of TBS. Muneaki Masuda has ample experience in the media and entertainment industries. Hiroshi Mikitani is currently engaged in cutting-edge management within the Internet industry. The Company believes that this proposal will also contribute to ensuring transparency in TBS's management through participation by external directors.

(2) Amendment of the articles of incorporation to require an extraordinary resolution of shareholders for the adoption of any takeover defense measure

As the New Takeover Defense Measures give excessive discretion to the board of directors, the Company believes that they impose an excessive restriction on purchases of TBS stock. Generally, as a listed company, TBS stock should be freely traded. Excessive restrictions on stock purchases may discourage suitable prospective acquirer's who "truly aim to achieve effective management," and unjustly deny all of TBS's shareholders an opportunity to collect on their investment.

Please note that the Company is not opposed to takeover defense measures in general, as long as the measures are properly designed and managed for the purpose of preventing an abusive acquirer from damaging corporate value and shareholder value.

Please see the Shareholder Proposal Letter, attached as Attachment 2, for further details of and the reasons for the shareholder proposals.

The above provides the background and purpose of the additional acquisition of TBS shares and the submission of the Shareholder Proposal Letter. By making TBS an equity-method affiliate of Rakuten and by appointing directors, the Company intends to further maximize the mid- and long-term interests of the stakeholders of both companies, including shareholders, employees,

viewers, listeners, business partners and users.

The Company will seriously consider and discuss in good faith any proposals that TBS may have which would serve to increase the profits and corporate value of both companies.

3. Planned proxy solicitation regarding voting at TBS's annual general shareholders meeting

As stated above, the Company has submitted a Shareholder Proposal Letter to TBS today. The Company plans to ask TBS's shareholders to support its proposals described in the proposal letter, as described below, and to cooperate with the Company's efforts. The Company plans to submit documents related to the solicitation to the Kanto Local Finance Bureau.

Shareholder proposals:

- (1) Appointment of Muneaki Masuda and Hiroshi Mikitani as external directors of TBS
- (2) Amendment to the articles of incorporation of TBS to require an extraordinary resolution of shareholders for the adoption of any takeover defense measure

This is a press release regarding the Company's submission of a Letter of Intent to Purchase and a Shareholder Proposal Letter to TBS. This document shall in no way be construed as a proxy solicitation of TBS shareholders. The Company will conduct the proxy solicitation of TBS shareholders in accordance with the rules and regulations set forth in the Security Exchange Law and in other applicable laws.

The end

April 19, 2007

To: The Board of Directors,
Tokyo Broadcasting System, Inc.

CC: The Board of Auditors,
Tokyo Broadcasting System, Inc.
Special Committee for Corporate Value Appraisal
Tokyo Broadcasting System, Inc.

Hiroshi Mikitani
Chairman and CEO
Rakuten, Inc.

Letter of Intent to Purchase

Dear Sirs:

As of the date hereof, we would like to express our intent to purchase additional common shares in your company, increasing our group's ownership through our subsidiaries from 37,770,900 common shares (which includes shares held by joint owners, and represents 19.86% of the total shares outstanding) to a level slightly above 20%, in order to have your company become an equity-method affiliate of our company. As such, we hereby provide you with the information required under your company's "Response Policy concerning Proposals to Acquire Stock in Our Company" as announced on February 28, 2007 (hereafter, the "New Takeover Defense Measures"). This information relates to both our additional purchase of shares and our thoughts as a shareholder of your company, which we have already had the opportunity to explain to you in the past. Along with having your company become an equity-method affiliate, we would also like to both discuss and cooperate with you on a mid- and long-term basis to leverage the respective strengths of our two companies. We believe that together we can realize the full benefit of providing services that combine the resources of both broadcast media and the Internet service industry. In particular, we hope to work together closely to provide unprecedented services ahead of other industry players, and thus obtain first-mover advantages. In addition, with an understanding and respect for the importance to society of both broadcast media and the Internet service industry, and by working together to leverage our respective strengths, we intend to further ensure and enrich the public nature of your company's broadcasting. We believe that taking advantage of our relationship in this manner would increase profits, and at the

same time, maximize the mid- and long-term interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both companies.

As you are aware, we presented to you a “Summary Proposal for a World-class Media Group: Towards the Establishment of a Joint Holding Company” (hereafter, the “Proposal”) on October 13, 2005, when our group’s ownership of shares in your company reached 29.38 million shares (approximately 15.46% of voting rights). We subsequently held various discussions with you on topics such as business alliances upon entering into an MOU with you on November 30, 2005 for the purpose of exploring such business alliances. Through such discussions, we have already disclosed to you all information necessary for you to determine whether or not to consider us an abusive acquirer (“Abusive Acquirer” shall hereinafter refer to acquirers who do not truly aim to achieve effective management). Under these circumstances, we believe it would normally be unnecessary for us to present to you this Letter of Intent to Purchase (this “Letter”) regarding our additional purchase of your company’s stock. Nonetheless, we would like to present this Letter to you as an indication of our commitment to maintaining and further developing a close relationship with you, and our commitment to establishing business alliances or other business partnerships with your company. Regarding our thoughts on the New Takeover Defense Measures, please refer to the Shareholder Proposal Letter submitted together with this Letter.

We are aware that our intended purchase of additional shares in your company as described in this Letter will give rise to (i) a period for evaluation of our proposed acquisition by your board of directors during which we may not purchase shares of your company (“Directors’ Evaluation Period”) pursuant to the New Takeover Defense Measures, (ii) an additional waiting period (during which we may not purchase shares of your company pursuant to the New Takeover Defense Measures) in the event that your board of directors calls a shareholders’ meeting (the “Shareholders’ Meeting Waiting Period”) as a result of board discussions during the Directors’ Evaluation Period, and (iii) processes set forth in the New Takeover Defense Measures regarding the provision of certain information and responses to inquiries, questions, etc (the “Information and Inquiry Processes”). We will comply with the procedures set forth in the New Takeover Defense Measures and we will not make purchases of your company’s shares during the periods described in (i) and (ii) above, provided that each of the periods and processes described in (i)-(iii) above is reasonable under the circumstances and in light of the objectives of the New Takeover Defense Measures. As mentioned above, however, over a period of more than a year, an adequate amount of information has been disclosed to you in our discussions regarding business alliances and other items. Further, the additional purchase of your company’s

stock only represents an increase in our group's shareholding ratio from 19.86% to a level above 20%, in order to have your company become an equity-method affiliate. As such, we are confident that without requiring additional information or lapse of a Directors' Evaluation Period, the processes under the New Takeover Defense Measures will be completed in a speedy manner. Accordingly, under the New Takeover Defense Measures, the purpose of which is to prevent harm to your company's corporate value and shareholder interests by Abusive Acquirers, we would like to ask your board to determine in a timely manner that we will not be considered an Abusive Acquirer, and that it will not be necessary to activate the response measures for Abusive Acquirers set forth in the New Takeover Defense Measures.

Best regards,

1) Overview of Our Group

- A. Company Name: Rakuten, Inc.
Key Shareholders/Investors: Crimson Group, Inc.
Shareholding ratio: 17.40%
- B. Company Name: Rakuten Media Investment, Inc.
Key Shareholders/Investors: Rakuten, Inc.
Shareholding ratio: 100%
- C. Company Name: Rakuten Strategic Partners, Inc.
Key Shareholders/Investors: Rakuten, Inc. (through its wholly-owned subsidiary, Rakuten Securities Holdings, Inc.)
Shareholding ratio: 100%

Financials and Names/Career Summaries of Directors: Please see Appendix 1 and 2

Our group has established a leading position in various business areas as the Internet service company operating the largest Internet shopping mall in Japan (an overview of our group has also been provided in the Proposal). Specifically, our group operates 1) the “E-commerce Business,” which operates websites and provides services related to E-Commerce, with a focus on product sales, 2) the “Credit and Payment Business,” which provides credit services to individual customers, including settlement services and credit card loans, 3) the “Portal and Media Business,” which operates portal sites that serve as an “entrance” to the Internet, 4) the “Travel Business,” which operates websites and provides services related to travel, such as reservations for accommodations, 5) the “Securities Business,” which provides online securities trading services, and 6) the “Professional Sports Business,” which manages a professional baseball team and performs the planning and sales of related products.

For information related to joint shareholders and financial advisors, please see Appendix 3.

2) Purpose, Method, and Terms of the Share Purchase

A) Purpose of the Purchase:

We intend to make an additional purchase of your company’s stock so as to increase our group’s shareholding in your company from 19.86% to a level above 20%, in order to have your company become an equity-method affiliate.

As a shareholder owning approximately 20% of shares in your company, we would like to contribute to further increasing your company's performance and corporate value. We plan to do so by holding more detailed discussions with you and by making proposals to you as necessary based on past discussions, in order to achieve business alliances or other business partnerships with your company.

By having your company's performance directly reflected in ours through the equity method, the results of such efforts can also increase our company's corporate value, allowing us to maximize the interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both companies.

