



# Fiscal Year 2010 Full Year and Fourth Quarter Financial Results

February 15, 2011  
Rakuten, Inc.

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# **1** FY2010 Full Year Results and Strategy

## **2** Operating Results of Key Businesses

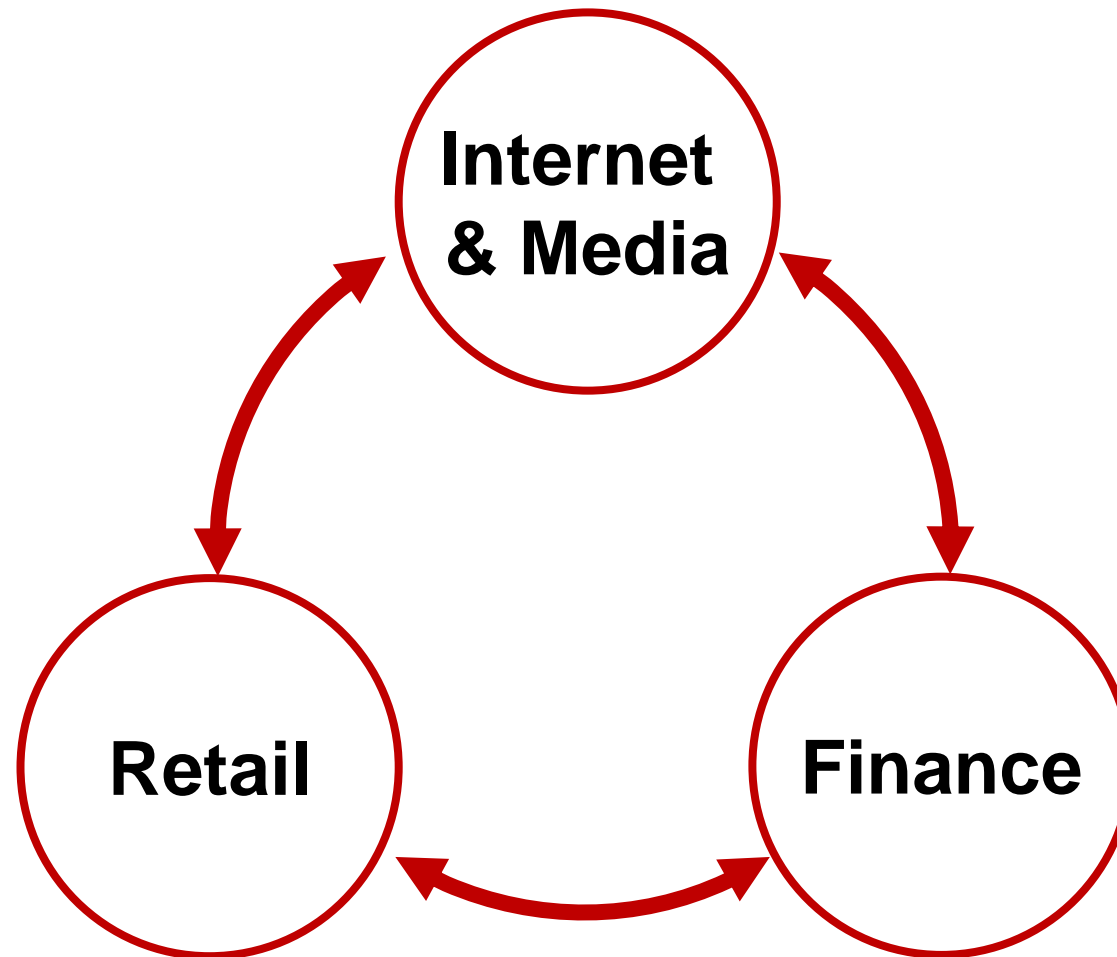
1. Rakuten Ichiba Business
2. Travel Business
3. Credit Card Business
4. Banking Business
5. E-money Business
6. Securities Business

## **3** Dividend

## **4** 2011 Focal Points

## Appendix

Rakuten is the only Internet company globally to leverage synergies between e-commerce and financial services



# **1** -1 FY2010 Full Year Results and Strategy

## Highest levels of Sales and Profits in Rakuten's history

### ■ Internet Services

Sales +25.1% YoY, EBITDA +16.8% YoY,  
Ordinary Profit +15.3% YoY

### ■ Group Total

Sales +16.1% YoY, EBITDA +11.8% YoY,  
Ordinary Profit +13.5% YoY

# FY2010 Results by Business Category



(JPY bn)

		FY2010 (Jan-Dec)							
		Sales	YoY	EBITDA	YoY	EBITDA Margin	Ordinary Profit	YoY	Ordinary Profit Margin
<b>Internet Services</b>	E-Commerce Travel Portal and Media	<b>201.2</b>	+25.1%	<b>60.0</b>	+16.8%	<b>29.8%</b>	<b>53.8</b>	+15.3%	<b>26.8%</b>
<b>Internet Finance</b>	Credit Card Banking Securities E-Money*	<b>131.2</b>	+14.1%	<b>19.4</b>	-5.3%	<b>14.8%</b>	<b>8.9</b>	-13.8%	<b>6.8%</b>
<b>Others</b>	Telecommunication Professional Sports	<b>31.1</b>	-11.9%	<b>1.4</b>	+0.1%	<b>4.5%</b>	<b>-0.2</b>	-	<b>-0.8%</b>
<b>Corporate and Internal elimination</b>		<b>-17.4</b>	-	<b>6.7</b>	-	-	<b>-0.2</b>	-	-
<b>Consolidated</b>		<b>346.1</b>	+16.1%	<b>87.7</b>	+11.8%	<b>25.3%</b>	<b>62.3</b>	+13.5%	<b>18.0%</b>

\*: Started consolidation with bitWallet, Inc. in 2010 Q1

# Q4/10 Results by Business Category



(JPY bn)

		Q4/10 (Oct - Dec)							
		Sales	YoY	EBITDA	YoY	EBITDA Margin	Ordinary Profit	YoY	Ordinary Profit Margin
<b>Internet Services</b>	E-Commerce Travel Portal and Media	<b>58.1</b>	+23.9%	<b>18.8</b>	+18.3%	<b>32.4%</b>	<b>17.0</b>	+15.4%	<b>29.2%</b>
<b>Internet Finance</b>	Credit Card Banking Securities E-Money*	<b>33.5</b>	+12.6%	<b>5.4</b>	-4.8%	<b>16.2%</b>	<b>2.7</b>	-20.5%	<b>8.3%</b>
<b>Others</b>	Telecommunication Professional Sports	<b>6.3</b>	-22.3%	<b>-0.3</b>	-	<b>-5.2%</b>	<b>-0.7</b>	-	<b>-11.7%</b>
<b>Corporate and Internal elimination</b>		<b>-4.5</b>	-	<b>2.1</b>	-	<b>-</b>	<b>0.1</b>	-	<b>-</b>
<b>Consolidated</b>		<b>93.5</b>	+15.3%	<b>26.0</b>	+13.1%	<b>27.9%</b>	<b>19.1</b>	+9.5%	<b>20.5%</b>

\*: Started consolidation with bitWallet, Inc. in 2010 Q1

# Summary of Consolidated Results FY2010 Full Year



(JPY bn)

	FY2009 (Jan - Dec)	FY2010 (Jan - Dec)	Margin	YoY
<b>Sales</b>	298.2	<b>346.1</b>	100.0%	+16.1%
<b>Operating Profit</b>	56.6	<b>63.7</b>	18.4%	+12.6%
<b>Ordinary Profit</b>	54.8	<b>62.3</b>	18.0%	+13.5%
<b>EBITDA<sup>*</sup></b>	78.4	<b>87.7</b>	25.3%	+11.8%

\*1:EBITDA = Ordinary Profit + Interest expense + Depreciation + Amortization of goodwill - Effect of securitizing loan receivables



# Summary of Consolidated Results FY2010 Q4

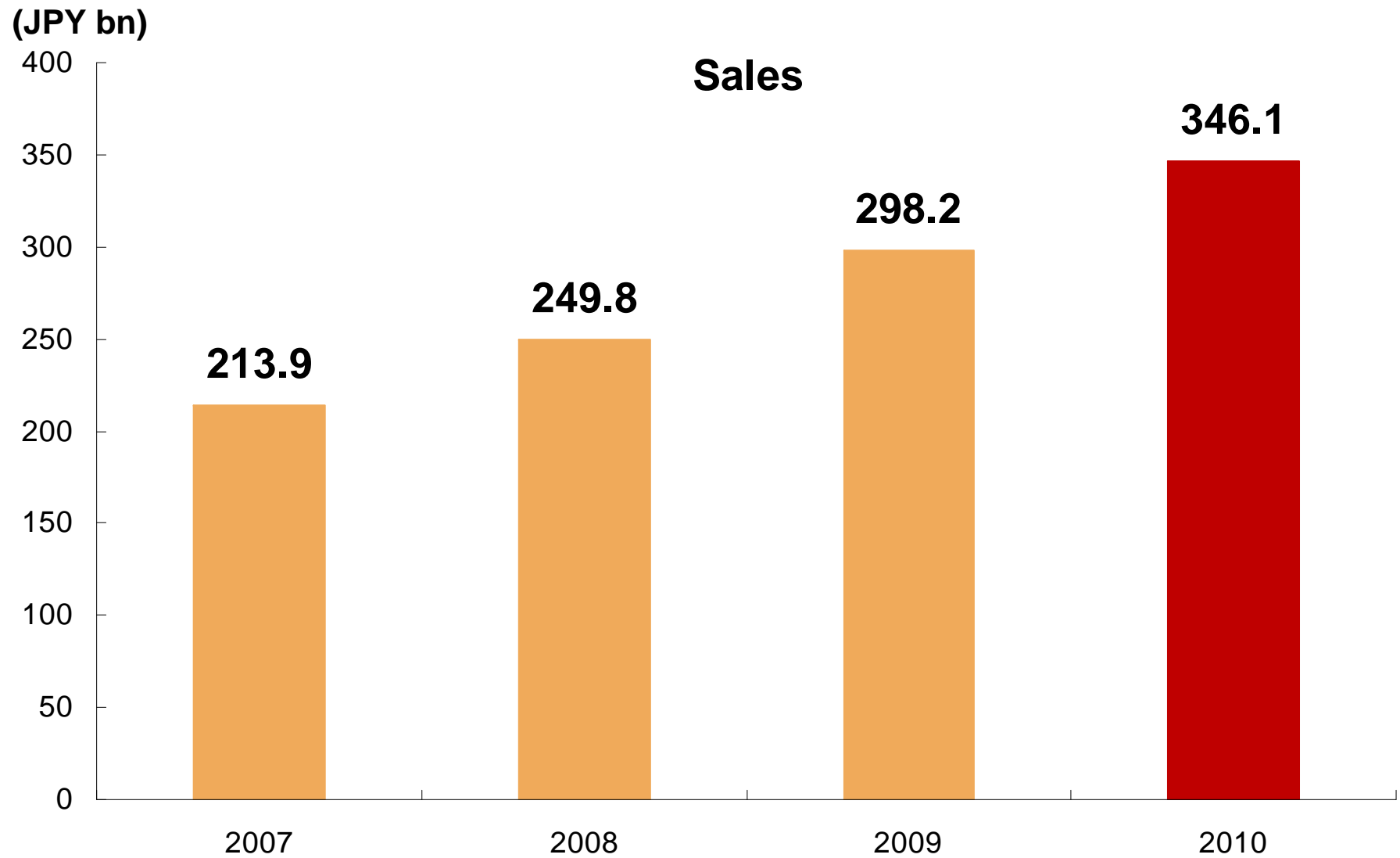


(JPY bn)

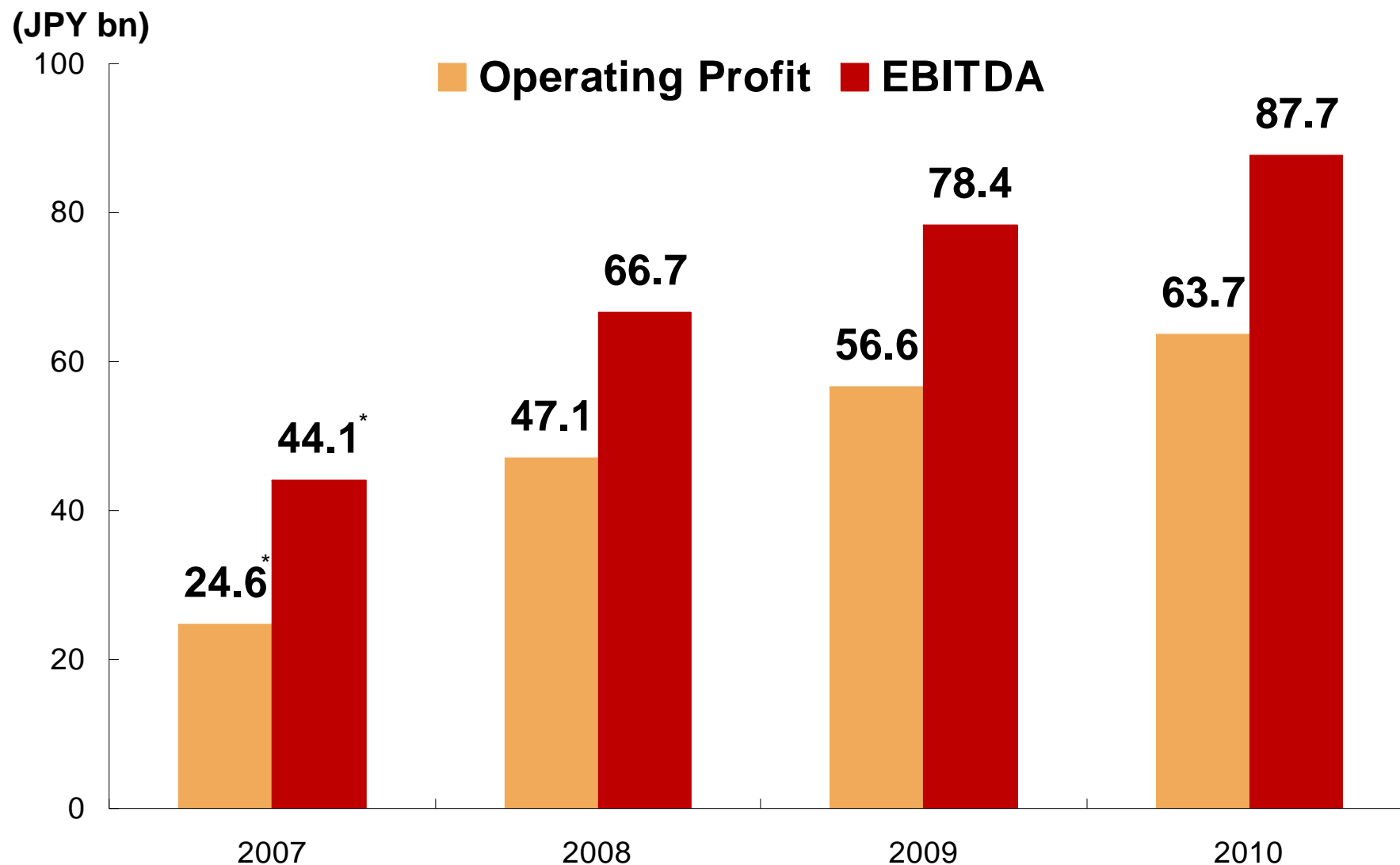
	Q4/09 (Oct - Dec)	Q4/10 (Oct - Dec)	Margin	YoY
<b>Sales</b>	81.2	<b>93.5</b>	100.0%	+15.3%
<b>Operating Profit</b>	18.0	<b>19.5</b>	20.9%	+8.5%
<b>Ordinary Profit</b>	17.5	<b>19.1</b>	20.5%	+9.5%
<b>EBITDA<sup>*</sup></b>	23.0	<b>26.0</b>	27.9%	+13.1%

\*1:EBITDA = Ordinary Profit + Interest expense + Depreciation + Amortization of goodwill - Effect of securitizing loan receivables

# Rakuten Group Consolidated Sales



# Rakuten Group Consolidated Operating Profit and EBITDA



\* The fiscal 2007 operating income excludes a one-time expense of ¥24.5 billion due to additional provisions for allowances relating to interest repayment claims at Rakuten KC Co., Ltd.

