



September 17, 2008
Digital Garage, Inc.

NEWS RELEASE

Digital Garage Group Makes Angel Investment in fotonauts Inc., U.S.-based Venture Company for Digital Photo-Sharing Services Development

DG Incubation (main office located in Shibuya-ku, Tokyo; CEO Yasuyuki Rokuyata, henceforth DGI), a wholly-owned subsidiary of Digital Garage, Inc. (JASDAQ 4819; main office located in Shibuya-ku, Tokyo; President and Group CEO Kaoru Hayashi; henceforth DG), which is engaged in the investment and development of new businesses, invested in fotonauts Inc. (main office located in Palo Alto, California, technology development office located in Paris, France; CEO Jean-Marie Hullot), the developer and operator of new photo-sharing service "fotonauts" (<http://www.fotonauts.com>), which allows multiple users to share digital images stored on PCs or in online photo albums. DG Director Joichi Ito has also been appointed as a member of the board at fotonauts Inc.

This investment was made as part of the angel investment network operations jointly led by DGI and Joi Ito's Laboratory, the DG Group's R&D center for advanced Internet services. The network has also invested in Three SF (main office located in San Francisco; developer and operator of Rupture, the social networking site for gamers), the third venture business founded by Napster creator Shawn Fanning, which was then acquired by Electronic Arts Inc., the industry-leading game software company, after an investment period of about one and a half years.

About fotonauts

"fotonauts" provides a comprehensive platform for the organizing, uploading, synchronizing and sharing of digital images. Users can add images to their fotonauts photo albums not only from their own PCs, but also from online photo-sharing sites such as Yahoo!'s Flickr and Google's Picasa using a simple and intuitive interface. Photos taken by other users can be added to any album, as long as the images are licensed for Creative Commons (note: Creative Commons provides a new, easier way to manage copyrights of user-generated contents).

Furthermore, users can also add related data from Wikipedia and Google Maps to the images and easily build a website.

fotonauts offers easy-to-use community functions that let users follow the photo albums of other members registered as friends, add comments to each photo and create albums together with friends. The fotonauts service is currently available as a private beta version. (<http://www.fotonauts.com/>)

About fotonauts Inc. and CEO

On September 10, 2008, fotonauts Inc. held demonstration and presentation sessions of their services at TechCrunch 50, a conference that showcases new services from Internet venture companies in San Francisco. This was the first public announcement of the services created by fotonauts, which up to that point was a stealth startup. Their digital photo album services offering collaborative content building functions similar to Wikipedia were well-received.

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U.S. IT news site CNet named fotonauts one of the top 10 venture businesses out of the 120 companies that held presentations at TechCrunch 50 and DEMOfall, a similarly-themed event held around the same time in San Diego. (http://news.cnet.com/8301-17939_109-10038846-2.html)

Jean-Marie Hullot, CEO of fotonauts Inc., has solid experience as the former CTO of both Apple's application division and NeXT, which was founded by Steve Jobs. He was also involved in Apple core product developments such as iCal and iSync. fotonauts Inc. is currently attracting investment from venture capitalists including Ignition Partners (main office located in Seattle, U.S.) and Banexi (main office located in Paris, France), as well as from notable angel investors such as Reid Hoffman, former EVP of PayPal (main office located in San Jose, U.S.) and founder and chairman of LinkedIn (Mountain View, U.S.) and Ron Conway, a renowned venture capitalist whose early investments included Google and PayPal.

About Digital Garage, Inc.

Digital Garage, Inc., founded in 1995, is a pure holding company with 18 Group subsidiaries (consolidated) including Kakaku.com (TSE first section: 2371), the operator of Japan's leading price comparison site and e-Context, Inc. (OSE Hercules: 2448), settlement and distribution services provider for EC businesses.

About DG Incubation, Inc.

DG Incubation, Inc., a wholly-owned subsidiary of Digital Garage, Inc., was founded in July 2005 in order to establish Digital Garage's new business investment and development operations as a separate entity. Aiming to contribute to the creation of a better society, lifestyle and business environment, the company is engaged in private equity investment and business incubation activities for next-generation startup companies that will assume major roles in Japan's future.