We aim to hold discussions with you that will help to ensure and enrich the public nature of broadcasting, based on a thorough understanding and respect for the importance of broadcasting media and the Internet service industry in our society. We also hope that our discussions will lead us to provide services together that fully leverage the respective strengths of our two companies. In this way, we believe we can provide unprecedented services ahead of other industry players, and thus obtain first-mover advantages and the corresponding profits together. Specifically, as the Ministry of Internal Affairs and Communications has announced a target of making ultrahigh-speed broadband (such as FTTH) available in 90% of domestic households by 2010, we believe that the widespread use of broadband in general households will create an environment in which a large volume of video content is viewed over the Internet, as well as via television. We believe that this environment will not only increase convenience for viewers, but will also allow you to achieve the maximum value from your content through the one content/multiple-use strategy.

When we look to global trends, we see that specific actions towards full-scale integration are already occurring in the United States. For example, Google's entry into the television advertising business for satellite broadcasting networks, NBC Universal's acquisition of iVillage (a women's media website operator), and News Corporation's acquisition of InterMix Media, which owns the social network website MySpace.com. The need to achieve such integration at an early stage is also apparent in the interest of users that has been demonstrated in the domestic market, and some specific actions are already beginning to take place with respect to such integration.

As a pioneer in Japanese public broadcasting, your company has contributed to the development and maturation of democracy and established strong content archives, content production capabilities, and strong market penetration to viewers across the country through more than a half century of commitment to producing television programs. Furthermore,

through such activities your company has supported the development of Japanese art and culture. By combining such strengths with our solid group membership base as well as our Internet business and database marketing know-how, which we have accumulated through interactive communication of content and information with our users, and by leveraging the strengths of both companies to the extent possible, we believe we can provide unprecedented, state-of-the-art services. We believe such services will contribute to the growth of the entire broadcasting media industry and represent the first step towards a breakthrough in Japanese media, content, and culture. We would like to explore various possibilities with you from a mid- and long-term perspective, and by doing so, we believe we will maximize the mid- and long-term interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both companies. In addition, so as to allow your company's shareholder value to be maximized, we have no intention of preventing your company from engaging in good faith transactions or alliances with other Internet companies, in addition to a business alliance with our company.

We have held discussions regarding business alliances with you for more than one year since presenting the Proposal to you, but unfortunately, we have not achieved concrete results. This lack of concrete results may be partially attributable to differences between TBS and Rakuten in the perception of our stock ownership. Stock ownership and business coordination ordinarily are not conflicting concepts - we believe that stock ownership and business coordination would result in a relationship of mutual benefit and development. We would therefore like to ask for your understanding in regard to our future discussions regarding business alliances or other business coordination.

B) Method and Terms of the Purchase

We expect to make the purchase in cash, either on the market or in an off-market negotiated transaction. The timing of the purchase will be after the expiration of Directors' Evaluation Period, and after the Shareholders' Meeting Waiting Period, provided that such periods and the Information and Inquiry Processes are reasonable under the specific circumstances and in light of the objectives of the New Takeover Defense Measures. The pricing is expected to be at the market price at the time of purchase, or at a price agreed upon through negotiations with the seller, in light of the market price. We believe that such a purchase of shares would not implicate any legal issue. A legal opinion regarding the legality of the purchase method is attached as Appendix 4 for your reference.

3) The Existence of any Communications of Intent with Third Parties concerning the Execution of the Share Purchase, and if any, the Counterparty Name and its Overview, as well as the Specific Content and Form of the Communication

There have been no communications of intent with third parties concerning the share purchase.

4) Basis for the Calculation of the Consideration for the Share Purchase, as well as any Background for the Calculation

We understand this item to generally apply to stock purchases of a significant volume, and as the contemplated purchase merely involves an increase of our group's shareholding in your company from 19.86% to a level above 20% as mentioned above, it is not clear whether this explanation is necessary under our circumstances. However, as a precaution against the possibility that this explanation is required, please be advised that we expect that the purchase will be made at the market price or at a price agreed upon through discussions with the seller in light of the market price.

5) Method of Securing Financing for the Share Purchase

While it is also unclear whether this explanation is necessary under our circumstances, as a precaution against the possibility that this explanation is required, please be advised that we plan to secure funding through self-financing or by borrowing from financial institutions.

6) Following the Completion of the Share Purchase, Your Company and Your Group's Contemplated Management Strategy, Business Plan, Financial Plan, Funding Plan, Investment Plan, Capital Policy, Dividend Policy, Program Scheduling Strategy, and Treatment/Compensation Policy towards Officers, Employees, Business Partners, Customers, Alliance Partners, and Other Stakeholders

A) The Company/Group's Contemplated Management Strategy, Business Plan, Financial Plan, Funding Plan, Investment Plan, Capital Policy, and Dividend Policy

We understand this item to generally apply to cases in which an acquirer will hold a majority or near majority of the outstanding shares of your company following a stock purchase, and as the contemplated shareholding percentage after the share is only above 20% as mentioned above, it is not clear whether this explanation is necessary under our circumstances. However, as a

precaution against the possibility that this explanation is required, please be advised that we plan to respect the strategy and policies of the current management team while, as a shareholder holding approximately 20% of your company's stock as mentioned in 2) A) above, making various proposals and engaging in discussions that are more rigorous than those to date. The purpose of such discussions and proposals will be to communicate our thoughts to you on how we can contribute to increasing your company's performance and corporate value.

B) The Company and Group's Program Scheduling Strategy

While it is also unclear whether this explanation is necessary under our circumstances, as a precaution against the possibility that this explanation is required, please be advised that we plan, of course, to fully respect the intentions of those involved in the program production of your company and group's program scheduling. We are aware of concerns regarding the erosion of public trust in broadcasting operators, which are attributable to the emergence of issues such as the fabrication of broadcasted content. In light of such concerns, going forward we would like to, as a shareholder, make various suggestions regarding policies designed to fulfill the social responsibilities and public duties of TBS as a broadcasting operator, including the establishment of a framework for monitoring by third parties. Since entering the professional baseball business in 2004, in light of the public nature of professional baseball we have established a Management Advisory Committee composed of experts. For a list of current Management Advisory Committee members, please refer to Appendix 5.

C) Treatment and Compensation Policies towards Officers, Employees, Business Partners, Customers, Alliance Partners, and Other Stakeholders

While it is also unclear whether this explanation is necessary under our circumstances, as a precaution against the possibility that this explanation is required, please be advised as follows.

As mentioned above, our objectives are to, over the mid- and long-term, provide services that fully leverage the strengths of our two companies, and to ensure and to enrich the public nature of broadcasting based on a thorough understanding and respect for the importance of broadcast media and the Internet service industry to our society. By working closely with your company, we aim to provide unprecedented services ahead of other industry players such that our two companies obtain first-mover advantages and the corresponding profits. By cooperating in this manner, we believe we will maximize the mid- and long-term interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both companies.

Also, we don't plan to develop any exclusive business model that ignores the interest of these stakeholders of your company.

As such, with respect to the treatment of officers, employees, business partners, customers, alliance partners, and other stakeholders of your company and group, we believe that we should respect the policies of the current management team and we intend to take appropriate actions as a shareholder based on the concepts described in the preceding paragraph.

We believe that employees of your company are both valuable resources for management and important stakeholders of your company - a company which bears social responsibilities and duties to the public as a broadcasting operator. As a shareholder, we would like to cooperate to develop a working environment that will increase motivation and job satisfaction at your company.

7) The Existence of any Relationships with Anti-social or Terrorist Organizations and the Policies in Response to such Relationships

Our group has absolutely no relationships with anti-social or terrorist organizations. Further, our group has not and will not become involved in or cooperate with the maintenance or operation of anti-social or terrorist organizations.

8) Thoughts on Your Company's Duty to the Public as a Broadcasting Station

Although we have already explained our thoughts on the public nature of the broadcasting business in the Proposal, we would like to reiterate that we are deeply aware of the fact that your company, a broadcasting operator with rights to one of the rare and limited broadcast frequencies, bears a strong social responsibility and public duty under the dictates of the broadcasting law, which sets forth principles such as widespread availability of access to broadcast media, assuring freedom of expression, and development of a healthy democracy. We understand that both broadcasting law and the broadcasting guidelines you have prepared in accordance with such law impose social duties on your broadcasting business, and that your corporate culture, human resources, and relationships of long-term mutual trust with business partners and others serve as the foundation for fulfilling such duties.

We further believe it crucial to adhere to legal provisions regarding the editing, etc. of broadcast program content, such as Articles 1, 3, and 3-2 of the broadcasting law. In addition, we believe it is necessary to maintain and adhere to your company's broadcasting guidelines in order to fulfill social responsibilities and public duties as a broadcasting operator. We must also

consider, however, concerns regarding the erosion of public trust in broadcasting operators, which has resulted from the recent emergence of issues such as the fabrication of broadcasted content. Although we assume that the program council of TBS, which is required to be established by each broadcasting operator under the broadcast law, already implements a certain level of monitoring towards program content production, we believe it crucial to establish a company-wide compliance structure at the management level in order to (i) maintain discipline within business activities, (ii) recover and maintain the trust of the viewing public towards broadcasting operators, and (iii) fulfill social responsibilities and public duties as a broadcasting operator. Further, such maintenance of discipline in business activities can serve as a basis of trust for the viewing public with regard to your broadcasting activities, and also help your company fulfill its social duties to protect freedom of expression and citizens' right to be informed. Going forward, as a shareholder we would like to make various proposals to you on this point in order to secure the public nature of your broadcasting business. We would also like to propose policies such as creating an independent third-party organization and continuing monitoring activities of the program council you have established in accordance with the broadcasting law. As mentioned above, since we entered the professional baseball business in 2004, in light of the public nature of professional baseball we have maintained a Management Advisory Committee composed of experts.