## Targets

- Build structure to become a “Strong Global Company”



## Performance

- Buy.com and PriceMinister joined
- Lekutian (China) launched
- English-nization advanced
- Opened overseas R&D sites

- Strengthen the Rakuten Eco-System in Japan



- E-Commerce and Travel further strengthened their positions
- Credit Card kept growth
- Edy (e-Money) joined

- Provide new services



- Smart phone, social projects and flash marketing initiatives took off

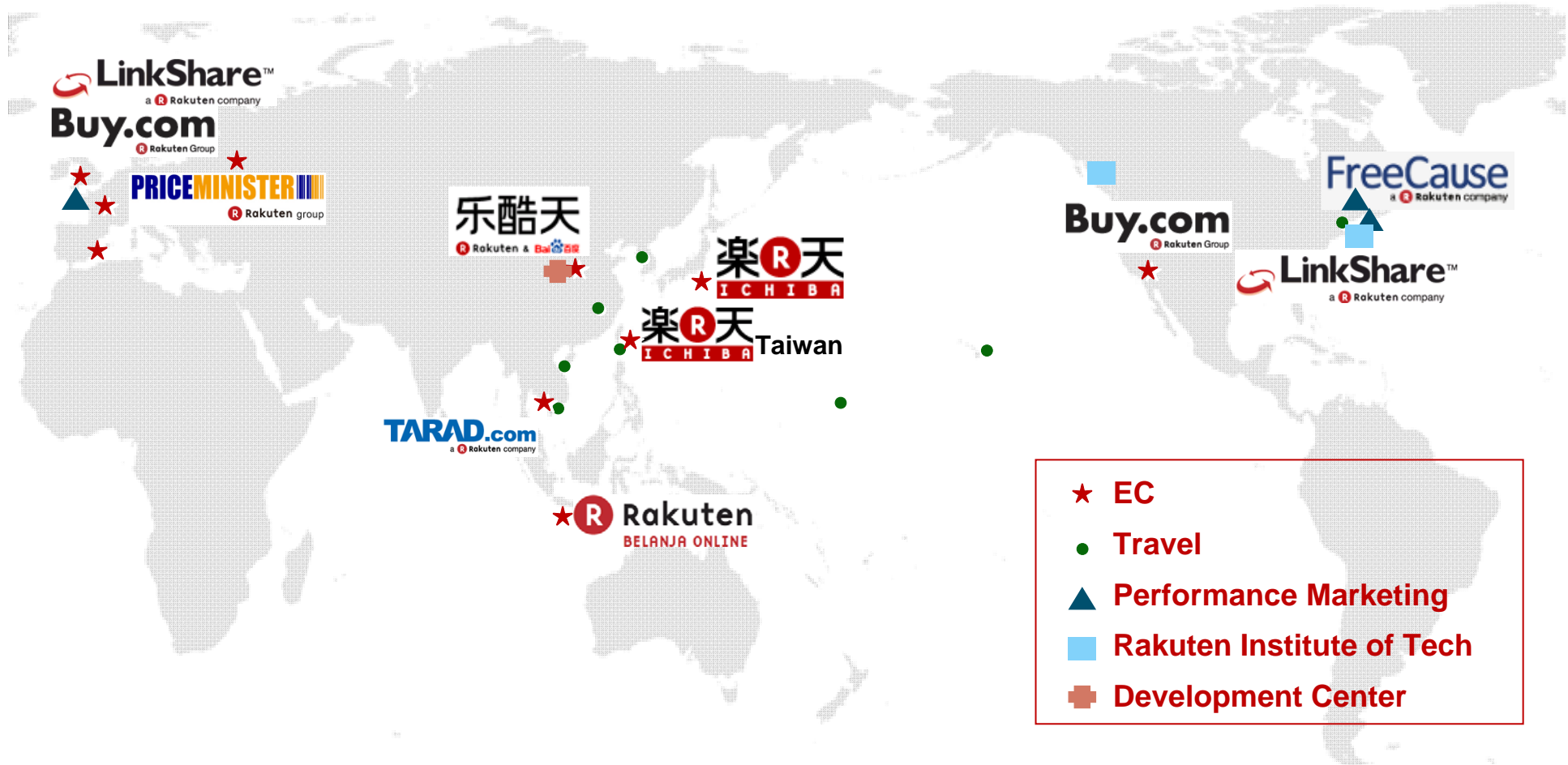
- Project V3



- Controlled costs effectively

# **1 -2 Global Business Expansion**

## Established footprint in major regions



# Overseas GMS Taking Off

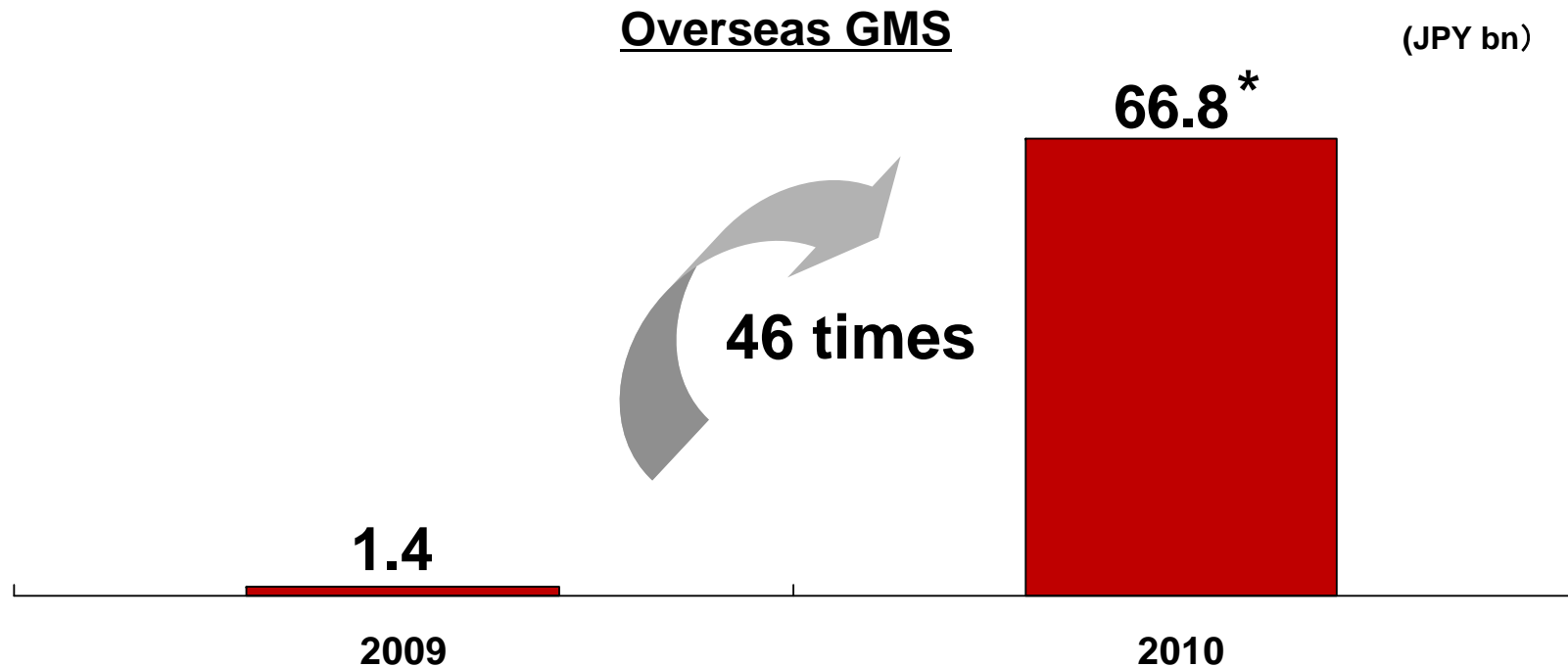
- Through M&A and JV, overseas business exploded

## Until 2009

- Taiwan Rakuten Ichiba
- TARAD.com (Thailand)

## New entries in 2010

- TARAD.com premium mall
- Buy.com (U.S.)
- PRICEMINISTER (France)
- Lekutian (China)



\*: Total GMS at overseas subsidiaries since the start of 2010

(FY2010)

**Rakuten Ichiba model  
adopted at new  
subsidiaries**

**Marketplace GMS at  
Buy.com**

**+ 60.5% YoY**

**B2B2C EC GMS at  
PriceMinister**

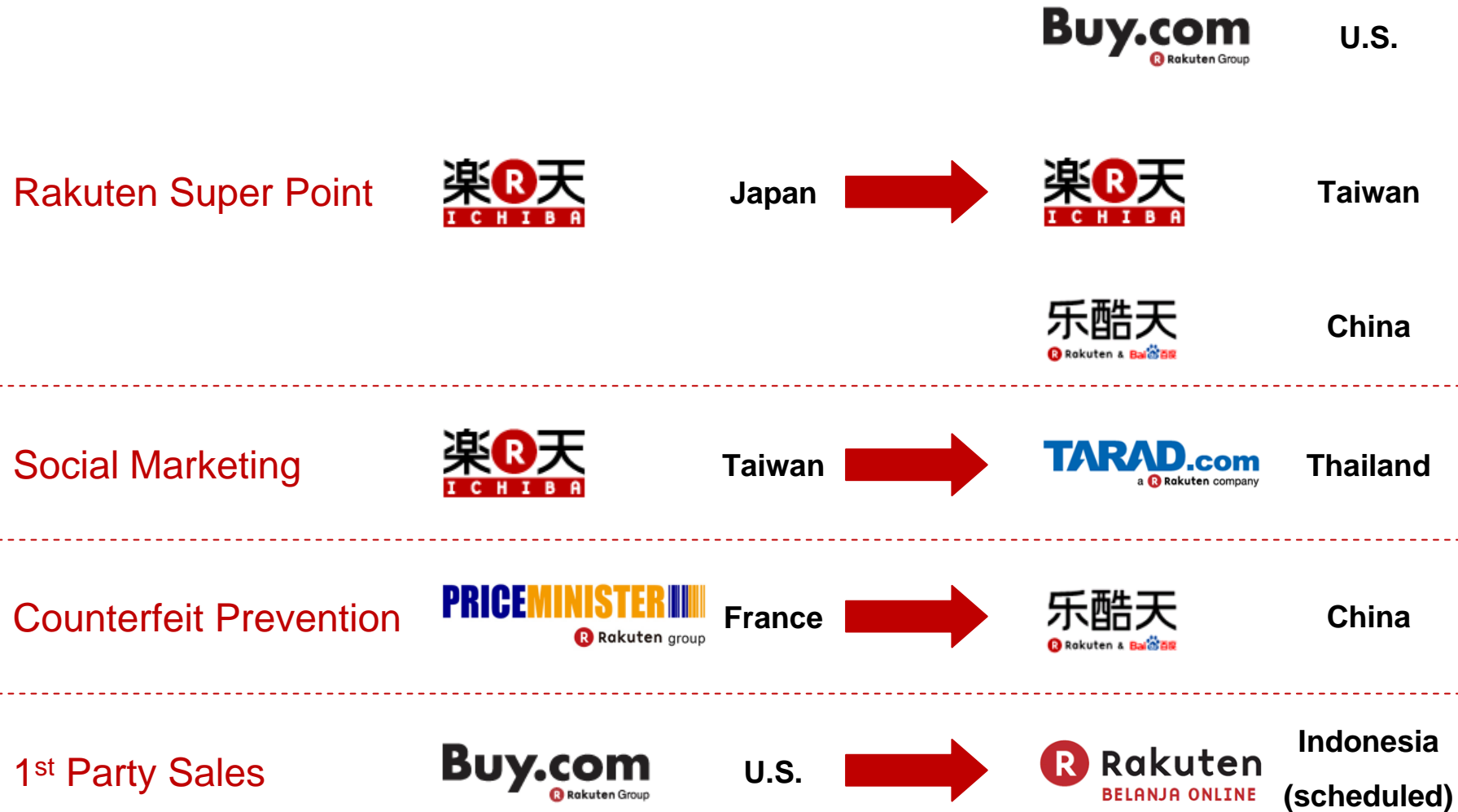
**+ 24.7% YoY**



# Knowledge Sharing among Regions



- English-nization promotes fast and direct communication



- Appointing technical directors at overseas subsidiaries as Rakuten's managing officers and executive officers
  - RIT New York
  - LinkShare (Deputy head of Rakuten Group Systems)
  - Buy.com
  - PriceMinister
  - Lekutian
  
- Strengthening recruitment overseas (promoting new graduates and mid-career employees)
  - China
  - India
  - US (and others)
  
- Strengthening co-operation between domestic and overseas development teams
  - Sharing know-how and platforms

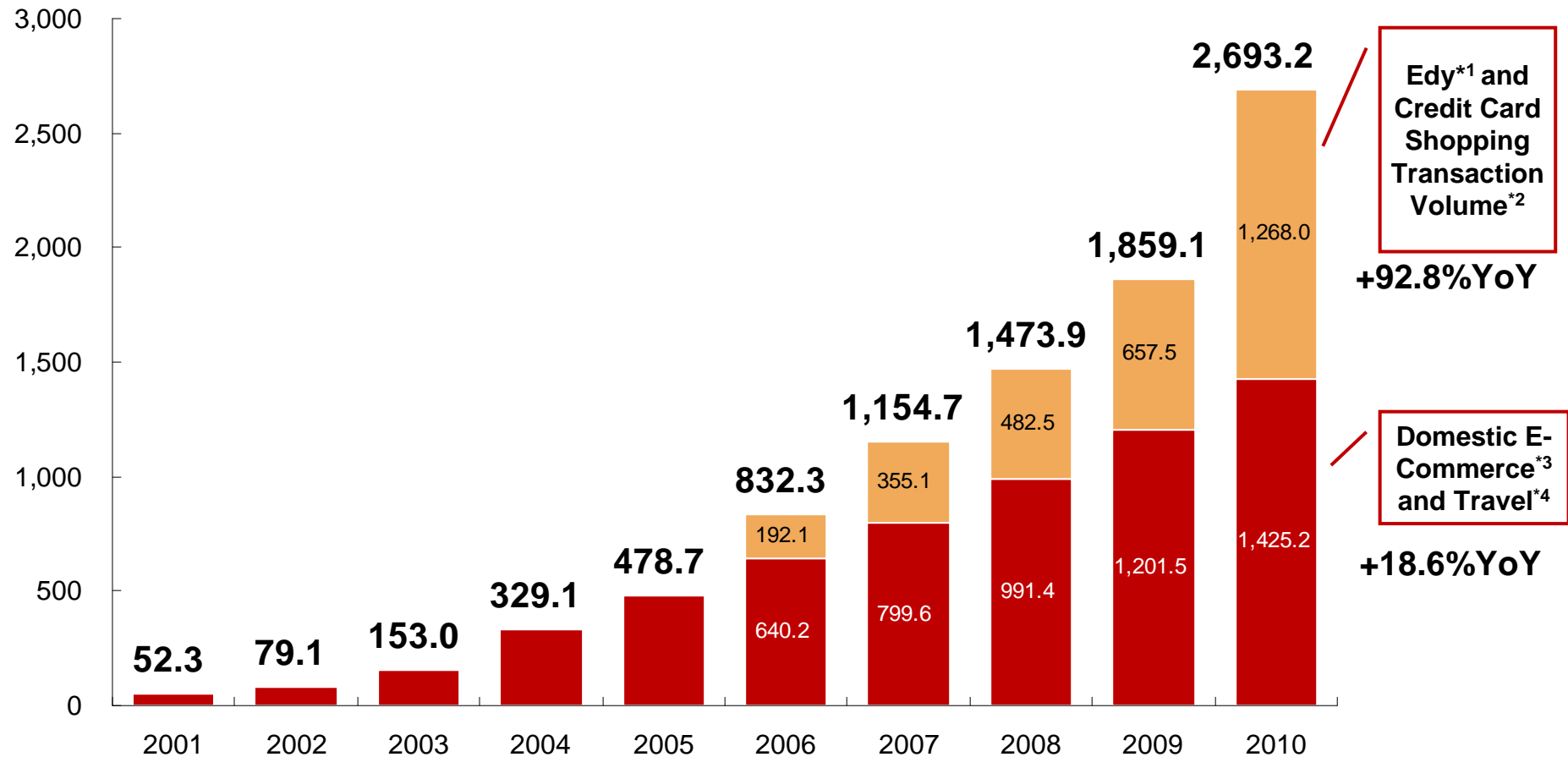
# **1 -3 Domestic Business Dominance**

# Group Gross Transaction Volume (Incl. Credit Card and E-Money)



■ Surpassed ¥2.6 trillion of Domestic Group GTV

(JPY bn)



\*1:Edy Transaction Volume= Amount settled by E-Money "Edy" (including mobile and cards)(Q1/10-)

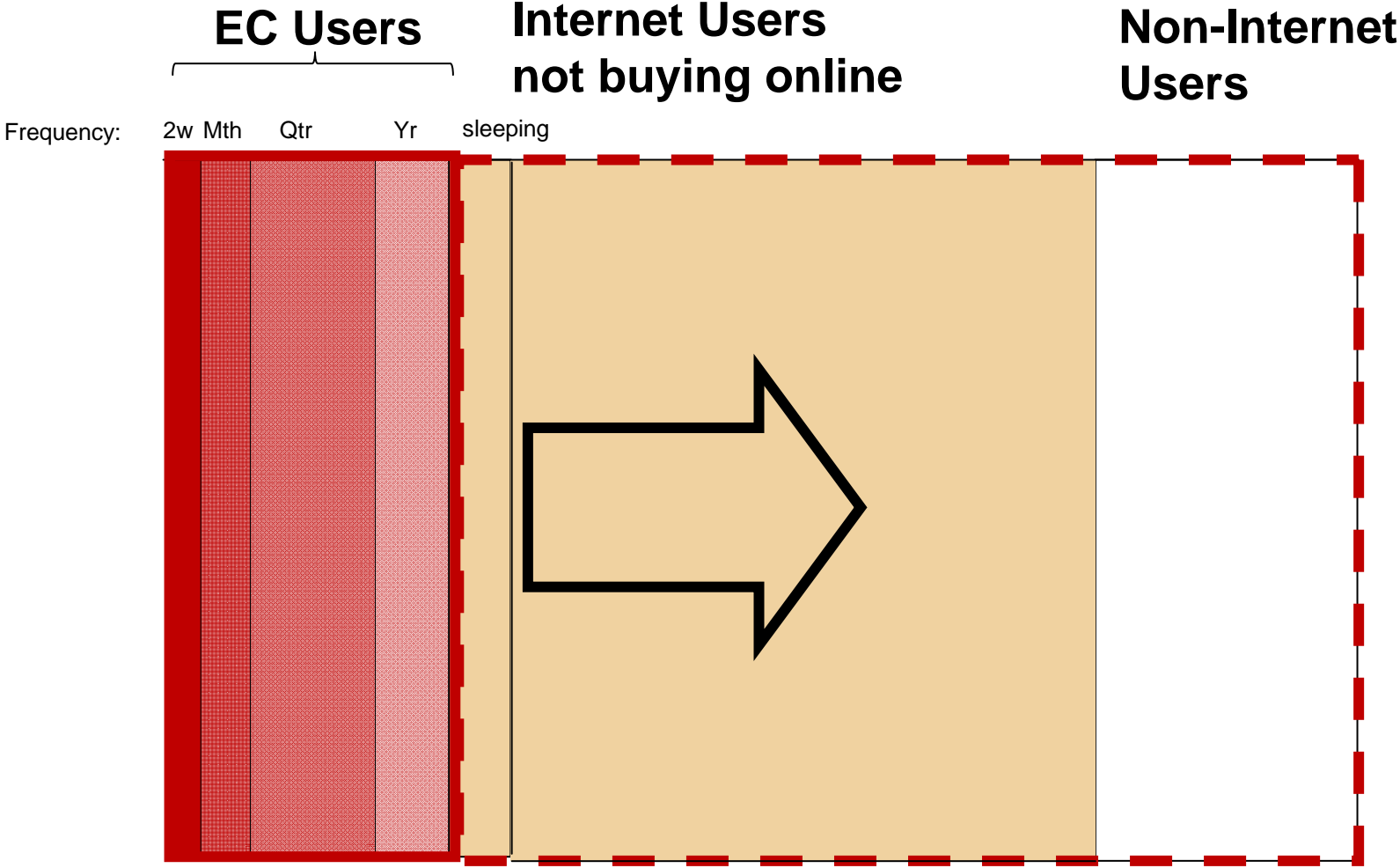
\*2:Credit Card Shopping Transaction Volume= Shopping Transaction Volume of credit cards issued by Rakuten KC (including Rakuten group service use)

