



June 19, 2007
Rakuten, Inc. (JASDAQ 4755)
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Rakuten, Inc Announces Acquisition of Shares in Fusion Communications

Rakuten, Inc is pleased to announce that it will acquire shares in Fusion Communications Corp. (“Fusion”) through the subsidiary Rakuten Media Investment Inc., making Fusion a consolidated subsidiary. The resolution was passed by the Board of Directors on June 19.

The Rakuten Group, as a diversified Internet service company, is involved in E-Commerce, Credit & Payment, Portal & Media, Travel, Securities, and Professional Sports. The Group provides various services, primarily to its 37 million members, and is working to expand the “Rakuten eco-system.” Fusion is a telecommunications VoIP¹ pioneer. Fusion’s core business includes toll bypass services, IP subscriber telephone services for corporate customers, and individual IP subscriber telephone services by providing IP telephone platforms to Fusion’s business partners.

The Japanese broadband communications environment is developing rapidly, and interactive, real-time communications on the Internet, such as voice telephony and instant messaging, are becoming widespread. In response to this trend, and to expand the Rakuten business scope through reinforcing interactive, real-time communication services as Internet services, Rakuten has decided to acquire 106,527 common shares (percentage of voting rights: 54.7%) in Fusion, which has high-level technological capabilities and stable operational capabilities in the IP telephony business, from Tokyo Electric Power Company (TSE: 9501; “TEPCO”).

In addition to the Rakuten Group’s broad range of Internet services, it is considering the development of “Web + voice” services that extend beyond the Internet; for example, customized, original messenger services and Pay Per Call advertising services. Through such means, the Group is aiming for new growth in the Rakuten eco-system by enabling communication with offline users that have adopted by online services.

In the meantime, it will become possible for Fusion to increase its profitability and efficiency through marketing methods based on the Rakuten Group’s customer base, which includes 37 million member and 270,000 business entities. Rakuten believes that synergy between Fusion and the Rakuten Group can help enhance the performance and corporate value of both.

1. About Fusion

(1) Corporate Name

FUSION COMMUNICATIONS CORPORATION

- (2) President Etsuro Ohshima
 (3) Headquarters Shin-Otemachi Building 7th floor, 2-2-1 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan
 (4) Business description Telecommunications carrier
 (5) Number of Employees 203 (As of March 31, 2007)
 (6) Total shares issued Common Stock 196,277 shares
 Type 1 Preferred Stock no.1: 1,000 shares
 Type 2 Preferred Stock no.2: 520 shares

- (7) Major shareholders (As of March 31, 2007)
 The Tokyo Electric Power Company, Inc. (54.27%)
 Nissho Electronics Corporation (19.58%)
 The Furukawa Electric Co., Ltd (6.70%)

(8) Performance in recent years

(million yen)

	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2007
Sales	70,158	54,111
Operating income (loss)	744	(1,452)
Ordinary income (loss)	209	(616)
Net Income (loss)	190	(1,455)
Total assets	16,756	14,303
Net assets	5,458	4,002
Amount of capital	10,955	10,955
Dividend per share	0	0

2. Number of shares to be acquired in Fusion, acquisition price, and holdings before and after acquisition

(1) Holding before acquisition: 0 shares (Number of voting rights: 0)
 (Percentage of voting rights 0%)

(2) Shares acquired Common Stock: 106,527 shares (Number of voting rights: 106,527)
 (Acquisition amount 673 million yen)

(3) Holding after acquisition Common Stock: 106,527 shares (Number of voting rights: 106,527)
 (Percentage of voting rights 54.27%)

3. Schedule

June 19, 2007 Resolution by Board of Directors and conclusion of Share Purchase Agreement
 July 31, 2007 (scheduled) Transfer of shares

* For further information, please refer to Japanese version.