9) Other Information Believed to be Reasonably Necessary by Your External Directors or Special Committees

We believe there is no applicable information.

The foregoing provides the information required in relation to our additional purchase of your company's stock, and explains our thoughts, etc. as a shareholder. As it is our intent to contribute to further increasing your company's performance and corporate value, and to maximize the mid- and long-term interests of shareholders, employees, viewers, listeners, business partners, users, and other stakeholders of both of our companies, we would also like to inform you of our decision to exercise our shareholder's proposal right for your shareholders' meeting to be held this June. Beyond the June meeting, we plan to continue to make constructive proposals as necessary and as appropriate, to the extent that we believe we can contribute to increasing your company's performance and corporate value.

At your shareholders' meeting this June, we propose to:

- (1) Appoint Muneaki Masuda and myself as directors

This is a proposal for the appointment of Muneaki Masuda and myself as external directors of your company. Our goal as directors would be to contribute to the development of your company as the leading broadcasting operator, and to increase the corporate value of your company. Muneaki Masuda has ample experience in the media and entertainment industries. As for myself, I am currently engaged in cutting-edge management within the Internet industry. We believe that this proposal will also contribute to ensuring transparency in your company's management through participation by external directors.

- (2) Amend the articles of incorporation to require an extraordinary resolution of shareholders for the introduction of any takeover defense measure

As the New Takeover Defense Measures give excessive discretion to the board of directors, we believe that they impose an excessive restriction on purchases of your company's stock. Generally, as a listed company, your stock should be freely traded. Excessive restrictions on stock purchases may discourage suitable prospective acquirer's who "truly aim to achieve effective management," and unjustly deny all of your shareholders an opportunity to collect on their investment.

For details on the nature and rationale for our shareholder proposals, please refer to the Shareholder Proposal Letter submitted together with this Letter. Further, please note that in connection with our shareholder proposals, we are also submitting a request to view and copy the shareholder list, and we will seek to gain support for our proposals from other shareholders through a proxy solicitation, among other measures.

As a final note, we have already presented to you our thoughts on establishing business alliances with your company through the Proposal and through discussions including, among others, discussions regarding business alliances. We would also like to note in closing that this additional purchase of your company's stock merely represents an increase in our group's shareholding from 19.86% to a level above 20% as mentioned above. In this Letter we have simply taken the opportunity to provide you with an explanation of our thoughts as a shareholder one more time. Accordingly, we are confident that your board of directors will determine in a timely manner, without requiring further information or a Directors' Evaluation Period, that we will not be considered an Abusive Acquirer, and that it will not be necessary to activate the response measures for Abusive Acquirers set forth in the New Takeover Defense Measures.

While the evaluation and discussion processes of the New Takeover Defense Measures are intended to prevent Abusive Acquirers from damaging the company's corporate value or shareholder interests, during such processes the company's stock valuation may become instable due to certain concerns, including the possibility that response measures will be activated. In this way, contrary to their intended effect, the processes of the New Takeover Defense Measures have the potential to cause harm to shareholder interests. Therefore, for the purposes of maintaining and increasing the corporate value and shareholder value of both of our companies, we believe it best that you limit the length of this instable period to the extent possible, and thus reduce the likelihood of harming the interests of your company's shareholders. Further, as soon as possible, we would like to hold more rigorous discussions than in the past regarding business alliances and other business relationships, in order to produce results which serve to increase the profits and corporate value of both companies. We would like to add that we will also seriously consider and discuss in good faith any proposals you may have which would serve to increase the profits and corporate value of both companies.

Best regards,

Appendix 1: Financial Information

A) Rakuten, Inc.

Please refer to “Chapter 5: Financial Condition, 2. Financial Statements, etc.” in the Annual Securities Report for Term 10 (from January 1, 2006 to December 31, 2006) submitted to the Kanto Local Finance Bureau as of March 30, 2007.

B) Rakuten Media Investment, Inc.

Balance Sheet Summary
(As of December 31, 2006)

Income Statement Summary
(From: February 1, 2006)
(To: December 31, 2006)

Assets		Liabilities and Equity		Item		Amount	
Item	Amount	Item	Amount	Item	Amount	Item	Amount
Current Assets	319	Current Liabilities	96,433	Revenues	—	Cost of Goods	—
Fixed Assets	118,707	Fixed Liabilities	10,218	Gross Profit	—	SG&A Expenses	13
Deferred Assets	—	Total Liabilities	106,651	Operating Loss	13	Non-operating Income	508
		Shareholders' Equity	-1,853	Non-operating Expenses	1,534	Recurring Loss	1,039
		Legal Capital	10	Extraordinary Expenses	234	Pre-tax Net Loss	1,274
		Earnings Surplus	-1,863	Taxes	2	Net Loss	1,276
		Other Earnings Surplus	-1,863				
		Revaluation/Translation Gains	14,229				
		Unrealized Holdings Gains on Other Securities	14,229				
Total Assets	119,027	Total Net Assets	12,375				
		Total Liab. & Net Assets	119,027				

C) Rakuten Strategic Partners, Inc.

Balance Sheet Summary
(As of March 31, 2006)

Income Statement Summary
(From: May 27, 2005)
(To: March 31, 2006)

Assets		Liabilities and Equity		Item		Amount	
Item	Amount	Item	Amount	Item	Amount	Item	Amount
Current Assets	4,706	Current Liabilities	19,596	Revenues	2,976	Cost of Goods	1,345
Fixed Assets	20,140	Fixed Liabilities	2,133	Gross Profit	1,631	SG&A Expenses	133
Tangible Fixed Assets	0	Total Liabilities	21,730	Operating Income	1,498	Non-operating Income	150
Investments and Others	20,140	Legal Capital	300	Non-operating Expenses	321	Recurring Profit	1,327
		Earnings Surplus	1,776	Extraordinary Income	1,670	Pre-tax Net Income	2,997
		(of which, Net Income)	(1,776)	Taxes	1,320	Corp. Tax Adjustments	-100
		Unrealized Holding Gains	1,039	Net Income	1,777		
Total Assets	24,846	Total Net Assets	3,116				
		Total Liab. & Net Assets	24,846				

Appendix 2: Names and Career Summaries of Directors

A) Rakuten, Inc.

Title	Name	Career Summary
<p style="text-align: center;">Representative Director</p> <p style="text-align: center;">Chairman and President</p>	<p>Hiroshi Mikitani</p>	4/1988 The Industrial Bank of Japan, Limited (currently Mizuho Corporate Bank, Ltd.)
		5/1993 MBA, Harvard Business School
		2/1996 President & CEO, Crimson Group, Inc. (current)
		2/1997 Founder, President & CEO, MDM, Inc (currently, Rakuten, Inc.)
		2/2001 Chairman & CEO, Rakuten, Inc.
		5/2002 Representative Director, Rakuten Travel, Inc.
		7/2002 Chairman & CEO and General Manager of Sales, Rakuten, Inc.
		8/2002 Chairman & Representative Director, Rakuten Travel, Inc. (current)
		3/2003 Chairman & CEO & Executive Officer in charge of Rakuten Business Companies, Rakuten, Inc.
		10/2003 Chairman & Representative Director, Mytrip Net Company limited (currently Rakuten Travel, Inc.)
		12/2003 Chairman & Representative Director, DLJdirect SFG Securities, Inc. (currently Rakuten Securities, Inc.)
		1/2004 Representative Director, Crimson Football Club, Inc. (current)
		3/2004 Chairman & CEO, President of E-Commerce Business Company and Portal and Media Business Company, Rakuten, Inc.
		9/2004 Chairman & Representative Director, Aozora Card Co., Ltd. (currently Rakuten Credit, Inc.) (current)
		11/2004 Chairman & CEO, President of E-Commerce Business Company and Portal and Media Business Company, Rakuten, Inc.
		6/2005 Chairman & Representative Director, Kokunai Shinpan Co., Ltd. (currently Rakuten KC Co., Ltd.) (current)
		8/2005 Chairman & CEO, President of E-Commerce Business Company & General Manager of Security, Rakuten, Inc.
		9/2005 Director, LinkShare Corporation (current)
		12/2005 President & Representative Director, Rakuten Auction, Inc.
9/2006 Chairman & Representative Director, Rakuten Securities Holdings, Inc. (current)		
11/2006 Chairman & CEO, Chief Produce Officer, General Manager of the Corporate Oversight and Security Divisions, Head of the Rakuten Ichiba Business, Rakuten, Inc. (current)		
3/2007 Director, Rakuten Media Investment, Inc. (current)		
<p style="text-align: center;">Representative Director</p>	<p>Atsushi Kunishige</p>	4/1968 Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation)
		6/1994 Director and Marunouchi Branch Manager, Sumitomo Bank
		5/1995 Director and Nihonbashi Branch Manager, Sumitomo Bank
		4/1997 Director and Main Branch Manager in Tokyo, Sumitomo Bank
		6/1997 Deputy-President and Representative director, Sumitomo Capital Securities Co., Ltd.
		3/1999 President and Representative Director, DLJdirect SFG Securities, Inc. (currently Rakuten Securities, Inc.)
		3/2004 Senior Executive Officer and Finance Company President, Rakuten, Inc.
		9/2004 President & Representative Director, Aozora Card Co., Ltd. (currently Rakuten Credit, Inc.)
		3/2005 Director, Senior Executive Officer and Finance Company President, Rakuten, Inc.
		6/2005 Vice Chairman & Director, Kokunai Shinpan Co., Ltd. (currently Rakuten KC Co., Ltd.) (current)
9/2005 Representative Director, Executive Deputy President and Executive		