\*3: Domestic E-Commerce =Mall (Fixed-price, Group purchase), Mobile, Business, Golf, Books, Auction (Flea market), download, tickets, Internet Supermarket, Check Out, Off-track betting, toto(Q1/09-) \*5. ShowTime (Q1/09-) \*5, Media rental (Q1/08-) \*5

\*4:Travel (before cancellation, excl. tax) = Domestic/international accommodation booking, International air tickets, Domestic/international dynamic packaging, Domestic bus service, Rental car service

\*5 Retroactively added to GMS since service start

- Plenty of room to grow in domestic market



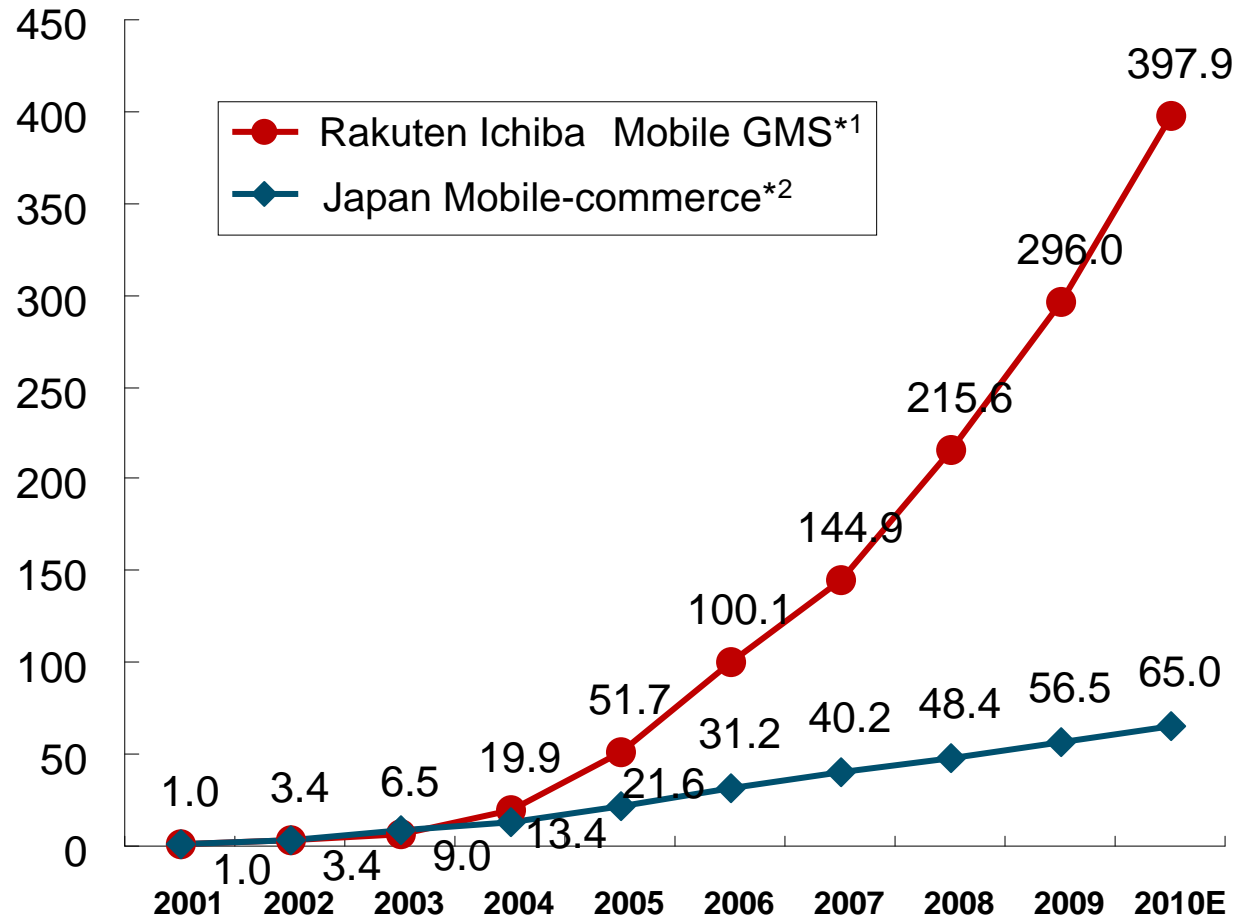
(Population over 6yr-old in 2009)

# Mobile Commerce Growth



- Mobile GMS at Ichiba in 2010 reached about 400 times of 2001
- GMS via smart phones : +757.1% (Dec.10, YoY)

(times; 2001=1.0)



\*1:Rakuten Ichiba Mobile includes smart phones (incl. smart phones )

\*2:Source: Fuji Keizai

# of apps for smart phone : 16, # of sites adapting smart phone :35



Ichiba



Books



Books



Credit Card



Travel



Travel



Professional Sports



Securities



Banking



iPhone/iPad



Android

## ■ Buy.com

- “ShopTogether” offering new user experiences
- Real-time communication between users with Facebook IDs
- Acquired DecisionStep, software developer of ShopTogether

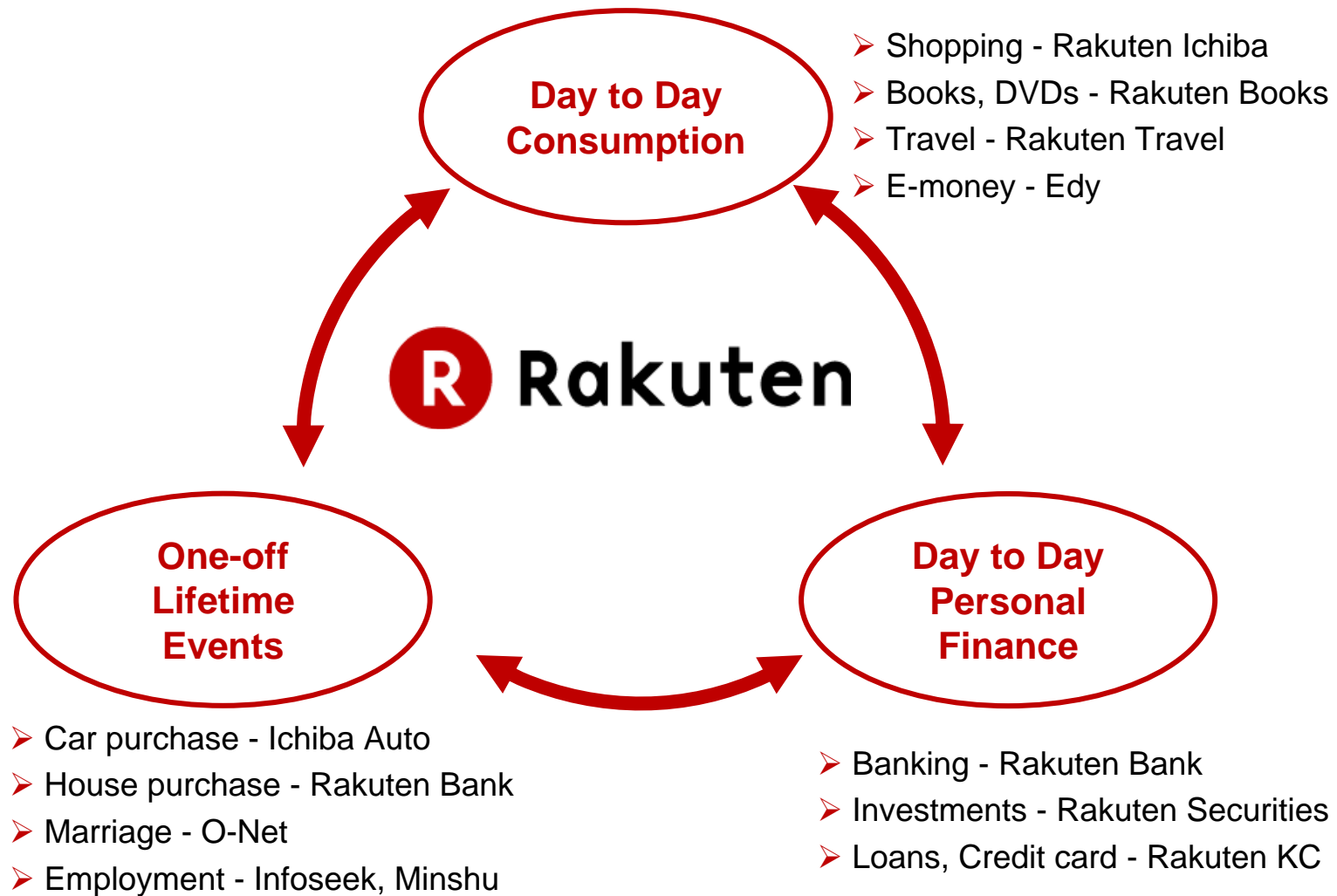
## ■ Rakuten Ichiba

- Leveraging tie-ups with 3<sup>rd</sup> parties
- Creating own social graph



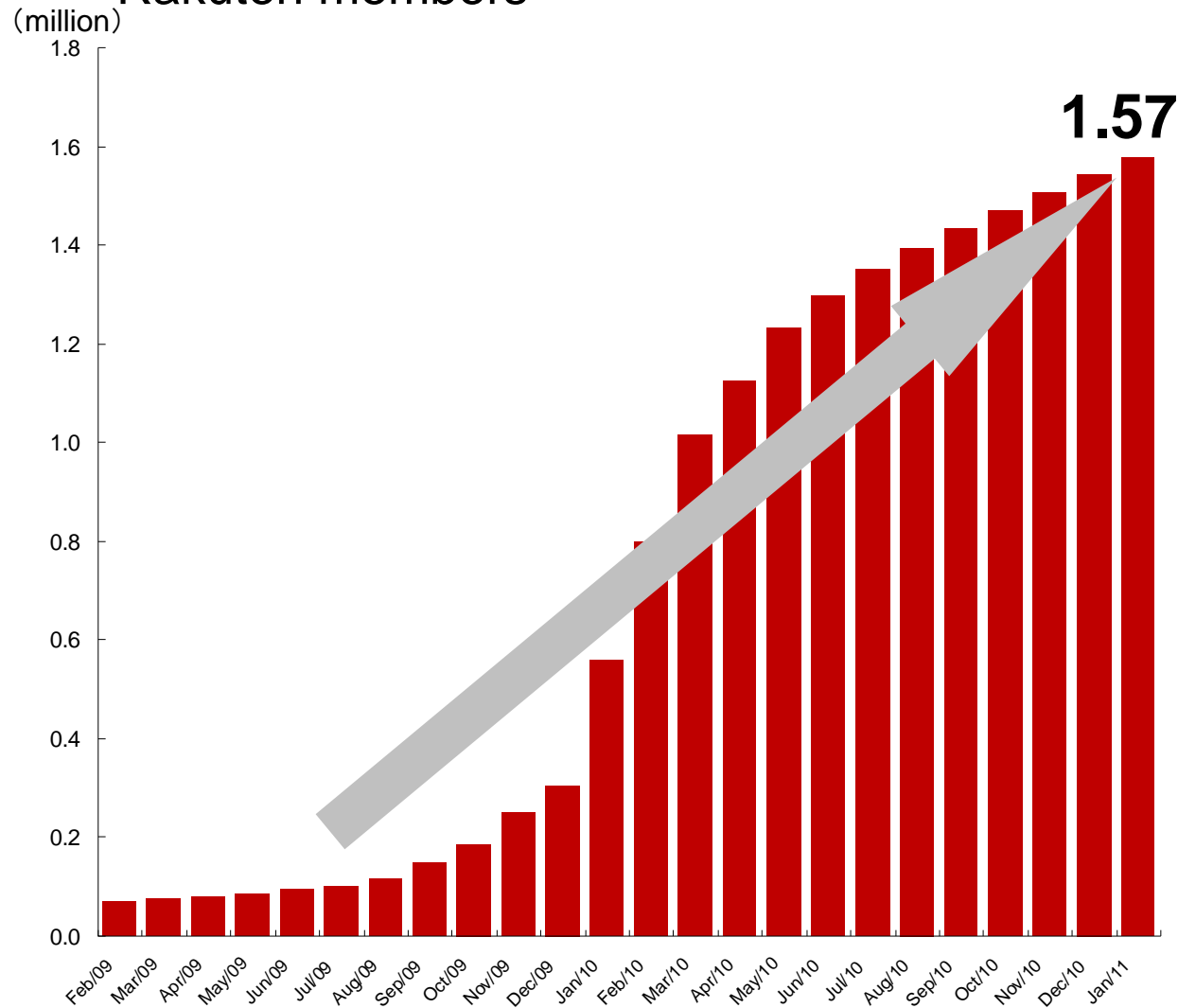
# **1** -4 One-stop Service Portfolio

## One-stop internet services maximizes membership monetization

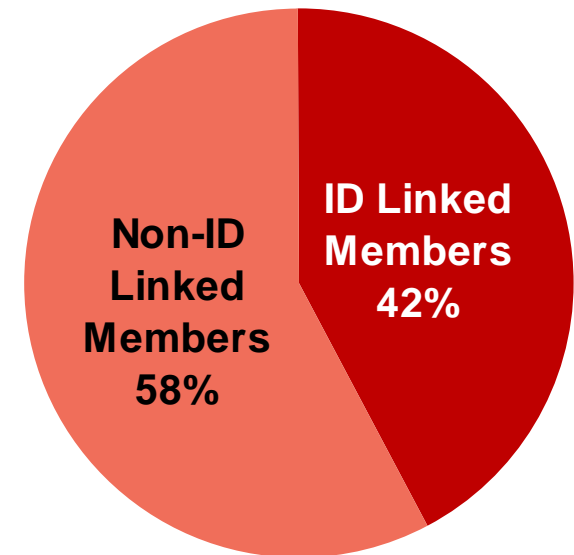


# Number of Happy Program Members at Rakuten Bank Rakuten (Loyalty Program Linked with Rakuten ID)

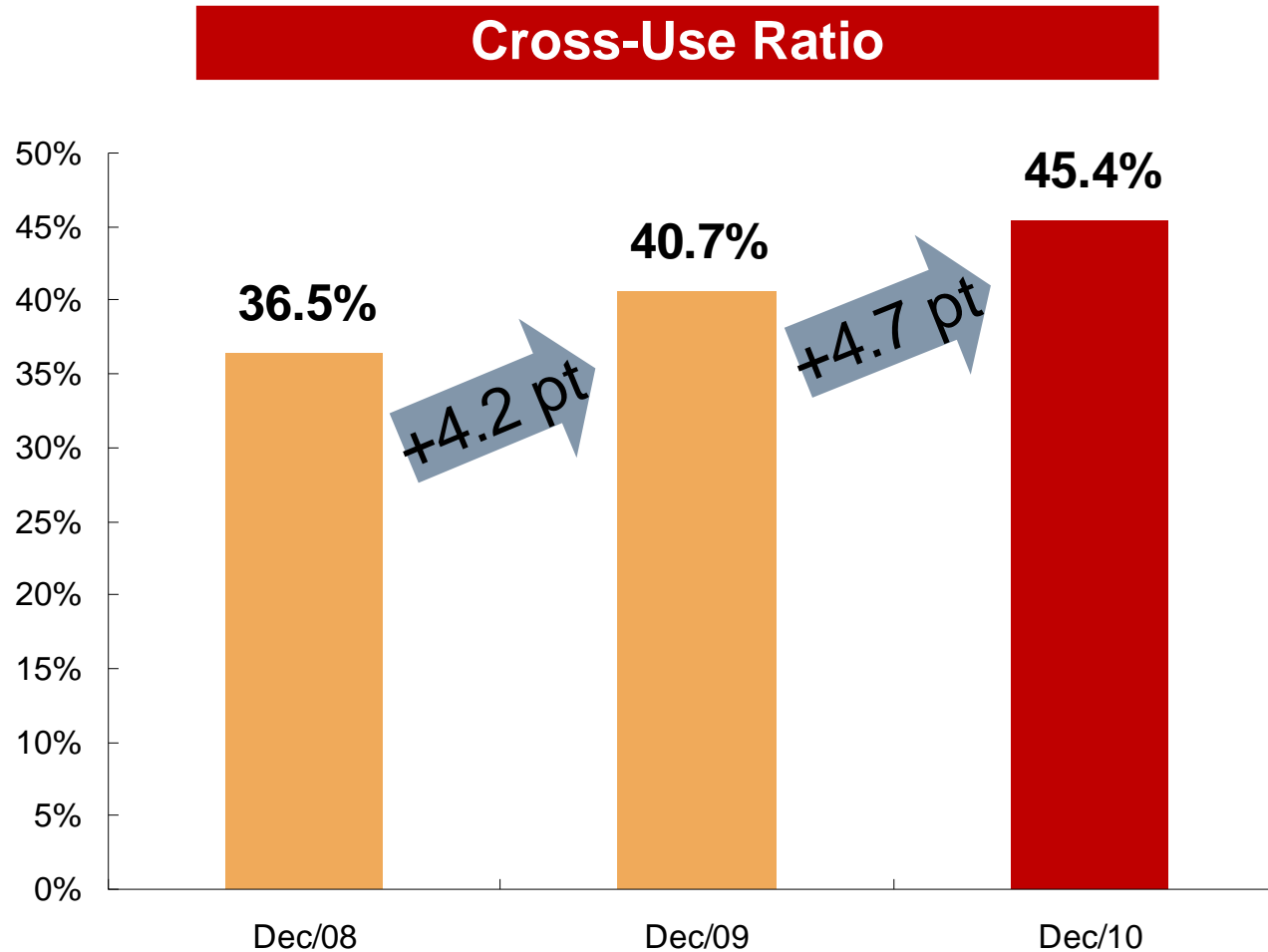
■ Loyalty Program Members surpassed 1.5 million, increased usage by Rakuten members



Share of ID Linked Members at Rakuten Bank



- Accelerated due to group synergy



\* Purchasing ratio of Rakuten members who have utilized other Rakuten services during the past 12 months of the listed month.