Title	Name	Career Summary	
		9/2006	Officer, Finance Company President, Rakuten, Inc. President & Representative Director, Rakuten Securities Holdings, Inc. (current)
		10/2006	Chairman & Representative Director, Rakuten Securities, Inc. (current)
		11/2006	Executive Deputy President & Representative Director, Rakuten, Inc. (current)
Director	Toru Shimada	4/1987	Recruit Co., Ltd.
		6/1989	Founder, Intelligence, Ltd.
		9/1989	Director, Intelligence, Ltd.
		10/1995	Director and Vice President, Intelligence., Ltd.
		9/2000	Representative Director, Seeds Holdings Corp. (current)
		1/2001	Director and Vice President, Nikkodo (currently BMB Corp.)
		11/2004	Director and Vice President, Rakuten Baseball, Inc.
		12/2004	President & Representative Director, Rakuten Baseball, Inc. (current)
		3/2005	Director, Executive Officer, and Professional Sports Business Company President, Rakuten, Inc.
		3/2006	Director, Senior Executive Officer, and Professional Sports Business Company President, Rakuten, Inc.
		11/2006	Director, Senior Executive Officer, Chief Marketing Officer and Professional Sports Business Chief, Rakuten, Inc. (current)
Director	Ken Takayama	4/1988	The Industrial Bank of Japan, Limited (currently Mizuho Corporate Bank, Ltd.)
		5/1994	MBA, University of Texas
		11/1999	Senior Director & Finance Manager, Rakuten, Inc.
		2/2000	Senior Director & Finance/Accounting Manager, Rakuten, Inc.
		1/2002	Senior Director & Manager of Administration, Rakuten, Inc.
		3/2003	Senior Director, Executive Officer & General Manager of Administration, Rakuten, Inc.
		11/2003	Senior Director, Executive Officer, General Manager of Administration & Finance Manager, Rakuten, Inc.
		3/2004	Director, Executive Officer, General Manager of Administration & Finance Manager, Rakuten, Inc.
		10/2005	Director, Executive Officer, General Manager of Finance Division, Rakuten, Inc.
		3/2006	Director, Rakuten Media Investment, Inc.
		4/2006	Director, Senior Executive Officer, General Manager of Finance Division, Rakuten, Inc.
		11/2006	Director, Senior Executive Officer, CFO, Deputy General Manager of Corporate Oversight & General Manager of Finance Division, Rakuten, Inc. (current)
		4/2007	President and Representative Director, Rakuten Media Investment, Inc. (current)
Director	Kazunori Takeda	4/1986	Toyota Motor Corporation
		5/1993	MBA, Harvard Business School
		7/2006	Senior Executive Officer, Rakuten, Inc.
		11/2006	Senior Executive Officer, COO, Deputy General Manager of Corporate Oversight and Management Strategy, Rakuten, Inc.
		3/2007	Director, Senior Executive Officer, COO, Deputy General Manager of Corporate Oversight and Management Strategy, Rakuten, Inc. (current)
Director	Masatada Kobayashi	4/1994	Dai Nippon Printing Co., Ltd.
		11/1996	RCA Ltd.
		4/1997	MDM, Inc (currently Rakuten, Inc.)
		11/1999	Director and General Manager of Sales, Rakuten, Inc.

Title	Name	Career Summary	
		2/2000	Director, General Manager of Sales, and Advertising Business Manager, Rakuten, Inc.
		2/2001	Director in charge of Western Japan Sales, Rakuten, Inc.
		2/2003	Director, Sales Division Marketing Member Services Department Head, and in charge of Western Japan Sales, Rakuten, Inc.
		3/2003	Director and Executive Officer in charge of Rakuten Business Company (Deputy General Manager of Sales), Rakuten, Inc.
		3/2004	Director and Executive Officer in charge of E-Commerce Business Company (Deputy General Manager of Rakuten Ichiba Sales Business, Rakuten Ichiba Business), Rakuten, Inc.
		11/2004	Director and Executive Officer in charge of E-Commerce Business Company (General Manager of E-Commerce Business Oversight and Rakuten Ichiba Business, and General Manager of Entertainment Business), Rakuten, Inc.
		9/2005	Director and Executive Officer in charge of E-Commerce Business Company (General Manager of Rakuten Ichiba Business), Rakuten, Inc.
		4/2006	Director, Senior Executive Officer and Vice President of E-Commerce Business Company, Rakuten, Inc.
		11/2006	Director, Senior Executive Officer and Deputy Head of Rakuten Ichiba Business, Rakuten, Inc. (current)
Director	Akio Sugihara	3/1996	Founder and Senior Director, RCA Co., Ltd.
		4/1997	MDM, Inc (currently Rakuten, Inc.)
		11/1999	Director and New Business Development Manager, Rakuten, Inc.
		10/2000	President & Representative Director, Rakuten Books, Inc. (current)
		3/2003	Director and Executive Officer in charge of Books Merchandizing Business, Rakuten, Inc.
		3/2004	Director and Executive Officer in charge of E-Commerce Business Company (General Manager of Books Merchandizing Business), Rakuten, Inc.
		11/2006	Director, Senior Executive Officer and General Manager of Product Development Division, Rakuten, Inc. (current)
Director	Takao Toshishige	4/1988	The Industrial Bank of Japan, Limited (currently Mizuho Corporate Bank, Ltd.)
		5/1994	MBA, Columbia Business School
		1/1996	Sega Enterprises, Ltd. (currently SEGA)
		7/1997	GAGA Communications Inc.
		7/2000	President & CEO, e-Translate Co., Ltd.
		9/2001	Joined Rakuten, Inc.
		11/2001	Vice President & Representative Director, ShowTime, Inc. (current)
		3/2004	Director, Crimson Football Club, Inc.
		5/2005	Executive Officer, Rakuten, Inc.
		3/2006	Director, Rakuten Media Investment, Inc. (current)
		11/2006	Executive Officer & Chief of Video Content, Rakuten, Inc.
		3/2007	Director, Executive Officer & Chief of Video Content, Rakuten, Inc.
		4/2007	Director, Senior Executive Officer & Chief of Video Content, Rakuten, Inc. (current)
Director	Hiroaki Yasutake	4/1997	Nippon Telegraph and Telephone Corporation
		10/1998	MDM, Inc (currently Rakuten, Inc.)
		9/2002	Manager of Development Promotion, Development Division, Rakuten, Inc.
		11/2003	Head of Platform Produce Department, Development Division, Rakuten, Inc.
		5/2005	Executive Officer, Rakuten, Inc.
		11/2005	Executive Officer and General Manager of Development Division,

Title	Name	Career Summary
		Rakuten, Inc. 11/2006 Executive Officer and Head of CPO Office, Development and Design Oversight Division, Rakuten, Inc. 3/2007 Director, Executive Officer, and Head of CPO Office, Development and Design Oversight Division, Rakuten, Inc. 4/2007 Director, Senior Executive Officer, and Head of CPO Office, Development and Design Oversight Division, Rakuten, Inc. (current)
Director	Manabu Mori	1/1989 Takarajimasha Inc. 6/2000 Infoseek Co., Ltd. 5/2001 Editing Manager, Infoseek Co., Ltd. 1/2002 President & Representative Director, Infoseek Co., Ltd. 12/2002 President & Representative Director, Lycos Japan Co., Ltd. 3/2003 Director and Executive Officer in charge of Portal Business Company, Rakuten, Inc. 3/2004 Director and Executive Officer in charge of Portal and Media Business Company, Rakuten, Inc. 2/2005 Director and Executive Officer in charge of Portal and Media Business Company (Deputy General Manager of Infoseek Division), Rakuten, Inc. 11/2005 Director and Executive Officer in charge of Portal and Media Business Company (General Manager of Research Division), Rakuten, Inc. 11/2005 President & CEO, Rakuten Research, Inc. (current) 11/2006 Director, Executive Officer and Head of Research Business, Rakuten, Inc. (current)
Director	Koichi Kusano	4/1980 Member of the First Tokyo Bar Association Nishimura & Partners 6/1985 Partner, Nishimura & Partners 5/1986 LL.M., Harvard Law School 9/1986 Debevoise & Plimpton LLP (New York) 11/1986 Admitted to the State Bar of New York 5/1987 Returned to Nishimura & Partners 6/1994 Auditor, Koito Manufacturing Co., Ltd. (current) 1/1996 Representative Partner, Nishimura & Partners 11/1999 Director, Rakuten, Inc. (current) 12/2003 Director, DLJdirect SFG Securities, Inc. (currently Rakuten Securities, Inc.) 1/2004 Representative Partner, Nishimura Tokiwa Law Offices (current) 4/2004 Director, Crimson Football Club, Inc. 4/2004 Guest Professor, Legal and Political Research Department, University of Tokyo Graduate School 10/2005 Lecturer, Legal Research Department, Kyoto University Graduate School (current) 9/2006 Director, Rakuten Securities Holdings, Inc.
Director	Hisashi Suzuki	9/1986 Founder and Director, Square Co., Ltd. 10/1991 President & Director, SQUARE SOFT, INC. 4/1993 Representative Director & Vice President, Square Co., Ltd. 9/1998 Director, Business Breakthrough Inc. (current) 5/2000 President & Representative Director, Square Co., Ltd. 6/2002 Chairman & Director, Square Co., Ltd. 7/2004 Chairman & Representative Director, LDH Co., Ltd. 8/2004 President & Representative Director, TASK Co., Ltd. (current) 3/2005 Director, Rakuten, Inc. (current) 12/2005 Director, PTP, Inc. (current)

Title	Name	Career Summary
Director	Muneaki Masuda	4/1973 Suzuya Co., Ltd. 7/1983 Representative Director, So2 Co., Ltd. (currently Masuda & Partners Co., Ltd.) (current) 9/1985 Founder, President and Representative Director, Culture Convenience Club, Co., Ltd. 10/1996 Chairman and Representative Director, Culture Convenience Club, Co., Ltd. 4/1999 President and Representative Director, Culture Convenience Club, Co., Ltd. (current) 3/2003 Director, Rakuten, Inc. (current) 3/2006 President and Representative Director, Tsutaya Co., Ltd. (current)
Director	Tatsumi Yoda	4/1969 Sansui Electric Co., Ltd. 1/1986 Director, Sansui Electric Co., Ltd. 3/1988 Representative Director, Thomas Yoda Limited (currently T. Y. Limited) 8/1988 Advisor, AVEX DD (currently AVEX Group Holdings Inc) 2/1990 Director, AVEX Group Holdings Inc 12/1992 Director & Chairman, AVEX Group Holdings Inc 9/1993 Representative Director & Chairman, AVEX Group Holdings Inc 1/1995 Representative Director, Chairman & President, AVEX Group Holdings Inc 3/2003 Director, Rakuten, Inc. (current) 8/2004 Honorary Chairman, AVEX Group Holdings Inc 12/2004 Chairman & Representative Director, GAGA Communications, Inc. (current) 1/2005 Advisor, AVEX Group Holdings Inc
Corporate Auditor (Full time)	Kouji Hata	4/1970 Japan Development Bank (currently Development Bank of Japan) 4/1994 Operations Manager, Venture Enterprise Center 11/1997 Head of Administration, The Japan Academic Society for Venture and Entrepreneurs 3/1999 Auditor, Rakuten, Inc. (current)
Corporate Auditor (Full time)	Katsuichiro Masumi	4/1962 Hitachi Zosen Corporation 4/1989 Head of Sales Planning Office, Hitachi Zosen Corporation 6/1994 Senior Director, Hitachi Zosen Information Corporation 2/2000 President & Director, Mytrip Net Company Limited 4/2001 Director & Advisor, Mytrip Net Company Limited 6/2001 Advisor, Mytrip Net Company Limited 7/2002 Rakuten, Inc. 8/2002 Director & Vice Chairman, Rakuten Travel, Inc. 4/2004 Special Advisor, Rakuten Travel, Inc. 3/2005 Auditor, Rakuten, Inc. (current)
Corporate Auditor	Katsuyuki Yamaguchi	4/1991 Member of the First Tokyo Bar Association Nishimura & Partners 5/1997 LL.M., Columbia Law School 9/1997 Debevoise & Plimpton LLP (New York) 1/1998 Admitted to the State Bar of New York 5/1998 Debevoise & Plimpton LLP (Paris) 2/1999 Simeon & Associates (Paris) 7/1999 Returned to Nishimura & Partners 8/2000 Partner, Nishimura & Partners 3/2001 Auditor, Rakuten, Inc. (current) 1/2004 Partner, Nishimura Tokiwa Law Offices (current)
		4/1982 Ministry of International Trade and Industry (currently METI) 6/1988 M.A., Harvard University Institute of Politics

Title	Name	Career Summary	
Corporate Auditor	Takeo Hirata	6/1995	Regulatory Inspector, Minister's General Affairs Section, MITI
		7/1997	Head of the Funding Cooperation Office, Trade Policy Bureau, MITI
		6/2000	Section Chief of Oil Development, Agency for Natural Resources and Agency, MITI
		1/2001	Section Chief of Oil and Natural Gas, Agency for Natural Resources and Agency, MITI
		7/2002	Executive Trustee, Japan Football Association
		4/2006	Professor, Sports Science Laboratories, Waseda University Graduate School (current)
		3/2007	Auditor, Rakuten, Inc. (current)

B) Rakuten Media Investment, Inc.

Title	Name	Career Summary	
Representative Director	Ken Takayama	4/1988	The Industrial Bank of Japan, Limited
		5/1994	MBA, University of Texas
		11/1999	Senior Director & Finance Manager, Rakuten, Inc.
		2/2000	Senior Director & Finance/Accounting Manager, Rakuten, Inc.
		1/2002	Senior Director & Manager of Administration, Rakuten, Inc.
		3/2003	Senior Director, Executive Officer & General Manager of Administration, Rakuten, Inc.
		11/2003	Senior Director, Executive Officer, General Manager of Administration & Finance Manager, Rakuten, Inc.
		3/2004	Director, Executive Officer, General Manager of Administration & Finance Manager, Rakuten, Inc.
		10/2005	Director, Executive Officer, General Manager of Finance Division, Rakuten, Inc.
		3/2006	Director, Rakuten Media Investment, Inc.
		4/2006	Director, Senior Executive Officer, General Manager Division of Finance, Rakuten, Inc.
Director	Hiroshi Mikitani	11/2006	Director, Senior Executive Officer, CFO, Deputy General Manager of Corporate Oversight & General Manager of Finance Division, Rakuten, Inc. (current)
		4/2007	President and Representative Director, Rakuten Media Investment, Inc. (current)
		4/1988	The Industrial Bank of Japan, Limited (currently Mizuho Corporate Bank, Ltd.)
		5/1993	MBA, Harvard Business School
		2/1996	President & CEO, Crimson Group, Inc. (current)
		2/1997	Founder, President & CEO, MDM, Inc (currently Rakuten, Inc.)
		2/2001	Chairman & CEO, Rakuten, Inc.
		5/2002	Representative Director, Rakuten Travel, Inc.
		7/2002	Chairman & CEO and General Manager of Sales, Rakuten, Inc.
		8/2002	Chairman & Representative Director, Rakuten Travel, Inc. (current)
		3/2003	Chairman & CEO & Executive Officer in charge of Rakuten Business Companies, Rakuten, Inc.
10/2003	Chairman & Representative Director, Mytrip Net Company Limited (currently Rakuten Travel, Inc.)		
12/2003	Chairman & Representative Director, DLJdirect SFG Securities, Inc. (currently Rakuten Securities, Inc.)		
1/2004	Representative Director, Crimson Football Club, Inc. (current)		
3/2004	Chairman & CEO, President of E-Commerce Business Company and Portal and Media Business Company Rakuten, Inc.		

Title	Name	Career Summary
		<p>9/2004 Chairman & Representative Director, Aozora Card Co., Ltd. (currently Rakuten Credit, Inc.) (current)</p> <p>11/2004 Chairman & CEO, President of E-Commerce Business Company and Portal and Media Business Company, Rakuten, Inc.</p> <p>6/2005 Chairman & Representative Director, Kokunai Shinpan Co., Ltd. (currently Rakuten KC Co., Ltd.) (current)</p> <p>8/2005 Chairman & CEO President of E-Commerce Business Company & General Manager of Security, Rakuten, Inc.</p> <p>9/2005 Director, LinkShare Corporation (current)</p> <p>12/2005 President & Representative Director, Rakuten Auction, Inc.</p> <p>9/2006 Chairman & Representative Director, Rakuten Securities Holdings, Inc. (current)</p> <p>11/2006 Chairman & CEO, Chief Produce Officer, General Manager of Corporate Oversight and Security Divisions & Head of Rakuten Ichiba Business, Rakuten, Inc.(current)</p> <p>3/2007 Director, Rakuten Media Investment, Inc. (current)</p>
Director	Takao Toshishige	<p>4/1988 The Industrial Bank of Japan, Limited (currently Mizuho Corporate Bank, Ltd.)</p> <p>5/1994 MBA, Columbia Business School</p> <p>1/1996 Sega Enterprises, Ltd. (currently SEGA)</p> <p>7/1997 GAGA Communications Inc.</p> <p>7/2000 President & CEO, e-Translate Co., Ltd.</p> <p>9/2001 Joined Rakuten, Inc.</p> <p>11/2001 Vice President & Representative Director, ShowTime, Inc. (current)</p> <p>3/2004 Director, Crimson Football Club, Inc.</p> <p>5/2005 Executive Officer, Rakuten, Inc.</p> <p>3/2006 Director, Rakuten Media Investment, Inc. (current)</p> <p>11/2006 Executive Officer & Chief of Video Content, Rakuten, Inc.</p> <p>3/2007 Director, Executive Officer & Chief of Video Content, Rakuten, Inc.</p> <p>4/2007 Director, Senior Executive Officer & Chief of Video Content, Rakuten, Inc. (current)</p>
Auditor	Tetsuya Hasegawa	<p>4/1996 Certified public accountant</p> <p>1/2001 Deputy Manager, Finance & Accounting Division, Rakuten, Inc.</p> <p>3/2001 Finance & Accounting Manager, Rakuten, Inc.</p> <p>11/2003 Accounting Manager, Rakuten, Inc.</p> <p>9/2004 Auditor, Aozora Card Co., Ltd. (currently Rakuten Credit, Inc.) (current)</p> <p>11/2004 Auditor, Signature Japan Co., Ltd. (current)</p> <p>11/2004 Auditor, Fine Wine Co., Ltd. (current)</p> <p>5/2005 Executive Officer and Accounting Manager, Rakuten, Inc.</p> <p>7/2005 Auditor, Rakuten Bus Service, Inc. (current)</p> <p>3/2006 Director, Rakuten Books, Inc. (current)</p> <p>3/2006 Auditor, Rakuten Media Investment, Inc. (current)</p> <p>4/2006 Executive Officer, Deputy General Manager of Finance and Accounting Manager, Rakuten, Inc.</p> <p>6/2006 Auditor, Rakuten KC Co., Ltd. (current)</p> <p>7/2006 Auditor, Rakuten Financial Solution, Inc. (current)</p> <p>8/2006 Auditor, Rakuten ANA Travel Online, Inc. (current)</p> <p>8/2006 Auditor, Keiba Mall, Inc. (current)</p> <p>8/2006 Director, CYBER BRAINS (SHANGHAI) CONSULTING CO., LTD (current)</p> <p>9/2006 Auditor, Rakuten Securities Holdings, Inc. (current)</p> <p>11/2006 Executive Officer, Deputy General Manager of Accounting,</p>