\* Applicable services are limited to those which can earn Rakuten Super Points (excl. Securities)

## 2 Operating Results of Key Businesses

1. Rakuten Ichiba Business
2. Travel Business
3. Credit Card Business
4. Banking Business
5. E-money Business
6. Securities Business

## **2** -1 Rakuten Ichiba Business

## ■ High growth of GMS and OP



- GMS +19.4% YoY
- OP +15.9% YoY
  - New merchants including big retailers joined
  - Flash marketing became successful
  - Project V3 contributed to improve OP margin

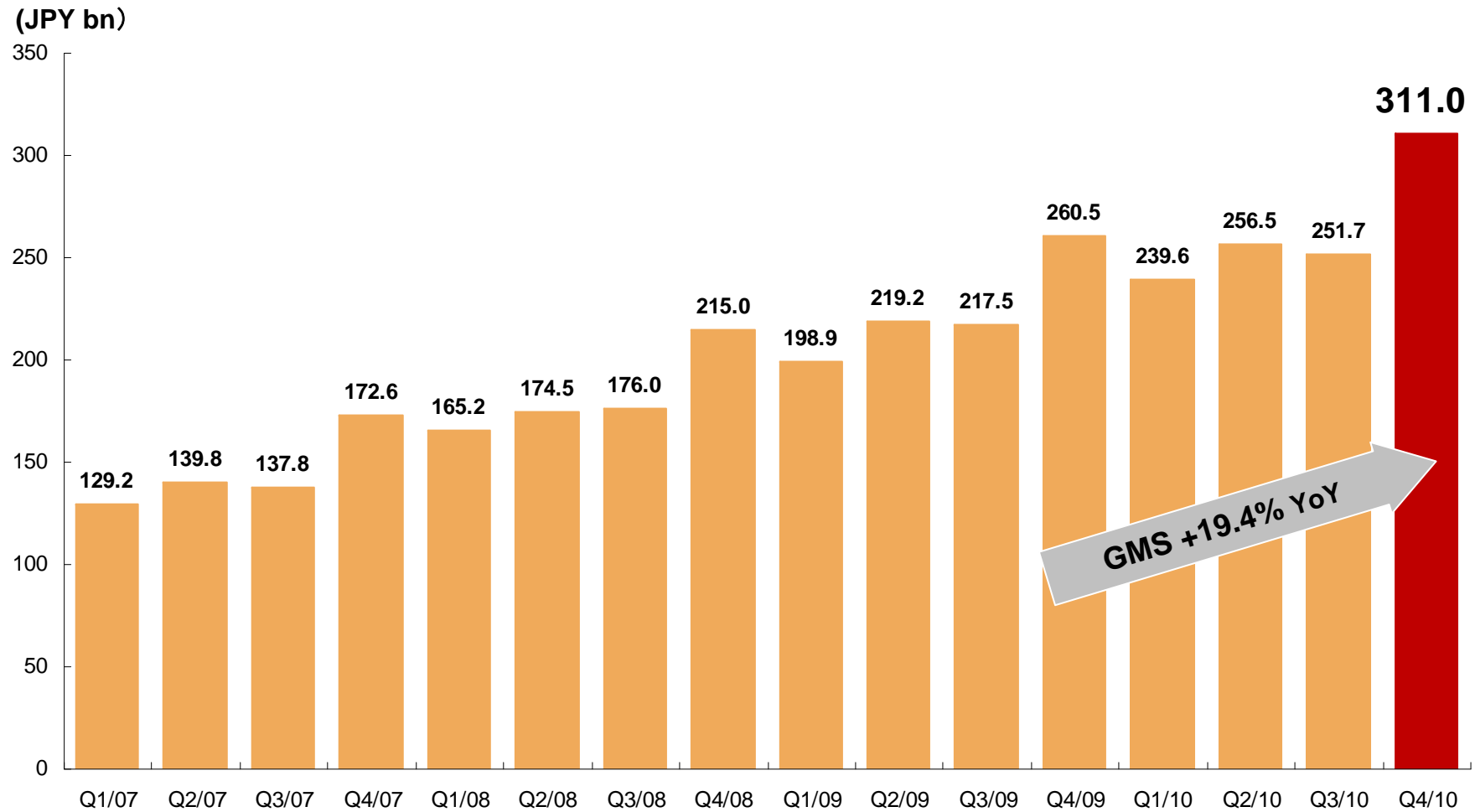
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## ■ Focus in 2011



- Acquire more users
- Befriend and increase users' loyalty
- Cultivate cross-selling
  - Verticals : More merchandises, more merchants
  - Social shopping : Tie-ups and own social graphs
  - Logistics : Improving quality of services
  - New devices : Adapting to smart phone, tablet PC
  - Global : Promoting international shipment service

- Growth of GMS : +19.4% YoY, thanks to big campaign and other marketing strategies



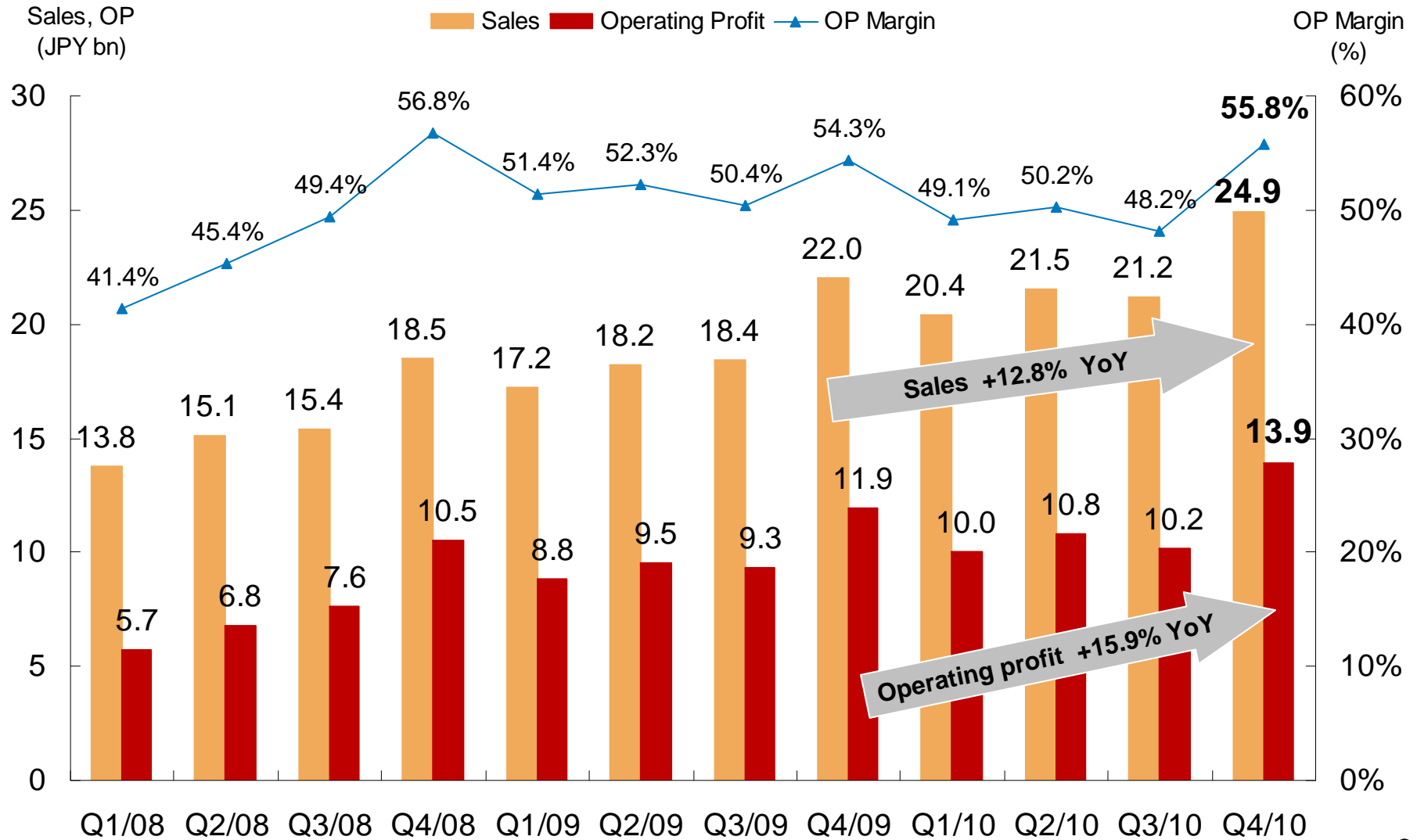
\*Domestic E-Commerce =Mall (Fixed-price, Group purchase), Mobile, Business, Golf, Books, Auction (Flea market), download, tickets, Internet Supermarket, Check Out, Off-track betting, toto(Q1/09-), ShowTime (Q1/09-), Media rental (Q1/08-)



# Rakuten Ichiba Quarterly Results



■ Sales Growth : +12.8% YoY, Operating Profit Growth : +15.9% YoY



## Rakuten Ichiba Buyer Metrics\*1



- Unique buyers exceeded 10 million, Growth : +19.2% YoY
- Increased by 1 million from Q3, biggest quarterly jump in our history

	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Unique Buyers*2 (million)	7.03	7.17	7.72	7.75	8.54	8.60	9.14	9.19	10.18
# of Transactions (million)	24.19	24.05	27.11	26.43	31.02	30.27	33.26	32.92	38.44
Average # of Transactions per Buyer	3.43	3.35	3.50	3.41	3.63	3.51	3.63	3.58	3.77
Average Price per Transaction (JPY)	7,843	7,346	6,970	6,998	7,267	6,908	6,585	6,503	6,992
Quarterly GMS per Buyer*3 (JPY)	26,969	24,637	24,449	23,868	26,390	24,291	23,940	23,291	26,399

\*1: Based on e-mail address : Fixed-Price and Group Buy introduced in Rakuten Ichiba and mobile

\*2: Unique Buyers : Number of buyers sorted by e-mail address with purchasing records during the listed 3 month period.

\*3: Quarterly GMS Per Buyer = GMS (Rakuten Ichiba) / Unique Buyers

## **2** -2 Travel Business

### ■ High growth of Gross Booking



- Succeeded in an increase in bookings for year-end holidays, GTV : +20.8% YoY

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### ■ Expansion of Dynamic Packages\*



- International ANA RAKU PACK released
- Total ANA RAKU PACK users exceeded 1 million since it started

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### ■ Launched New Content



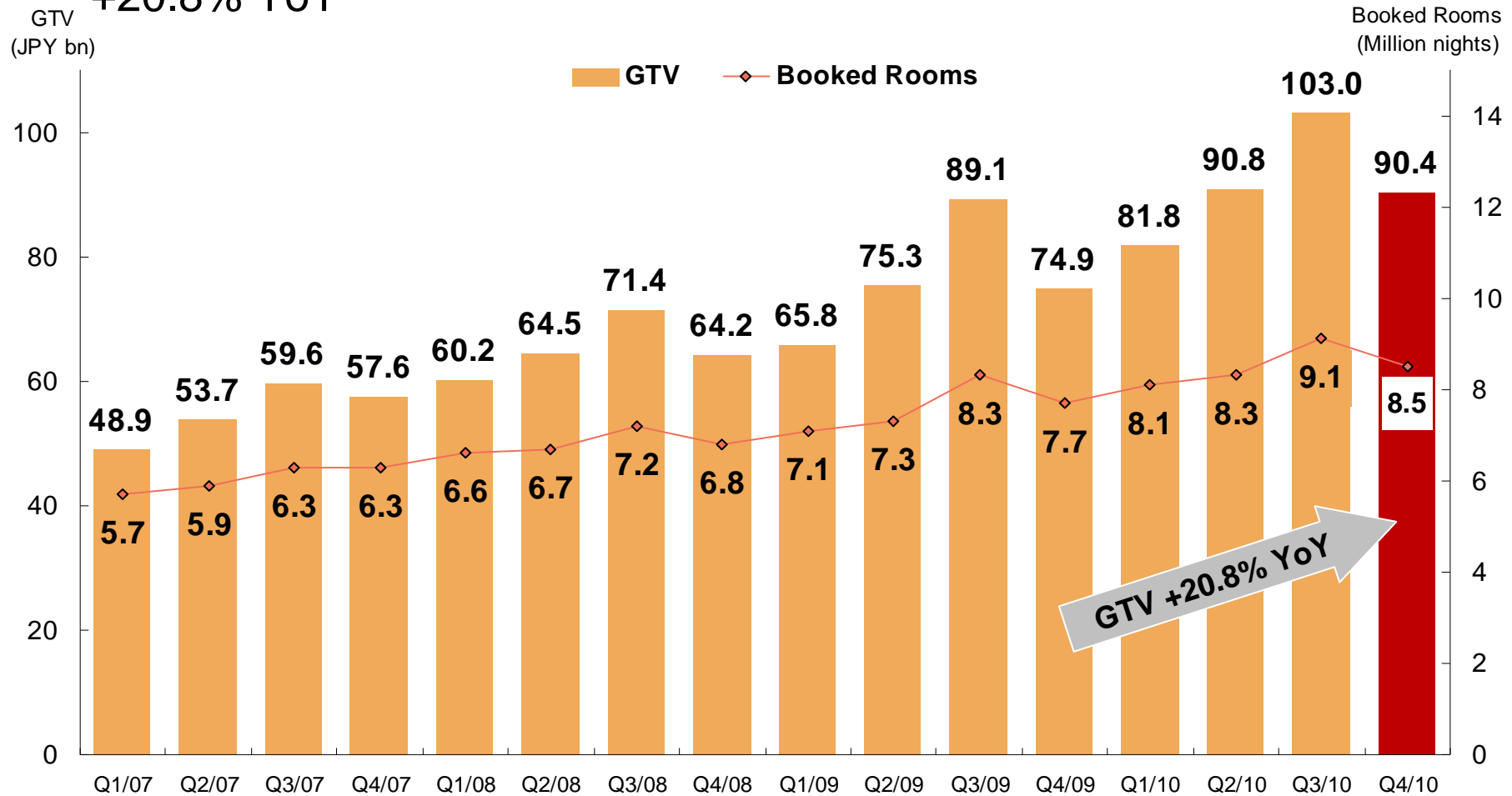
- Rakupon service started
- Improved call center system
- Provides video streaming and virtual tours

\*: Dynamic Package : Package Reservations system which allows users to combine airline tickets and hotels of their choice

# Travel Business Gross Booking Transaction Volume



- Expansion of several feature pages and campaigns resulted in an increase in bookings for year-end holidays. Travel GTV\* growth : **+20.8% YoY**



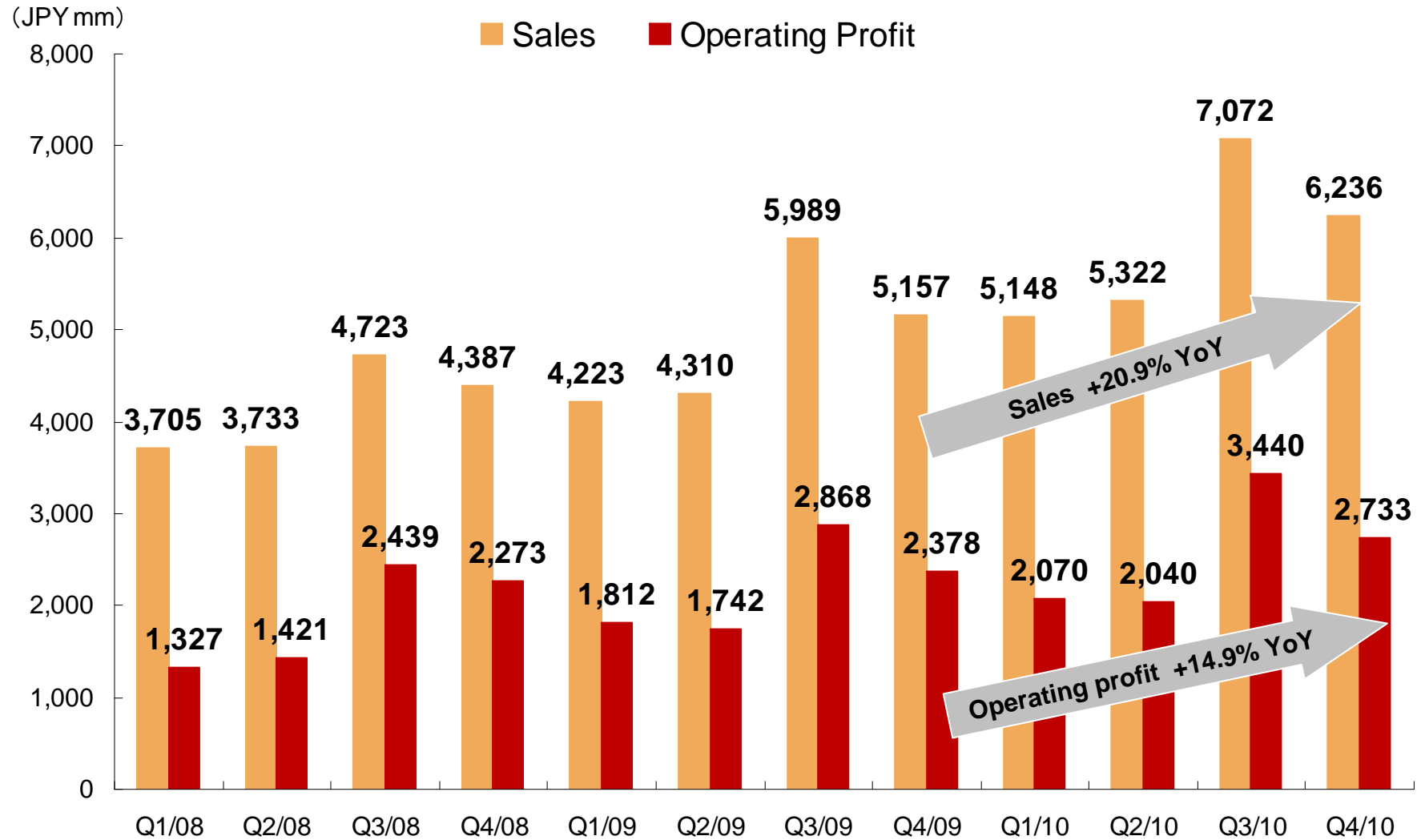
\*: Travel GTV = Booking base (before cancellation, excl. tax)

= Domestic / International accommodation booking, International air tickets, Domestic / International DP, Domestic bus, Rental car service **36**

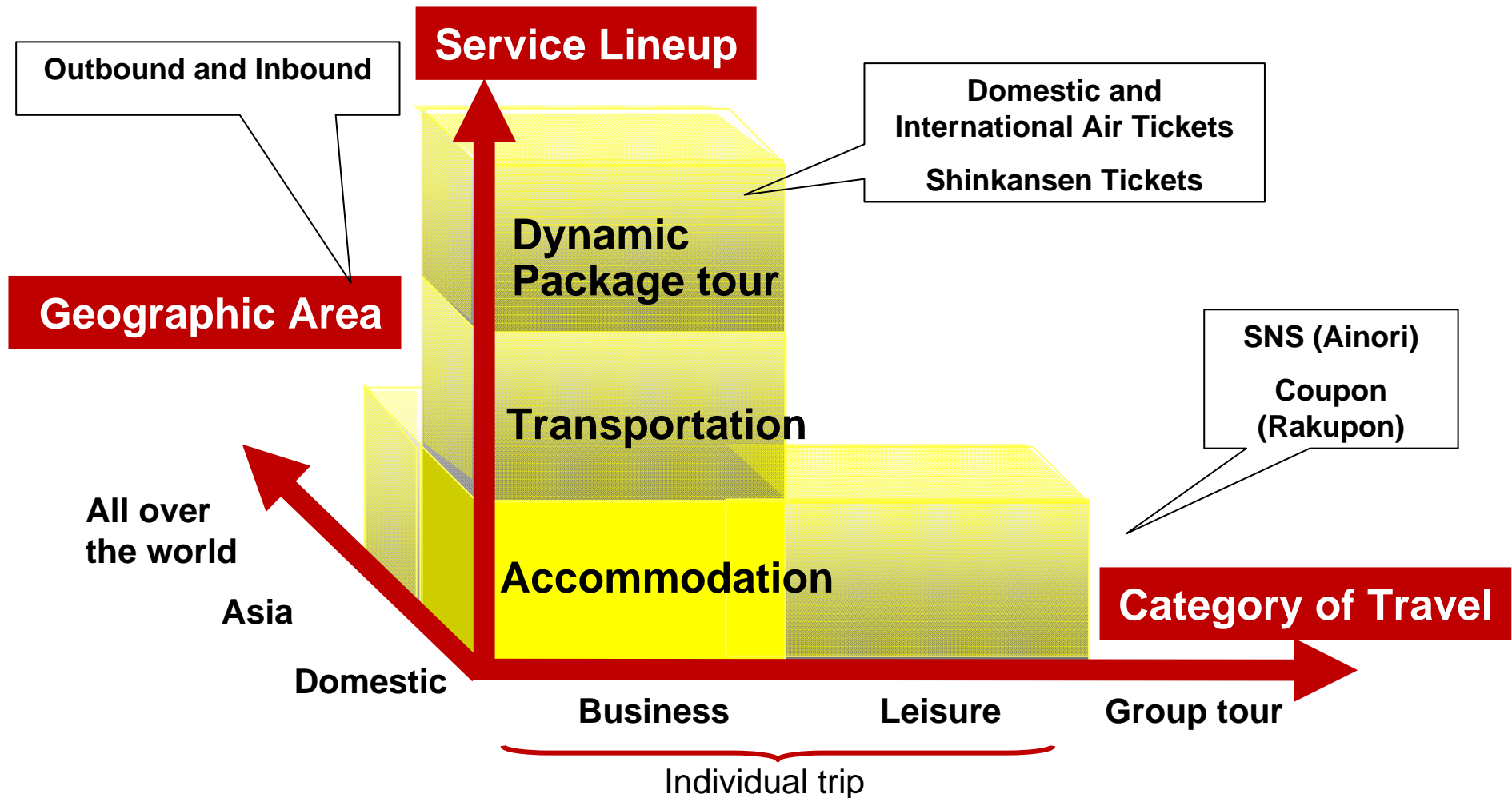
# Travel Business Quarterly Results



■ Sales Growth : +20.9% YoY, Operating Profit Growth : +14.9% YoY



- From domestic hotel booking site to leading online travel agency globally



## **2** -3 Credit Card Business



■ **Steady growth in Rakuten Card shopping revenues**



■ Annual Card Shopping Sales Volume exceeded JPY1.0tr

■ **Continuing high growth in card membership**



■ Credit Card holders: 5.7m +27.3% YoY

■ **Strengthened loan receivables collection performance**

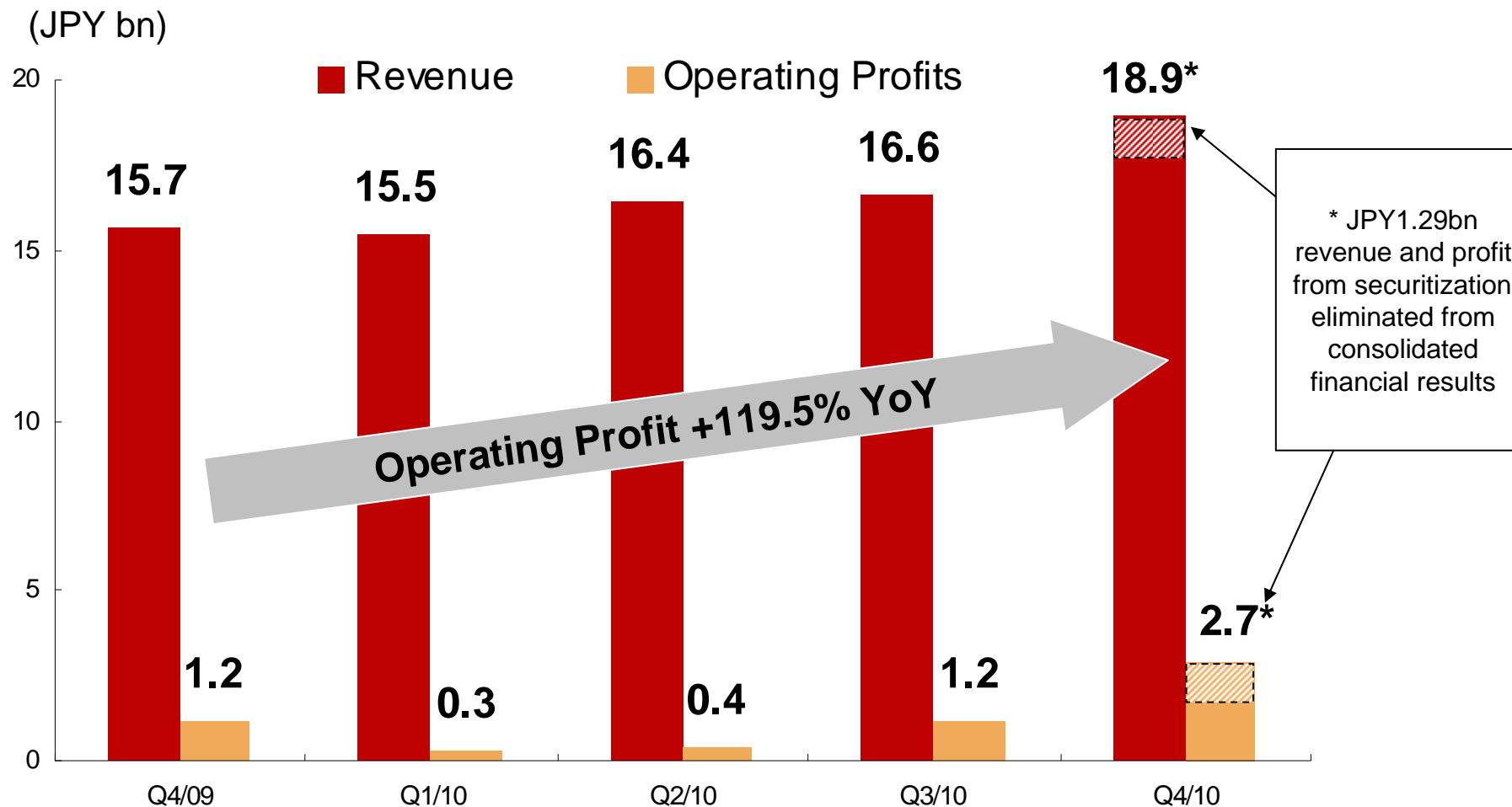


■ Collection performance was maintained at similar levels to FY2009

# Rakuten KC Quarterly Results



- Operating Profit Growth: +119.5% YoY thanks to impact of securitization of card shopping receivables

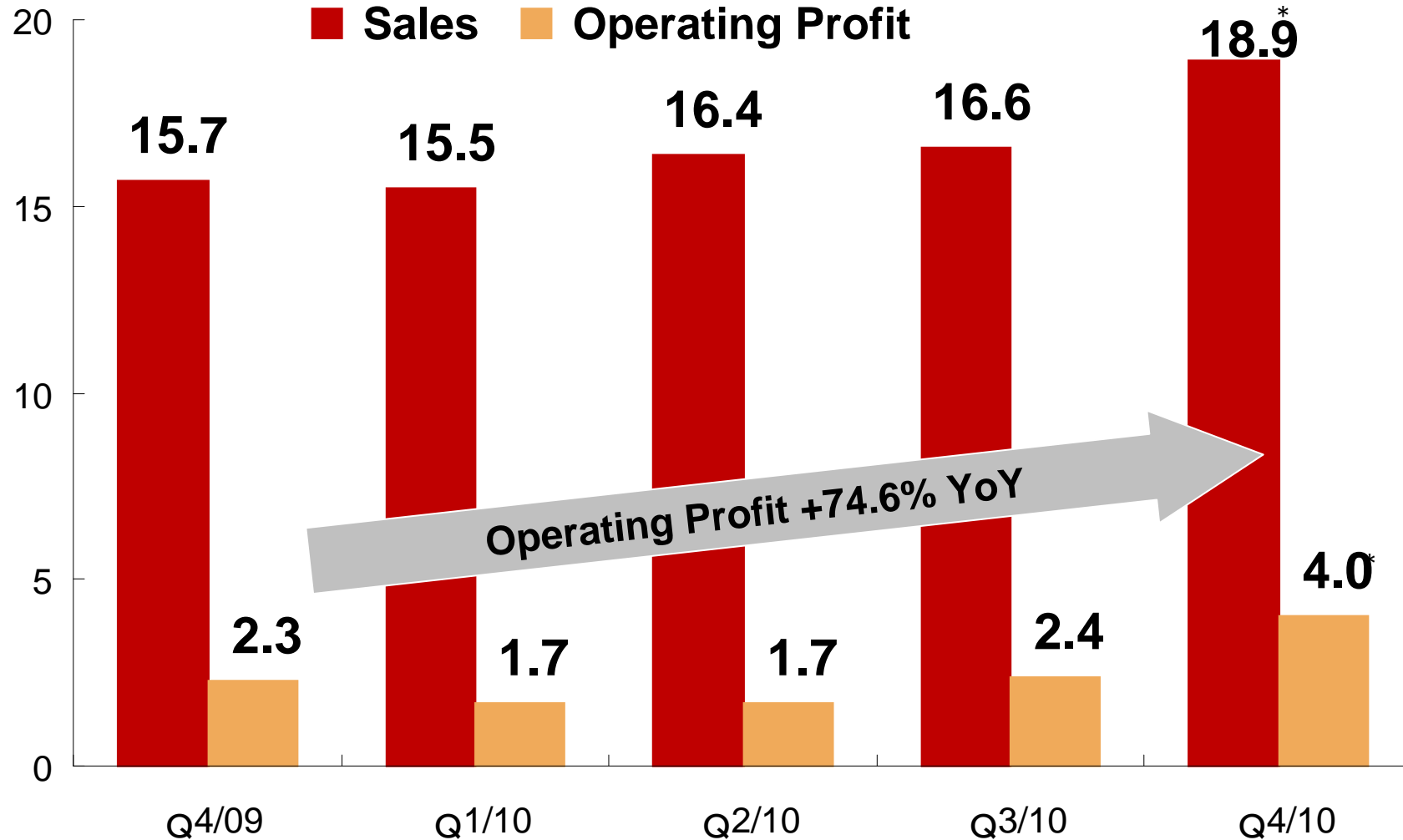


\*: JPY 1.29bn revenue and Operating profits from securitizing card shopping receivables included in Q4/10

# Rakuten KC Quarterly Results (excl. Expenses related card issuance)



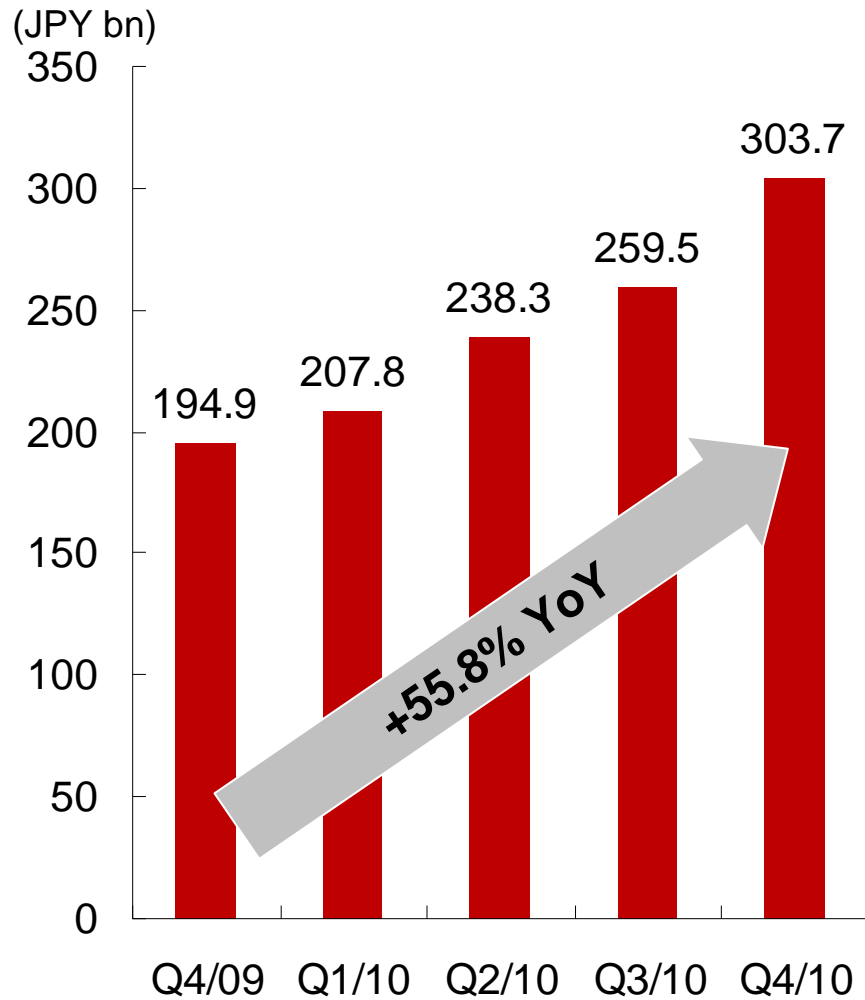
■ Operating Profit (excl. expenses related card issuance) Growth: +74.6% YoY  
(JPY bn)



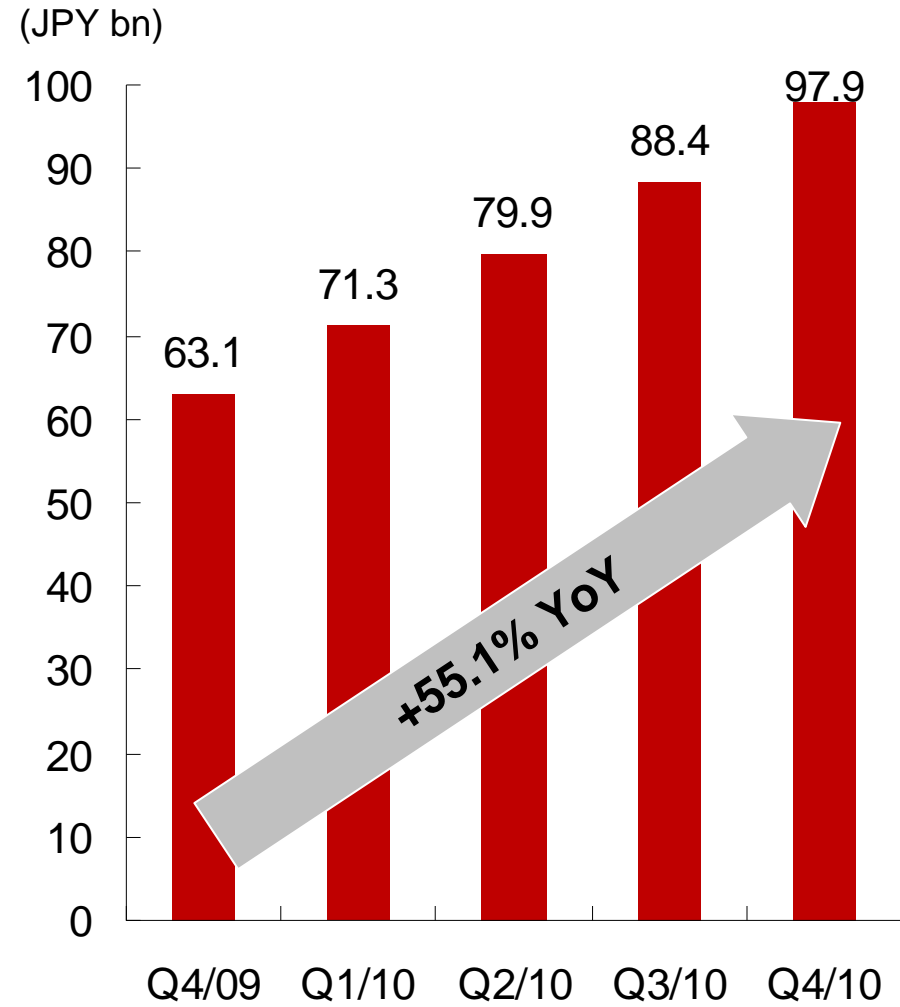
\*: JPY 1.29bn revenue and Operating profits from securitizing card shopping receivables included in Q4/10