Title	Name	Career Summary
		Rakuten, Inc. (current) 3/2007 Auditor, Rakuten Research, Inc. (current)

C) Rakuten Strategic Partners, Inc.

Title	Name	Career Summary
Representative Director	Hiroshi Takazawa	4/1984 Kajima Corporation 4/1988 Nomura Securities Co., Ltd. 1/2000 CFO, GMAC Commercial Mortgage Japan, K.K. (currently Capmark Japan KK) 8/2000 Director, Capmark Japan KK 12/2003 Multi Functional Logistics Ltd. 2/2004 Representative Director, Multi Functional Logistics Ltd. 4/2005 Manager of Merchant Banking, Rakuten Securities, Inc. 5/2005 President & Representative Director, Rakuten Capital Partners, Inc. (currently Rakuten Strategic Partners, Inc.) (current) 4/2006 General Manager of Investment Banking, Rakuten Securities, Inc. 4/2006 Director, Rakuten Asset Management, Inc. (current) 9/2006 Director, Rakuten Securities Holdings, Inc. (current) 11/2006 Executive Officer and Investments Business Manager (current)
Director	Kazuhiro Fujikawa	4/1994 Mitsubishi Corporation 12/2005 Rakuten Securities, Inc. 3/2006 Director, Rakuten Strategic Partners, Inc. (current)
Director	Akihiko Watanabe	4/1979 Long-term Credit Bank of Japan (currently Shinsei Bank, Limited.) 4/1999 General Planning Division Manager, Long-term Credit Bank of Japan 10/2002 Seven-Eleven Japan Co., Ltd. 9/2005 General Manager, Planning Office, Seven-Eleven Japan Co., Ltd. 4/2006 Head of President's Office, Rakuten Securities, Inc. 4/2006 Director, Rakuten Asset Management, Inc. (current) 6/2006 Director, Rakuten Strategic Partners, Inc. (current) 9/2006 Senior Director & Executive Officer of Rakuten Securities, Inc., (current) and Director & CFO of Rakuten Securities Holdings, Inc. (current) 11/2006 Executive Officer & Deputy General Manager of Finance, Rakuten, Inc. (current)
Auditor	Taneakiyo Kunitake	4/1967 Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation) 7/1985 Deputy Branch Manager, London Branch, Sumitomo Bank 3/1995 Manager of International Finance Administration, Sumitomo Bank 3/1999 Full-time Auditor, DLJdirect SFG Securities, Inc. (currently Rakuten Securities, Inc.) (current) 9/2004 Auditor, Rakuten Asset Management, Inc. (current) 5/2005 Auditor, Rakuten Capital Partners, Inc. (currently Rakuten Strategic Partners, Inc.) (current) 9/2006 Auditor, Rakuten Securities Holdings, Inc. (current)

Appendix 3: Other Joint Shareholders and Financial Advisors

(1) Other Joint Shareholders

1. Mitsuhiro Kamiya

(Career Summary)

1986	Graduated from University of Tokyo, Faculty of Law, Division I
1988	Admitted to the Bar in Japan Joined Nishimura & Partners
1993	LL.M. from the Faculty of Law, University of Cambridge
1994	Graduated from Columbia University School of Law Joined the New York Office of Debevoise & Plimpton LLP
1995	Admitted to the Bar in the State of New York
1997	Partner, Nishimura & Partners
1999	Partner, Freshfields Bruckhaus Deringer
2003	Partner, Skadden, Arps, Slate, Meagher & Flom LLP & Affiliates (current)

2. Shiro Kuniya

(Career Summary)

1980	Graduated from Kyoto University, Faculty of Law
1982	Admitted to the Bar in Japan Oh-ebashi Law Office (currently Oh-ebashi LPC & Partners)
1986	Graduated from Georgetown Law Joined Morgan, Lewis & Bockius LLP
1987	Admitted to the Bar in the State of New York
2002	Representative Partner, Oh-ebashi LPC & Partners (current)

(2) Financial Advisors

1. Goldman Sachs Japan Co., Ltd.

2. Daiwa Securities SMBC Co., Ltd.

* For company information on financial advisors, please refer to their respective homepages and other public information.

Appendix 4: On the Legality of the Methodologies for Purchase Activities

Please refer to the pages to follow for matters concerning the legality of the methodologies for purchase activities.

The following is an English translation of a Japanese legal opinion, and is provided for convenience only.

PRIVILEGED AND CONFIDENTIAL
SUBJECT TO THE ATTORNEY WORK PRODUCT
AND ATTORNEY-CLIENT PRIVILEGES

M E M O R A N D U M

April 19, 2007

TO: Rakuten, Inc.

FROM: Mitsuhiro Kamiya, Attorney-at-law
Hajime Kanagawa, Attorney-at-law
Tokutaka Ito, Attorney-at-law

RE: Rakuten's Additional Acquisition of Shares of Tokyo Broadcasting System, Inc.

We hereby report the results of our analysis of the captioned matter as follows.

I. Assumptions

In our examination we have assumed the following facts:

- (i) Rakuten, Inc. ("Rakuten") had acquired more than 19% of the issued and outstanding shares of Tokyo Broadcasting System, Inc. ("TBS") by October 24, 2005 via its subsidiaries Rakuten Media Investment, Inc. ("Rakuten MI"), Rakuten Strategic Partners, Inc., and their Joint Holders ("Joint Holders" shall have the meaning set forth in Article 27-23, Paragraph 5 of the Securities and Exchange Law) (such subsidiaries and Joint Holders hereinafter collectively referred to as "Rakuten Group").
- (ii) During the period from October 25, 2005 to April 18, 2007, Rakuten Group did not acquire additional shares of TBS. As of April 18, 2007, Rakuten Group's Voting Rights Holding Ratio (*kabuken tou shoyu wariiai*) ("Voting Rights Holding Ratio" shall have the meaning set forth in Article 27-2, Paragraph 8 of the Securities and Exchange Law) for TBS's Stock, Etc. ("Stock Etc." shall have the meaning set forth in the main text of Article 27-2, Paragraph 1 of the Securities and Exchange Law) was 19.18% (this calculation is based on figures as of September 30, 2006) and Rakuten Group's Shareholding Ratio (*kabuken tou hoyu wariiai*) ("Shareholding Ratio" shall have the meaning set forth in Article 27-23, Paragraph 4 of the Securities and Exchange Law) was 19.07% (calculation based on figures as of December 22, 2006) as of April 18, 2007.

- (iii) Rakuten MI acquired additional shares of TBS in an amount equal to 0.79% of the total outstanding shares in an off-market negotiated transaction (*shijogai aitai torihiki*) on April 19, 2007, by which Rakuten Group's Shareholding Ratio increased to 19.86% as of today.
- (iv) Rakuten MI is planning to acquire further TBS stock in a Market Transaction ("Market Transaction" shall mean a market transaction other than a transaction via ToSTNeT), in a transaction via ToSTNeT, in a single off-market negotiated transaction (an off-market negotiated transaction is generally a purchase from a single shareholder), or in any combination of the above (such acquisition, the "Additional Acquisition"), by which Rakuten Group's Voting Rights Holding Ratio and the Shareholding Ratio will slightly exceed 20%.
- (v) At the time of the Additional Acquisition, Rakuten Group will not be aware of any "material fact" (as defined in Article 166, Paragraph 2 of the Securities and Exchange Law) concerning TBS's business, etc., an actual Takeover Bid, Etc. ("Takeover Bid, Etc." shall have the meaning set forth in Article 167, Paragraph 1 of the Securities and Exchange Law), or a withdrawal of a Takeover Bid, Etc. by a third-party other than Rakuten Group companies. Further, the Additional Acquisition will not constitute a Takeover Bid, Etc.
- (vi) Prior to the scheduled Additional Acquisition by Rakuten MI, Rakuten and Rakuten MI will have completed all necessary internal authorization procedures including resolutions of their boards of directors.
- (vii) Prior to the scheduled Additional Acquisition, Rakuten will submit a letter of intent to purchase to TBS as provided for in the "Policy for Response to the Proposal of Stock Acquisition" announced by TBS on February 28, 2007 (the "New Takeover Defense Measures"). This letter of intent to purchase is one of the documents required to be submitted to TBS under the New Takeover Defense Measures.
- (viii) In submitting the letter of intent to purchase referred to in (vii) above, Rakuten will issue a press release pursuant to JASDAQ's "Rules Concerning Timely Disclosure of Corporate Information by an Issuer of Listed Securities".
- (ix) Rakuten Group is not currently planning to acquire TBS's Stock, Etc. (including shares, etc. to be newly issued by TBS) in any manner other than the Additional Acquisition.
- (x) The "aggregate number of voting rights" (as defined in Article 27-2, Paragraph 8, Item 1 of the Securities and Exchange Law) in TBS is as reported in TBS's semi-annual report filed as of September 30, 2006.