# Rakuten KC Credit Card Shopping Transaction Volume & Shopping Revolving Balance Rakuten

## Credit Card Shopping Transaction Volume



## Shopping Revolving Balance

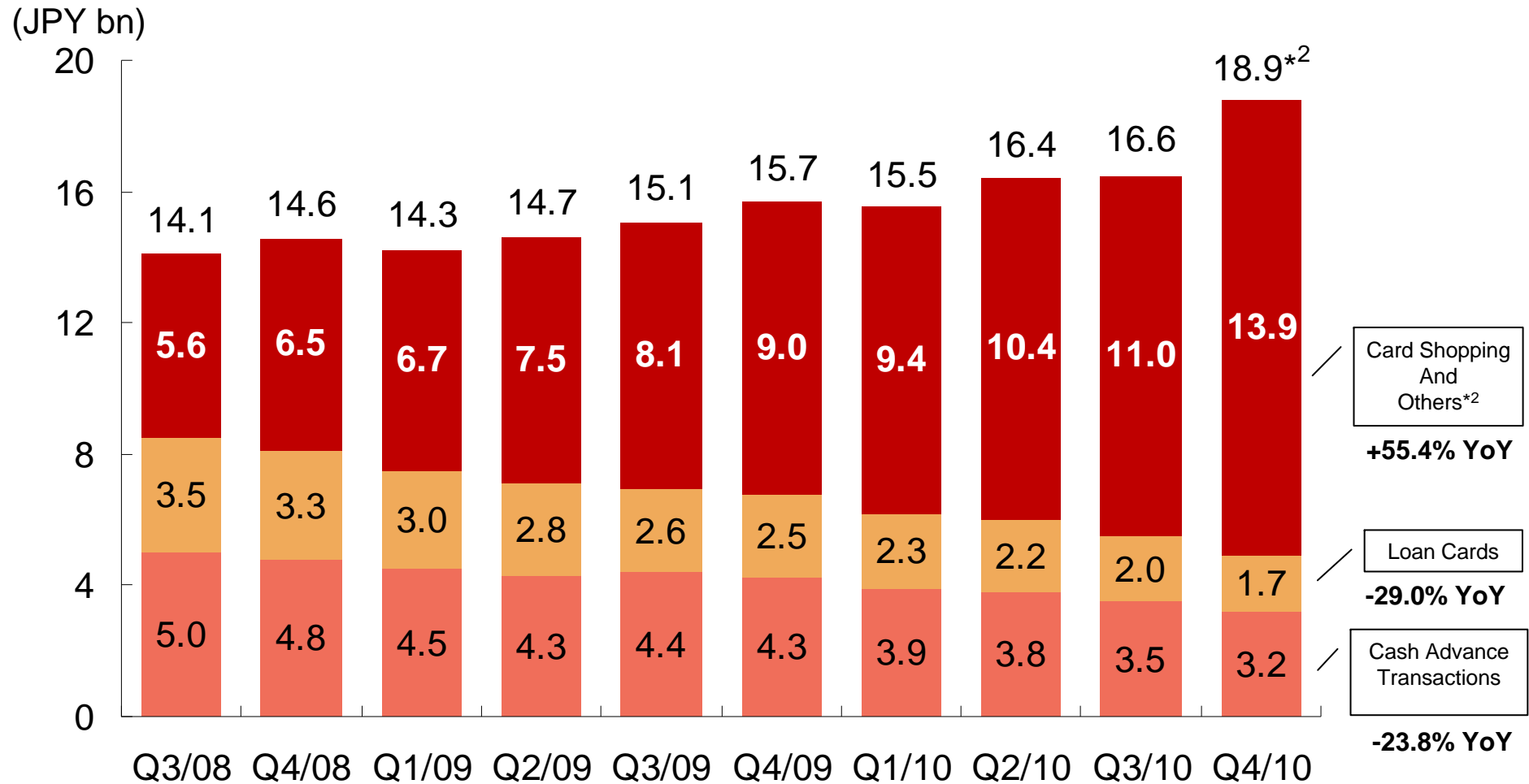


# Rakuten KC

## Change in the Composition of Revenue<sup>\*1</sup>



■ Expansion of card shopping and commission income led to favorable revenue composition



\*1: Refer to appendix for the details of revenues

\*2: JPY 1.29bn revenues from securitizing card shopping receivables included in Q4/10

## **2** -4 Banking Business

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■ **Rakuten Bank now fully consolidated**



- Maximizing synergies with Rakuten group

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■ **Ongoing Ordinary Profit at Rakuten Bank**



- Managed impairment loss of CMBS, and still Ordinary Profit achieved
- Healthy growth of loan assets: +21.5% YoY

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■ **Customer service improved**

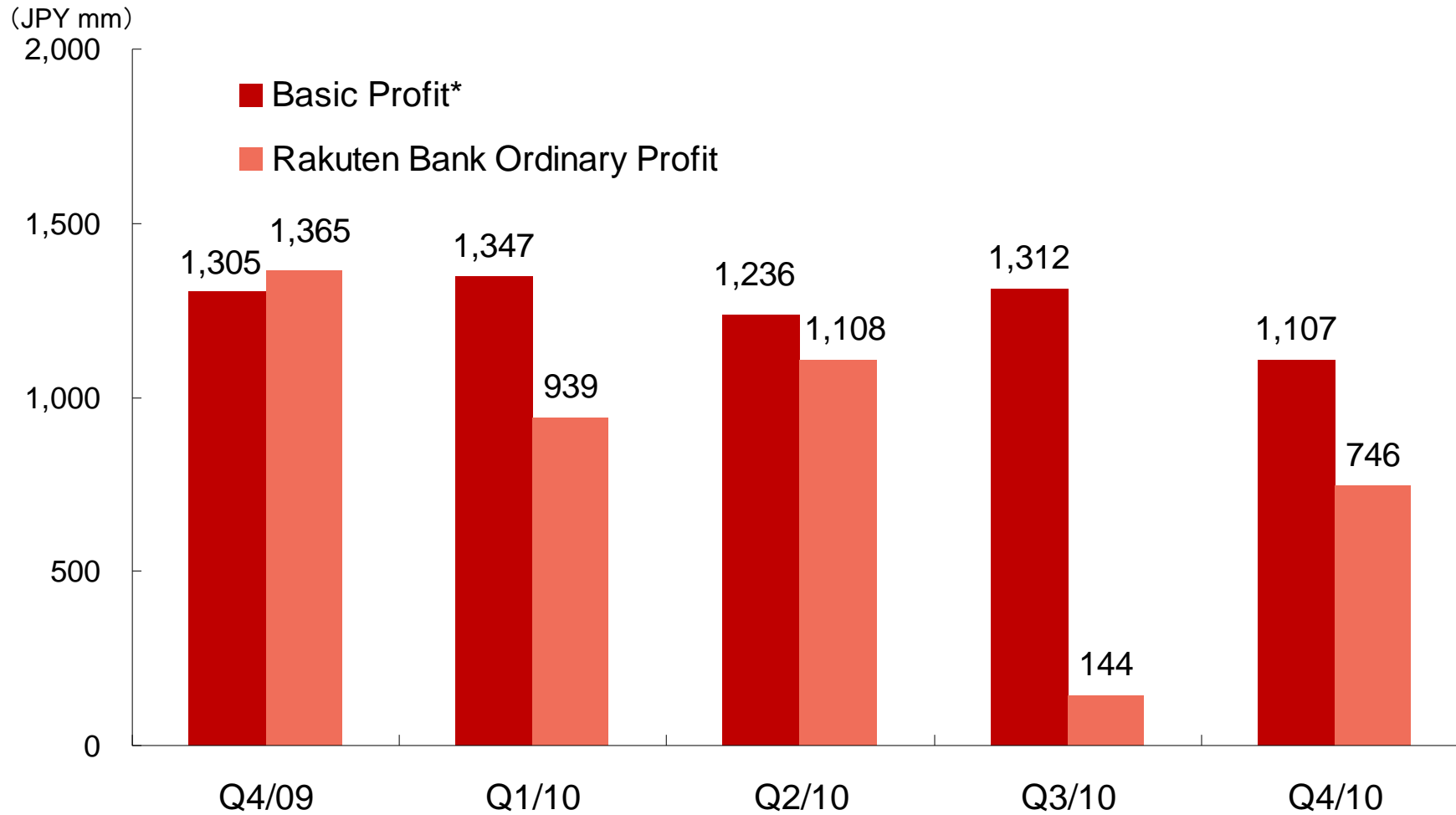


- "Rakuten Step-up Deposit" started
- Acquired Rakuten mortgage business
- Foreign remittances service released (Jan 11)

# Profit and Loss at Rakuten Bank



- Managed impairment loss of CMBS (approx. JPY 0.6bn), and still Ordinary Profit achieved



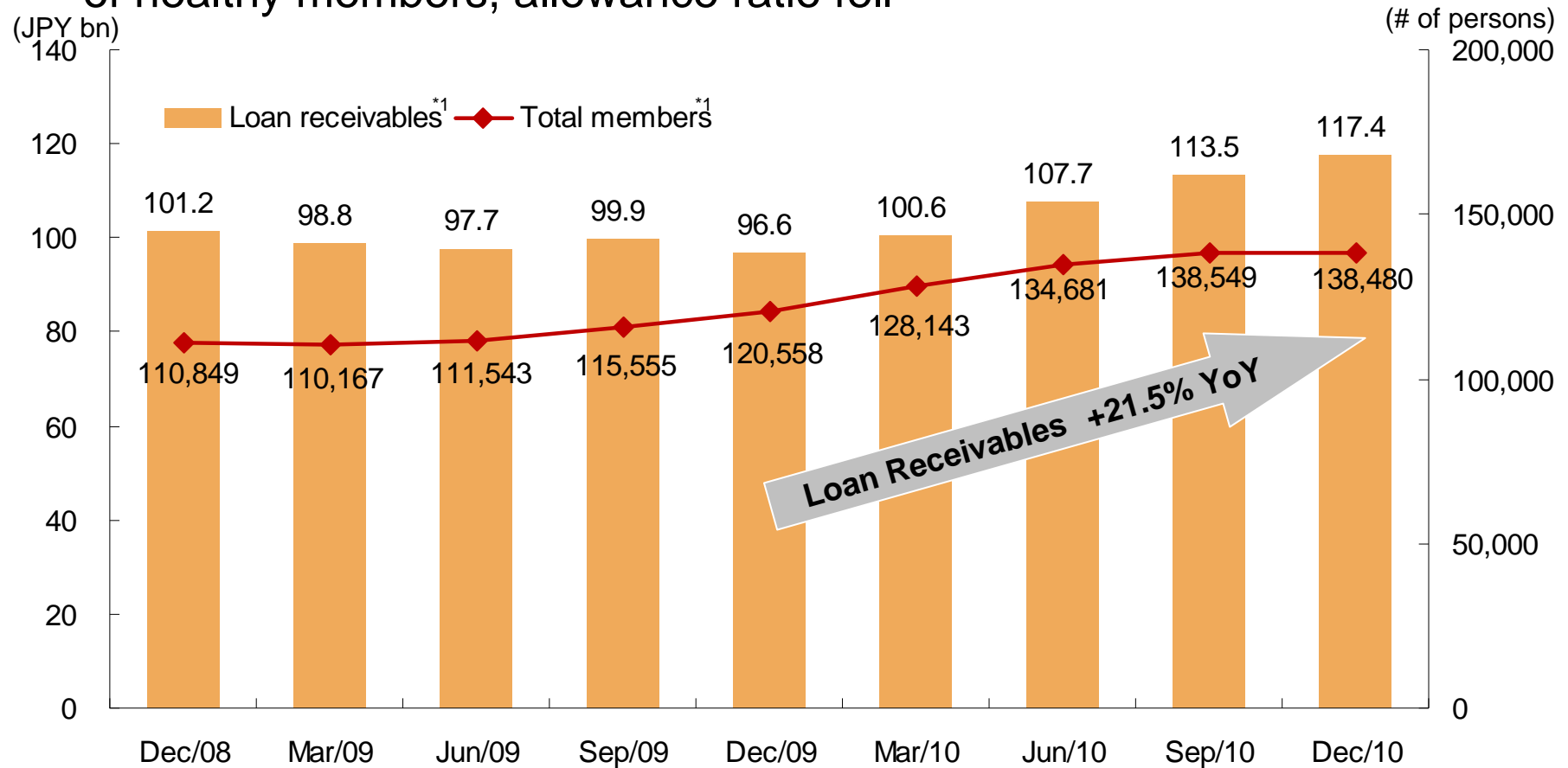
\*: Basic profit = Income or loss deducted from income (loss) due to changes in market price or sales of investment products. Income or loss from main business of Rakuten Bank excludes temporary evaluation gains (losses) such as investment.



# “Rakuten Bank Super Loan” Trends of Loan Receivables



■ Loan Receivables grew substantially, and thanks to increased number of healthy members, allowance ratio fell



	Dec/08	Mar/09	Jun/09	Sep/09	Dec/09	Mar/10	Jun/10	Sep/10	Dec/10
Allowance ratio*2	2.64%	2.77%	2.85%	2.91%	3.02%	2.88%	2.79%	2.65%	2.56%

\*1: Loan Receivables, Total Members and Allowance are total of Rakuten Bank and Rakuten Credit

\*2: Allowance ratio (Allowance for doubtful account) ratio: balance of allowance/balance of loan assets

## **2** -5 E-Money Business

## ■ Increasing Service Points and Edy GTV



- Growing number of vending machines with Edy. Total service points rose to 255,000: +48.3% YoY

- Released App for Android (Jan 31)

## ■ Collaboration within Rakuten Group



- “Edy app” and “Rakuten app” integrated (planned on Feb 16)

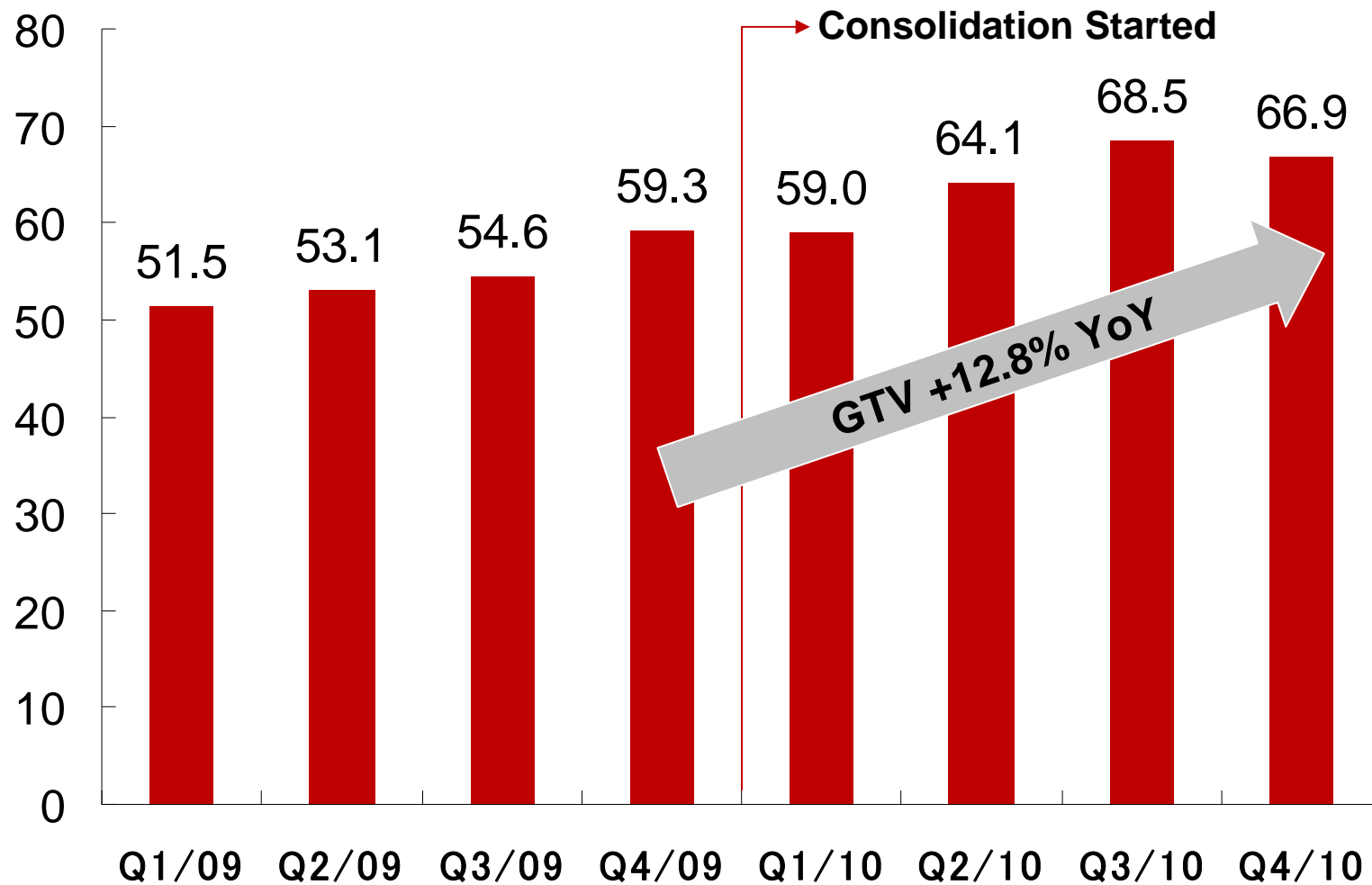
- Launched Edy in Rakuten Ichiba



## Transaction Volume of E-Money settlement Rakuten

- GTV Growth: +12.8% YoY, despite decreasing demand of convenience stores because tobacco tax was raised

(JPY bn)



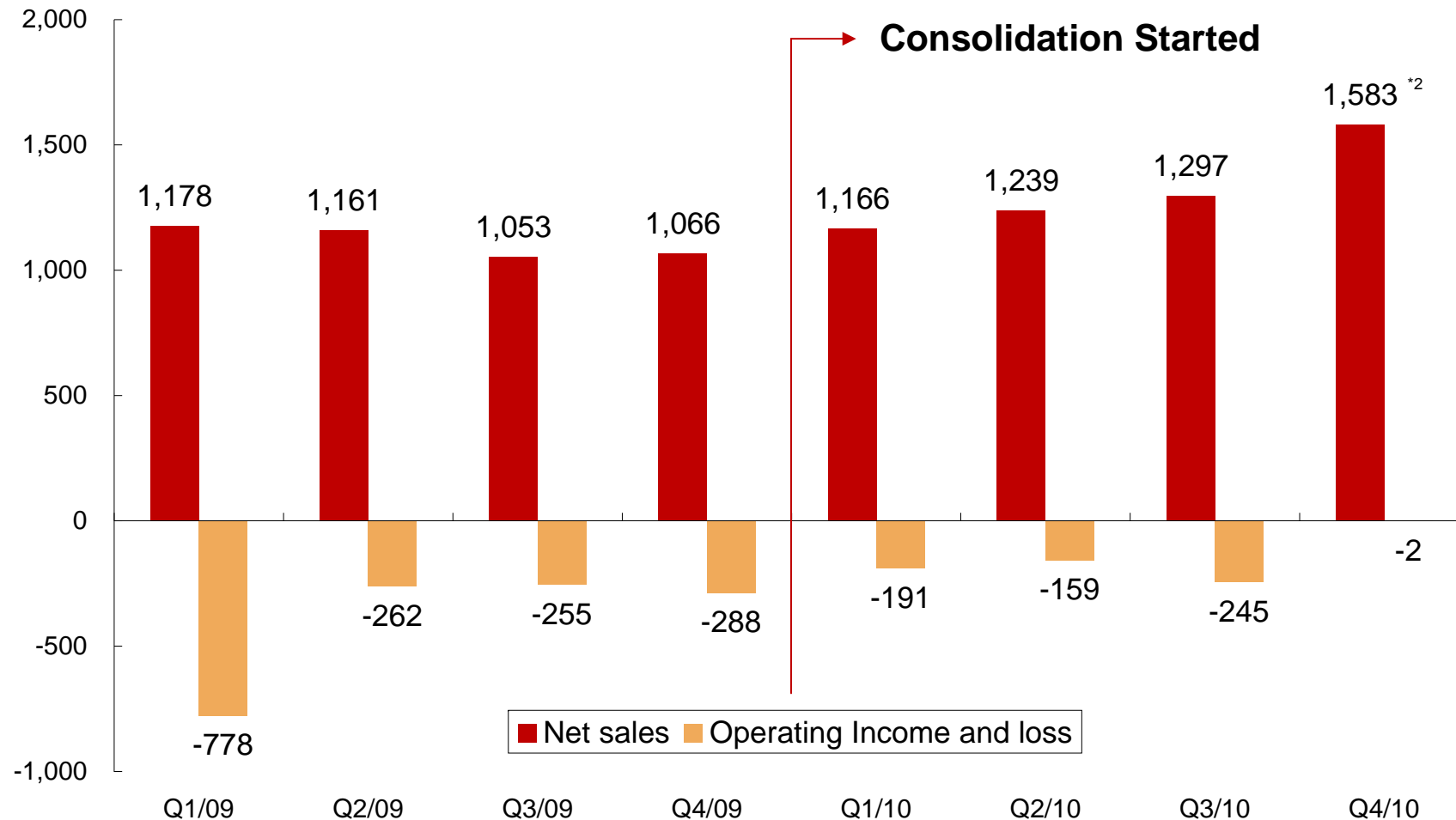
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# E-Money Business Quarterly Results\*1



## ■ Sales expanded steadily

(JPY mm)



\*1: Figures until Q4/09 are non-consolidated results of bitWallet, Inc. Figures since Q1/10 are E-Money business segment of Rakuten group consolidated results (amortization of goodwill included)

\*2: Sales include Hoard point of prepaid card since Q4/10, amounting to JPY 290mm, due to accounting change

## **2** -6 Securities Business

■ **Increase in profits despite weak stock market**



■ SG&A expenses cut by 7.7% YoY

■ **Expansion of products**



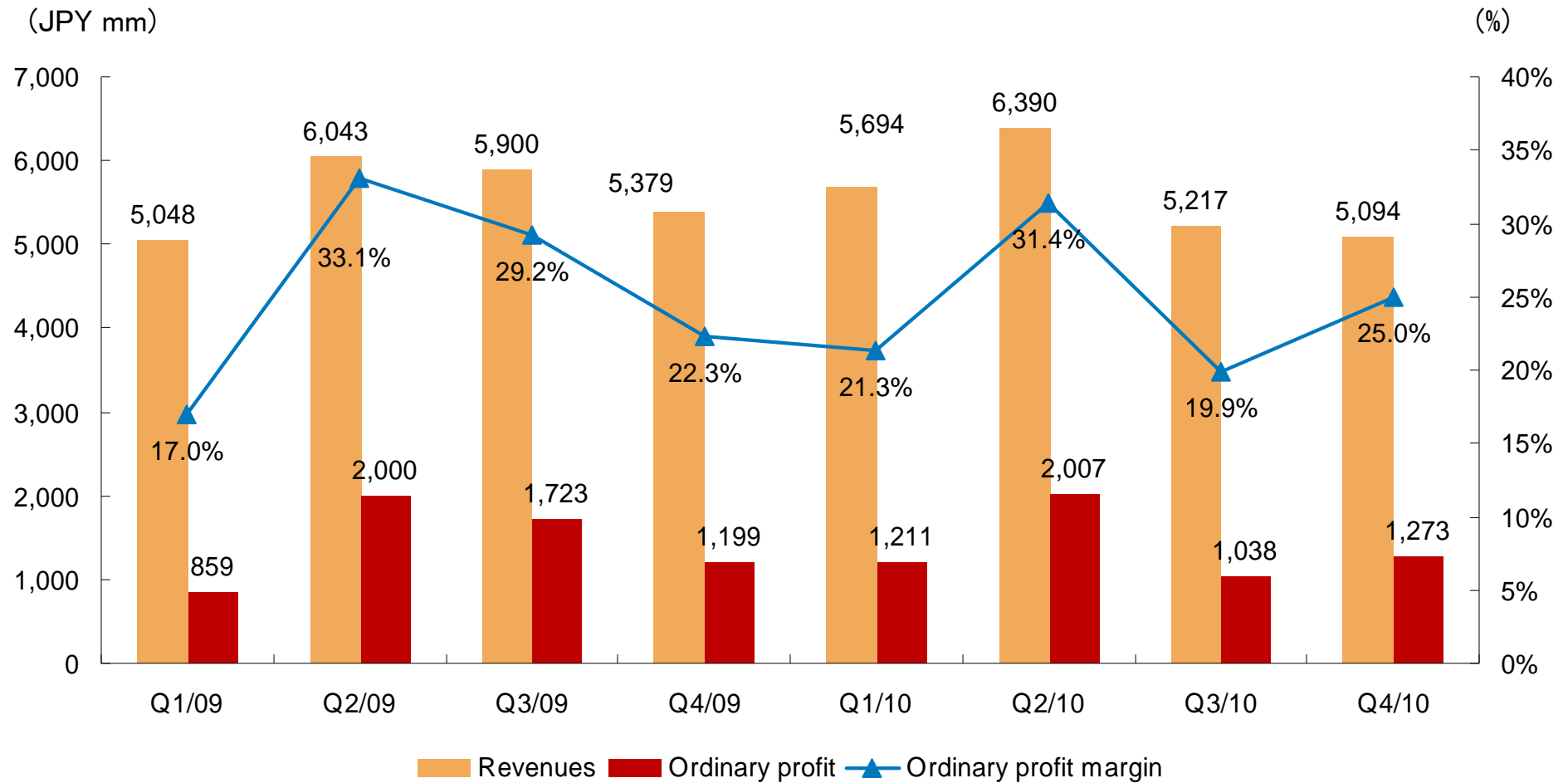
■ Started selling Straight Bonds  
■ Net assets of investment trusts exceeded JPY 100bn

■ **Accelerated global expansion**



■ New global indices futures and commodities futures  
■ Began FX transfer services with Citibank  
■ Tied up with BOCI Securities (A-shares)

- Ordinary Profit : +6.2% YoY despite dull domestic stock markets thanks to cuts in SG&A expenses



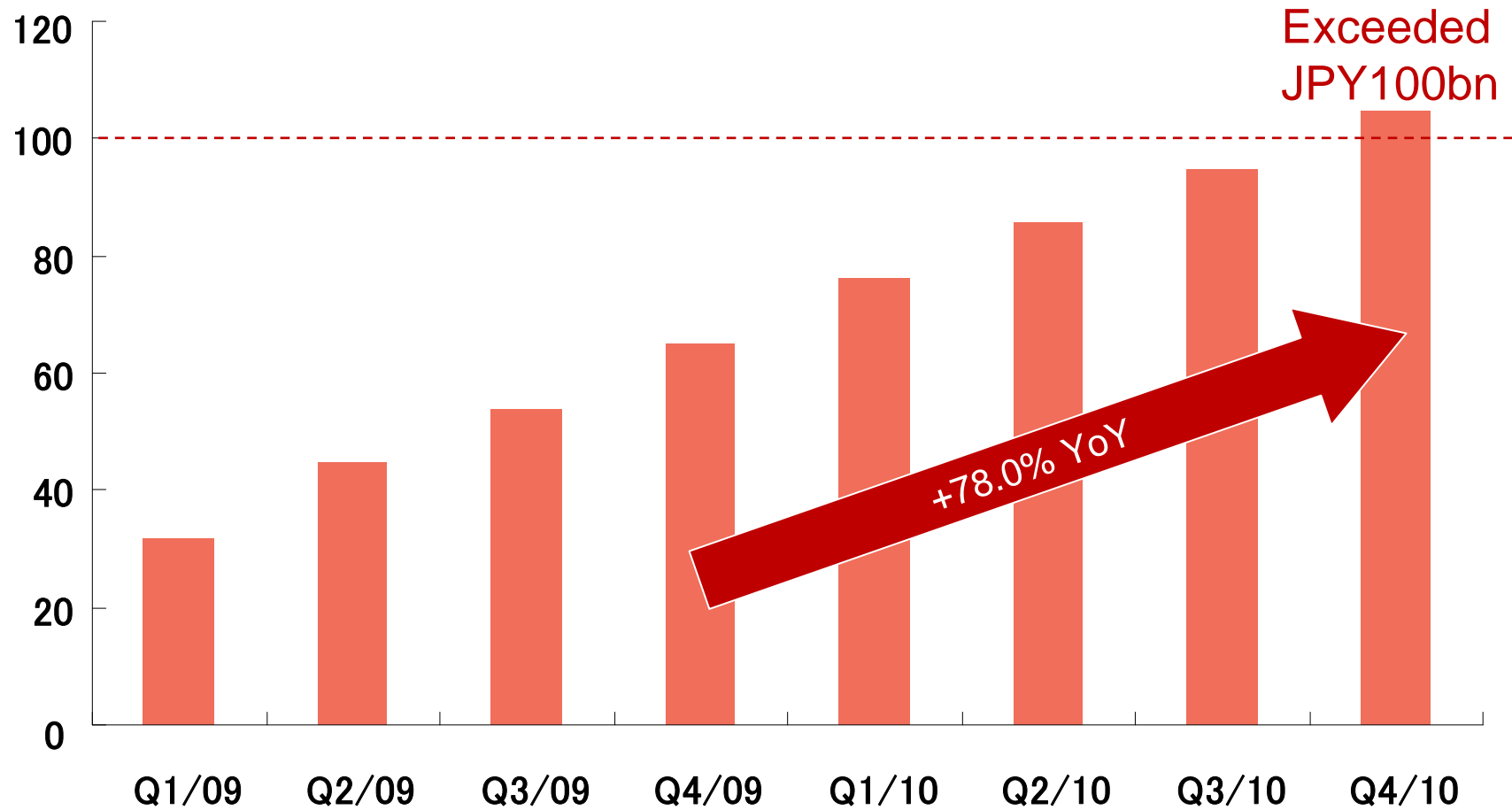


## Quarterly change in Net Assets of Investment Trusts

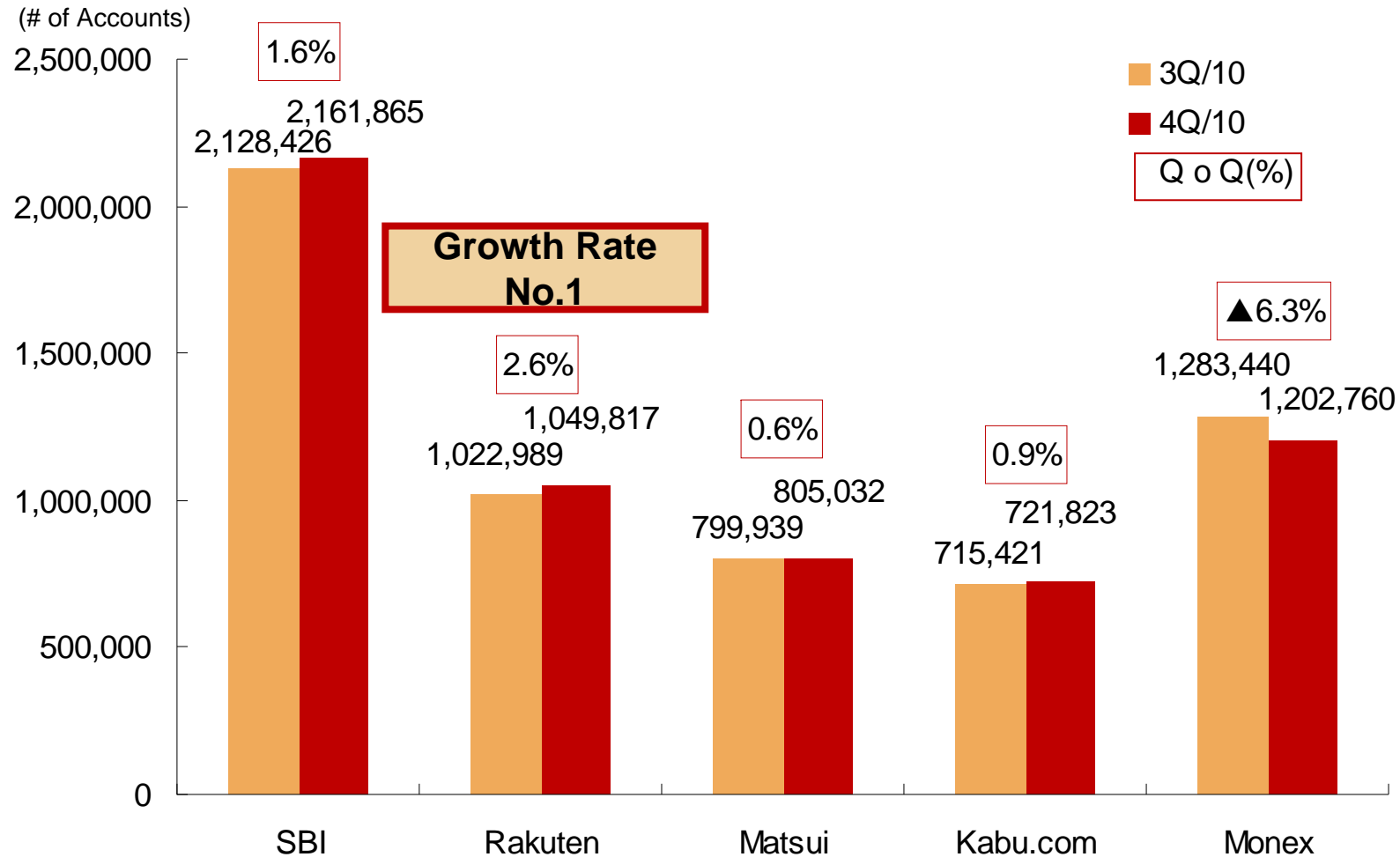


■ Net assets of Investment Trusts, Exceeded JPY 100 bn: +78.0% YoY

(JPY bn)