II. Matters to be examined

You have requested our opinion as to the legality of the Additional Acquisition by Rakuten MI under the circumstances described above.

III. Analysis

We believe that in the analysis of the legality of the Additional Acquisition based on the factual assumptions described in I above, the only issue that should be analyzed is whether or not the Additional Acquisition breaches the takeover bid restrictions (Article 27-2, Paragraph 1 of the Securities and Exchange Law). The items of Article 27-2, Paragraph 1 of the Securities and Exchange Law stipulate the circumstances under which acquisitions should be implemented by way of a takeover bid, and we provide an analysis of the applicability of each such item below.

(i) If the Additional Acquisition is conducted in the market

The issue will be the applicability of Article 27-2, Paragraph 1, Items 4 through 6 of the Securities and Exchange Law. However, because Rakuten Group's Voting Rights Holding Ratio will not exceed one-third before or after the Additional Acquisition, none of the above items will apply.

(ii) If the Additional Acquisition is conducted via ToSTNeT

The issue will be the applicability of Article 27-2, Paragraph 1, Items 3 through 6 of the Securities and Exchange Law. However, Since Rakuten Group's Voting Rights Holding Ratio will not exceed one-third after the Additional Acquisition, none of the above items will apply.

(iii) If the Additional Acquisition is conducted in an off-market negotiated transaction

The issue will be the applicability of Article 27-2, Paragraph 1, Items 1 and 2 of the Securities and Exchange Law. Because Item 1 does not apply to an acquisition where the number of counterparties to the acquirer's off-market negotiated transactions is less than 10 during the immediately preceding sixty days (Article 6-2, Item 4 of the Enforcement Order of the Securities and Exchange Law), Item 1 will not apply. In addition, because Rakuten Group's Voting Rights Holding Ratio will not exceed one-third after the Additional Acquisition, Item 2 will not apply either.

(iv) If the Additional Acquisition is conducted through a combination of market transactions, ToSTNeT transactions and/or off-market negotiated transactions

The issue will be the applicability of Article 27-2, Paragraph 1, Items 1 through 6 of the Securities and Exchange Law. However, because Rakuten Group's Voting Rights Holding Ratio will not exceed one-third of the outstanding shares after the Additional Acquisition and because there will only be one counterparty to Rakuten Group's off-market negotiated transaction(s), none of the items will apply.

Based on the above examination, we are of the opinion that the takeover bid restrictions will not apply to the Additional Acquisition.

IV. Conclusion

The Additional Acquisition can be conducted lawfully.

Appendix 5: List of Members of the Management Advisory Committee of Rakuten, Inc.

Tohoku Rakuten Golden Eagles List of Management Advisory Committee Members

As of April 19, 2007

【Management Advisory Committee Members】 (Japanese alphabetical order; titles omitted)

Kazuo Ichiriki	The Kahoku Shinpo	Owner/Chairman
Jiro Ushio	Ushio Inc.	Chairman & CEO
Yasuhide Uno	USEN CORPORATION	CEO
Yoji Ohashi	All Nippon Airways, Co., Ltd.	Chairman of the Board
Kentaro Oyama	IRISOHYAM, Inc	President & CEO
Keiichiro Okabe	COSMO OIL Co., Ltd.	Chairman & CEO
Reiko Okutani	The R Co., Ltd.	Representative Director
Hiroshi Okuda	Toyota Motor Corporation	Senior Advisor, Member of the Board
Yasufumi Kanemaru	Future Architect, Inc.	Chairman & CEO
Hiroshi Saito	Mizuho Corporate Bank, Ltd.	President & CEO
Shigeharu Suzuki	Daiwa Securities Co., Ltd. HQ	President & CEO
Takeshi Niinami	Lawson, Inc.	President & CEO
Yoshifumi Nishikawa	Japan Post	President & CEO
Katsuo Haneda	Japan Airlines International Co., Ltd.	Full-time Advisor
Keiichi Makuta	Tohoku-Electric Power Co., Inc.	Chairman of the Board
Muneaki Masuda	Culture Convenience Club Co., Ltd.	Representative Director
Chugo Marumori	The 77 Bank Ltd.	Chairman of the Board

【Honorary Members】

Shiro Asano		Former Miyagi Pref. Governor
Takehito Hirano	FULLCAST Co. Ltd.	CEO

April 19, 2007

Tokyo Broadcasting System, Inc.
 President
 Mr. Hiroshi Inoue

6-10-1 Roppongi, Minato-ku, Tokyo
 Rakuten Media Investment, Inc.
 President and Representative Director
 Ken Takayama
 (Representative as per the shareholder ballot:
 Representative Director Takashi Yoshida)

Shareholder Proposal Letter

As a shareholder who has been in continuous possession of 16,715,700 shares of stock in your company (hereafter, the “Company”) for over 6 months, we hereby request that the following proposals be included in the Company’s annual general meeting of shareholders to be held in June 2007 in accordance with Article 303 Item 2 and Article 304 of the Corporation Act, and request that a notification of the summary and reasons for the proposals provided below as well as the career summaries of nominees for the director relating to the proposal in 1(1) below be provided to the Company’s shareholders in accordance with Article 305 of the Corporation Act and Article 93 of the Corporation Act Enforcement Rules.

Details and reasons for our proposals are as follows.

1. Shareholder Proposals

(1) Appointment of 2 Directors

Appoint Mr. Muneaki Masuda and Mr. Hiroshi Mikitani to the board of directors of the Company. Career summaries of the above nominees are as follows. In addition, we received consent to assume the office of the directors of the Company.

Name (Date of Birth)	Career Summary and Representative Roles at Other Corporations	Company Shares Held

<p>Muneaki Masuda (January 20, 1951)</p>	<p>4/1973 Suzuya Co., Ltd. 7/1983 Representative Director, So2 Co., Ltd. (currently Masuda & Partners Co., Ltd.) (current) 9/1985 Founder, President and Representative Director, Culture Convenience Club, Co., Ltd. 10/1996 Chairman and Representative Director, Culture Convenience Club, Co., Ltd. 4/1999 President and Representative Director, Culture Convenience Club, Co., Ltd. (current) 3/2003 Director, Rakuten, Inc. (current) 3/2006 President and Representative Director, Tsutaya Co., Ltd. (current)</p>	<p>—</p>
<p>Hiroshi Mikitani (March 11, 1965)</p>	<p>4/1988 The Industrial Bank of Japan, Limited (currently Mizuho Corporate Bank, Ltd.) 5/1993 MBA, Harvard Business School 2/1996 President & CEO, Crimson Group, Inc. (current) 2/1997 Founder, President & CEO, MDM, Inc. (currently Rakuten, Inc.) 2/2001 Chairman & CEO, Rakuten, Inc. 5/2002 Representative Director, Rakuten Travel, Inc. 6/2002 Director, Culture Convenience Club Co., Ltd. (current) 8/2002 Chairman & Representative Director, Rakuten Travel, Inc. (current) 3/2003 Chairman & CEO, Executive Officer in charge of Rakuten Business Companies, Rakuten, Inc. 10/2003 Chairman & Representative Director, Mytrip Net Company Limited. (currently Rakuten Travel, Inc.) 12/2003 Chairman & Representative Director, DLJdirect SFG Securities, Inc. (currently Rakuten Securities, Inc.) 1/2004 Representative Director, Crimson Football Club, Inc. (current) 3/2004 Chairman & CEO, President of E-Commerce Business Company and the Portal and Media Business Company, Rakuten, Inc. 9/2004 Chairman & Representative Director, Aozora Card Co.,</p>	<p>—</p>

	Ltd. (currently Rakuten Credit, Inc.) (current)	
6/2005	Chairman & Representative Director, Kokunai Shinpan Co., Ltd. (currently Rakuten KC Co., Ltd.) (current)	
8/2005	Chairman & CEO, President of E-Commerce Business Company & General Manager of Security, Rakuten, Inc.	
9/2005	Director, LinkShare Corporation (current)	
12/2005	President & Representative Director, Rakuten Auction, Inc.	
9/2006	Chairman & Representative Director, Rakuten Securities Holdings, Inc. (current)	
11/2006	Chairman & CEO, Chief Produce Officer, General Manager of the Corporate Oversight and Security Divisions & Head of the Rakuten Ichiba Business, Rakuten, Inc. (current)	

- (Notes) 1. No special interests exist between the Company and any of the nominees.
2. None of the nominees are currently directors of the Company.
3. Mr. Muneaki Masuda and Mr. Hiroshi Mikitani are nominees for external director as stipulated in Article 2 Item 3 Number 7 of the Corporation Act Enforcement Rules.

(2) Partial Revision to the Articles of Incorporation

The Company's articles of incorporation shall be revised as follows.

Current Articles of Incorporation	Proposed Revision
(Method of Resolution) Article 16 (Not reproduced here) 2 (Not reproduced here) (New provision)	(Method of Resolution) Article 16 (No change) 2 (No change) <u>3 The introduction of countermeasures relating to significant purchase activities of the Company's stock (i.e. countermeasures relating to the acquisition of the Company's stock or other securities by a party who may adversely affect the Company's corporate value or the common interests of shareholders, including but not limited to the issuance of new shares, stock acquisition rights, etc. in advance) shall be determined by a resolution at the shareholders' meeting. The approval of such countermeasures shall require affirmative votes of shareholders holding at least 2/3 of voting</u>

	<u>rights present at a shareholders' meeting at which shareholders holding a majority of the total voting rights present.</u>
--	---

2. Reasons for the Proposals

Proposal (1)

Domestic broadcasting operators, including the Company, have achieved stable growth and profitability through significant TV advertising revenues, which constituted over 50% of the total advertising market consisting of newspapers, magazines, radio and TV. However, technological progress has led to the penetration of the Internet into our daily lives, and TV viewing patterns have changed considerably. As a result of such changes, the environment surrounding broadcasting operators has also changed significantly, and broadcasting operators are currently faced with a fundamental modification of their operational environment, namely the reduction in advertising revenues.

We understand your Company has produced TV programming for more than half a century as a pioneer in Japanese commercial broadcasting and has also established Japan News Network, which is the oldest Japanese commercial broadcasting station. In order for your distinguished Company to weather the structural changes in the current operating environment and to achieve a corporate value which allows the Company to succeed in the face of global competition to come, it becomes crucial for the Company to effectively apply the management resources and tangible/intangible assets the Company has accumulated under its traditional business model toward establishing a new business model.

From such a standpoint, we propose the appointment of Mr. Muneaki Masuda and Mr. Hiroshi Mikitani, who have ample experience in the media & entertainment or Internet industries. By cooperating with such talent, the Company can leverage its strengths under the traditional business model while gaining access to the creativity and management methods unique to new ventures. As a result, we believe that the Company can undergo further development as the leading broadcasting operator, and increase the Company's corporate value and shareholder value over the medium-to-long term.

Mr. Muneaki Masuda and Mr. Hiroshi Mikitani are both nominees for external directors and we believe that their appointment to the Company's board of directors will contribute to increasing transparency through third-party monitoring of corporate activities, and will allow the Company, a broadcasting operator, to better fulfill its social responsibilities and public duties.

Proposal (2)

The international flow of funds, "excess cash supply" on a global scale and the reduction of cross-shareholding between domestic firms, among other factors, have led to the threat of "abusive acquirers", who use greenmail-like tactics to further their own interests while disregarding medium-to-long term interests of shareholders and other stakeholders. In such an environment, awareness of the need for countermeasures relating to such "abusive acquirers", in other words, the introduction of takeover defense measures, has been increasing in our society.

The takeover defense measures (hereafter, the “Defense Measures”) announced by the Company on February 28, 2007, in “Response Policy concerning Proposals to Acquire the Company’s Stock,” however, imposes excessive restrictions on the acquisition of the Company’s stock in various ways, as listed below, and threatens to suppress the proper acquisition appetite of “acquirers who aim to achieve effective management” instead of preventing “abusive acquirers” from acquiring Company stock. The Defense Measures threaten to deprive all shareholders of opportunities to recover their investments. Further, by requiring only a declaratory type of approval at a shareholders’ meeting, we believe the method of adopting the Defense Measures is also unjust and improper in light of current regulations.

1. The stock acquisition rights containing discriminatory exercise conditions, expected to be triggered under the Company’s Defense Measures can be considered a preferred issuance of stock to third parties, in that the exercise by warrant holders or purchase by the Company leads to a dilution in the shareholding ratio of some of the shareholders. The Corporation Act requires that an extraordinary resolution be passed at the meeting of shareholders before a preferred issuance of stock towards third parties can be executed. The Company’s Defense Measures merely requires a declaratory type of approval even for the creation of such warrants; therefore, seems to effectively violate the Corporation Act. A framework for shareholder approval similar to an extraordinary resolution of the shareholders should be established, at least at the inception of such policies, because the Corporation Act effectively assumes that an action requiring an extraordinary resolution is included as a part of a preferred issuance of stock to third parties.
2. The scope of “acquirer groups” defined in the Company’s Defense Measures not only includes “specially interested parties” (Article 27-2 Number 7 of the Securities and Exchange Law) and “joint owners” (Article 27-23 Item 5 of the Securities and Exchange Law) who are subject to TOB regulations and the 5% rule filings under the Securities and Exchange Law, but also includes third parties who are irrelevant to acquisitions of controlling stakes in the Company, leading us to doubt the reasonableness of the Defense Measures. The scope of third parties who may be subject to the Defense Measures is not only broad but also unclear, with the determination left ultimately to the discretion of the Company’s board of directors. The scope of purchasing activities which may be subject to the Defense Measures is also excessively broad, and the determination of such scope is again left to the discretion of the Company’s board of directors. The introduction of such unnecessarily broad defense measures with unclear standards may cause “acquirers who aim to achieve effective management” to hesitate in making proper investments in the Company.
3. The requirement for the submission of a detailed letter of intent to purchase in advance as well as the long waiting period (maximum of approximately 120 days solely for the board’s evaluation period. There may be other delays imposed.) in the Company’s Defense Measures impose an excessive limitation to the freedom to transfer public stocks, which is a major underlying assumption of transactions involving such securities. While the Securities and Exchange Law sets forth certain provisions concerning TOBs which allow the exercise of adequate controls over the transfer of controlling interests, the Company’s Defense Measures impose considerable burdens with respect to the scope of disclosures, the length of the waiting period, and other factors compared to any legal

requirements and can also be considered excessive in light of the objective to defend the Company against “abusive acquirers”

4. The TOB regulations in the Securities and Exchange Law generally apply only to transactions involving the acquisition of over 1/3 of the total voting rights of any given company. The Company’s Defense Measures, on the other hand, impose excessive burdens including a waiting period and the submission of required information without exception for any transactions involving the acquisition of even a 20% stake in the Company. As such, the Defense Measures exceed the scope necessary as a defense measure against “abusive acquirers” and place a significant restriction on stock transactions which the law generally permits.
5. The expected countermeasure under the Company’s Defense Measures is the issuance of stock acquisition rights with discriminatory conditions for exercise, the terms of which are determined at the board’s discretion. These stock acquisition rights may potentially lead to a significant dilution of the stock value, to as low as 1/2 of the original value. Purchasers of the Company’s stock must therefore consider the possibility of a significant loss, and “acquirers who truly aim to achieve effective management” may hesitate in making proper investments in the Company.
6. Although the determination of an abusive acquirer is to be made by the Special Committee for Corporate Value Appraisal (hereafter, the “Special Committee”) according to the Company’s Defense Measures, the Special Committee consists of external directors who have conflicts of interest, therefore such determination cannot be considered that of an independent third party. Further, the Special Committee members are appointed by the board of directors who bear no responsibility to the shareholders for any improper recommendations they may make. Thus, it can be said that the Special Committee, and consequently the board members who appoint its members, are afforded the right to choose the Company’s shareholders. There is also considerable doubt as to the fairness of a determination by the Special Committee, which is not independent from the Company, that a particular shareholder is an “abusive acquirer,” and raises concerns that the scope of the determination of such “abusive acquirers” may exceed its true definition. Such concerns may play a role in causing “acquirers who truly aim to achieve effective management” to hesitate in making proper investments in the Company, which may impede increase of the Company’s corporate value and shareholder value.
7. The Company’s Defense Measures allow the Company to activate countermeasures immediately in the event that a party acquires a 20% stake in the Company without submitting a letter of intent to purchase or a party fails to wait until the end of the waiting period. This framework is equally applicable in cases where a shareholder who owned a certain percentage of Company shares before the introduction of the Defense Measures makes a relatively small stock purchase. Further, while complete compliance with the submission of the letter of intent to purchase and other procedures stipulated in the Defense Measures imposes a significant burden on the party desiring to purchase Company shares, a slight deviation from such procedures allows the Company to activate its countermeasures. In addition, the board of directors may exercise its discretion in requesting additional information in a manner that is not consistent with the objective of implementing measures against “abusive acquirers” The Company’s Defense Measures are an excessive defense policy as they allow the Company to label as

“abusive acquirers” certain parties whose non-abusive natures are clearly apparent from past stock ownership or from the nature of procedural violations.

In light of the above, the Company should not be permitted to adopt a policy with no statutory basis which may potentially inflict significant harm on its shareholders and which is based solely on the fact that a simple majority of attending shareholders approved of the policy. When introducing takeover defense measures, it is the natural responsibility of a public company, which affects the investment decisions of many investors, to adhere to principles underlying the laws regulating it and to adopt policies that may endure. As such, we have prepared this proposal with the belief that the principle for introduction of the Defense Measures should be reflected in its articles of incorporation, which set forth the fundamental standards of the Company.