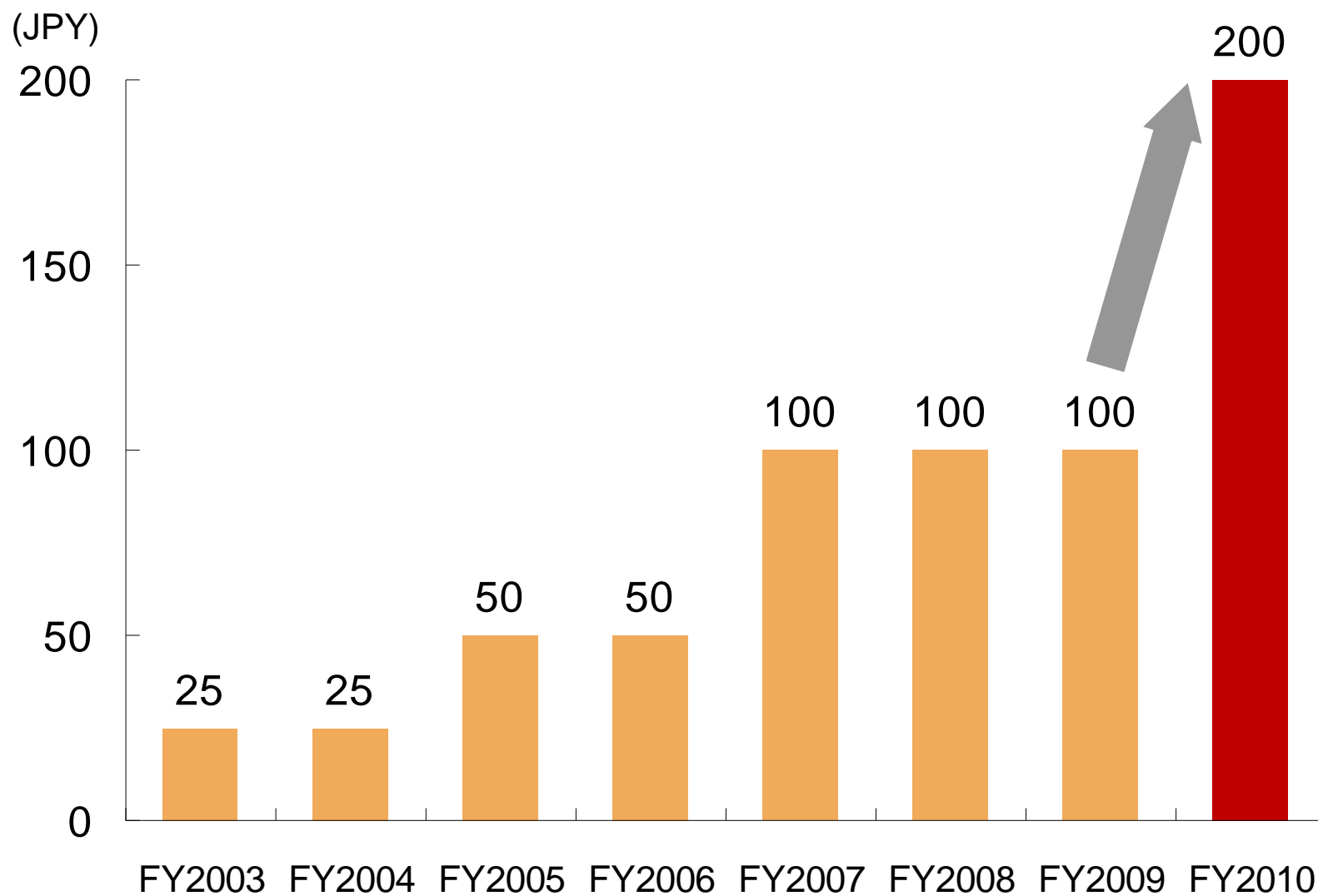
# Customer Account Comparison of Major Online Securities Companies



## **3** Dividend

## Dividend per Share (Adjusted for Stock Splits) Rakuten

■ Dividend for FY2010 doubled



## **4** 2011 Focal Points

# Rakuten Shugi

# Promote English-nization

# Adopt IFRS at Early Stage



# Strengthen MIS and Globalize Tech Team

# Introduce International Cloud Computing System

# Create Global HR System

Initiate Project to be launched:  
No. 1 Global Technology Company

# Build Financial Brand

# Deploy Point Strategy in other Countries



## Appendix

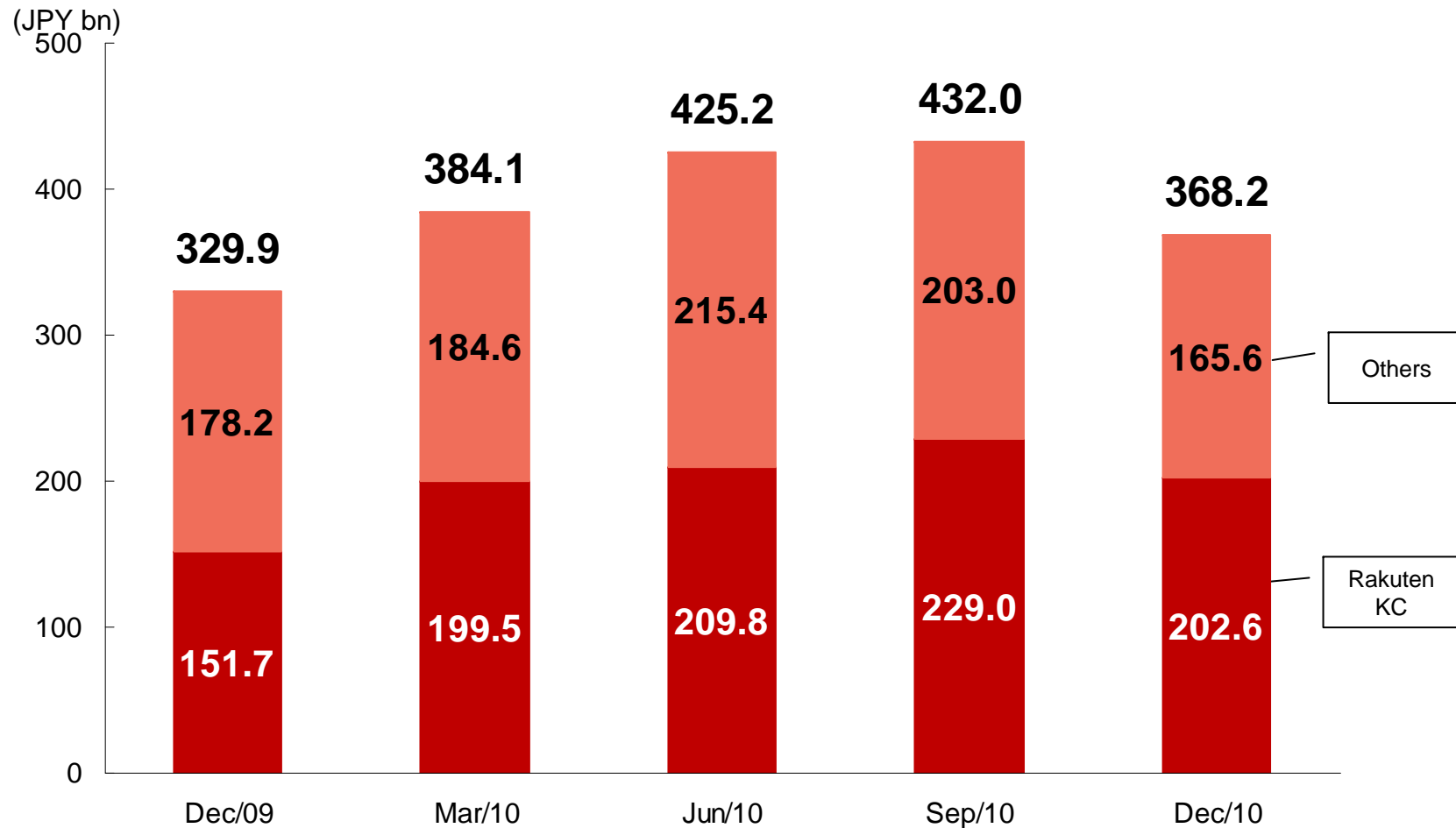
- Financial Condition
- Other Information

## Financial Condition



## Financial Institutions Debt Trend

- Rakuten KC debt decreased compared with Sep/10, thanks to securitization of card shopping loan receivables
- Others also decreased

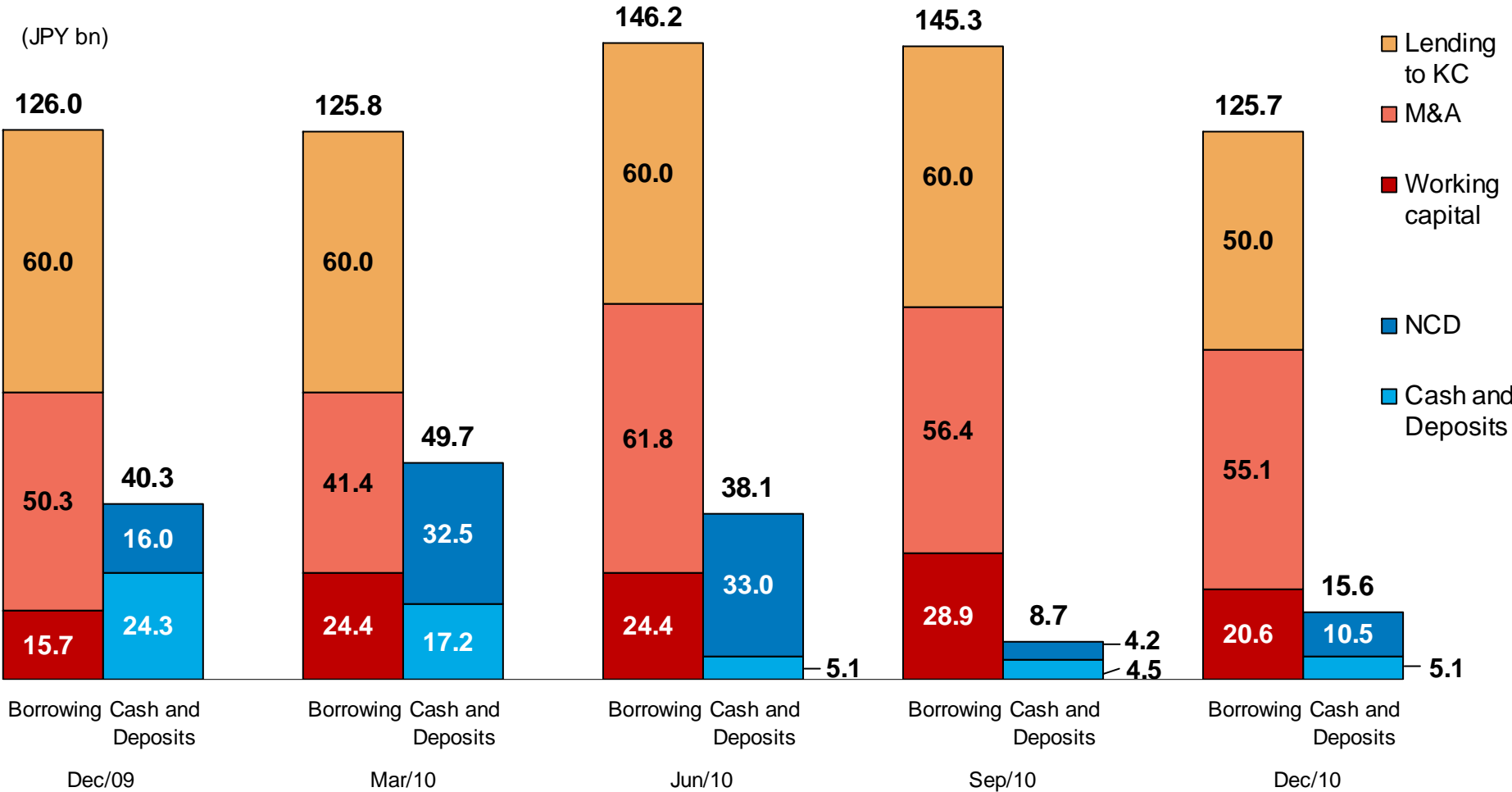


\*Debt from outside financial Institutions = Bond + CP + short-term debt + long-term debt

# Rakuten, Inc. (Non-consolidated) Debt and Cash



**Debt Balance and Cash and Deposits Balance of Rakuten, Inc.**

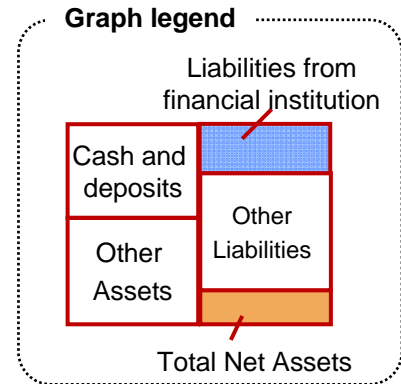
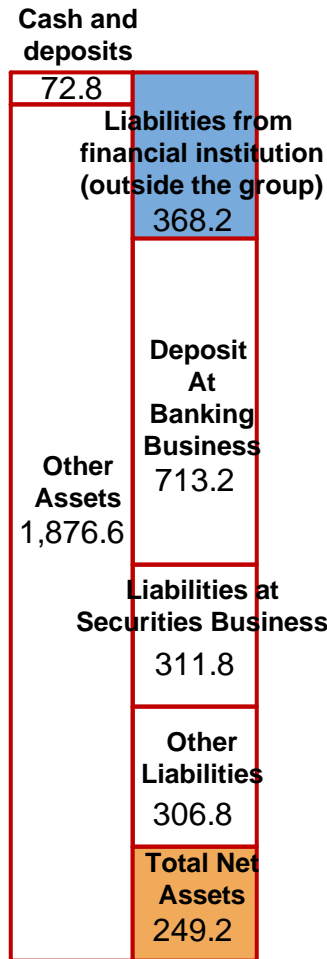


# Rakuten Group : Balance Sheets (As of Dec 31, 2010)

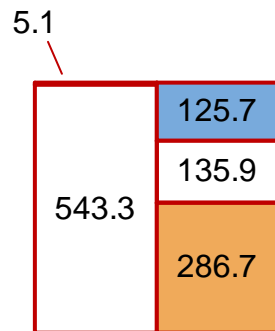


## Rakuten Group (Consolidated)

(JPY bn)

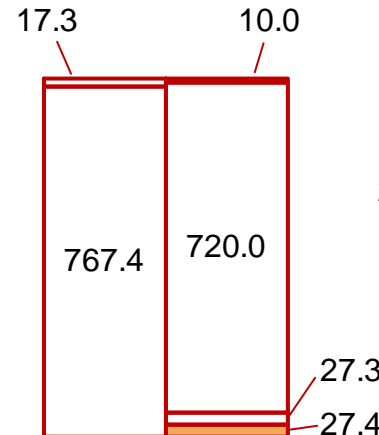


## Rakuten, Inc. (Non-Consolidated)



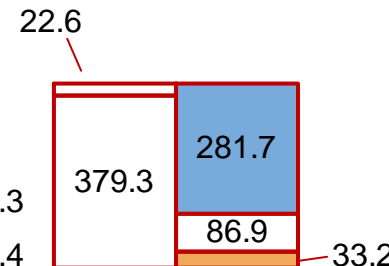
## Rakuten Bank (Consolidated)

\*JPY10.0bn of borrowing at Rakuten Bank is from Rakuten, Inc



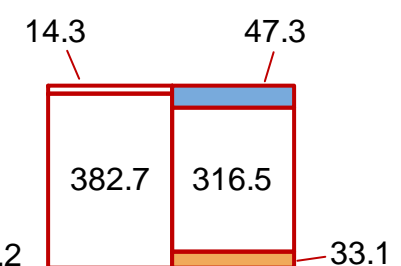
## Rakuten KC

\*JPY79.0bn of borrowing at Rakuten KC is from Rakuten, Group



## Rakuten Securities

\*JPY12.0bn of borrowing at Rakuten Securities, Inc. is from Rakuten, Group



**Total Assets**  
**1949.5**

**Total Assets**  
**548.5**

**Total Assets**  
**784.7**

**Total Assets**  
**401.9**

**Total Assets**  
**397.0**

\* Rakuten Securities, Rakuten KC, Rakuten, Inc. (non-consolidated) and Rakuten Bank also including internal elimination.

\* Liabilities from financial institution (outside the group) = Corporate bonds + CP + Short-term borrowings + Long-term borrowings

**Balance Sheets (As of Dec 31, 2010)**

(JPY bn; Amounts Less Than 0.1 Billion Omitted)

<b>CURRENT ASSETS</b>	<b>86.3</b>	<b>CURRENT LIABILITIES</b>	<b>188.7</b>
Cash and deposits	5.1	Account payable-trade	4.1
Accounts receivable-trade	32.9	Short-term debts	49.0
Other current assets	48.7	Accounts payable	15.5
Allowance for doubtful accounts	-0.4	Income taxes payable	13.6
		Advance receipt	4.9
		Reserve for point program	12.1
		Other current liabilities	89.1
		<b>LONG-TERM LIABILITIES</b>	<b>73.0</b>
		<b>TOTAL LIABILITIES</b>	<b>261.7</b>
<b>NONCURRENT ASSETS</b>	<b>462.1</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>283.1</b>
Property, plant and equipment	5.4	Capital stock	107.7
Intangible assets	12.7	Capital surplus	116.5
Investment and other assets	443.9	Retained earnings	62.4
(Allowance for doubtful accounts)	-0.5	Treasury stock	-3.6
(Allowance for investment loss)	-1.6	<b>VALUATION AND</b>	<b>2.6</b>
		<b>TRANSLATION ADJUSTMENTS</b>	
		Valuation difference on available-	2.6
		for-sale securities	
		Subscription rights to shares	0.9
		<b>TOTAL NET ASSETS</b>	<b>286.7</b>
<b>TOTAL ASSETS</b>	<b>548.5</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>548.5</b>

**Income Statements  
(Three months ended Dec  
31, 2010 )**

(JPY bn; Amounts Less Than 0.1 Billion Omitted)

<b>Sales</b>	<b>39.0</b>
<b>Cost of Sales</b>	<b>8.9</b>
Gross Profit	<b>30.1</b>
<b>Operating Expense</b>	<b>16.1</b>
Personnel costs	6.2
Advertising and sales promotion	4.4
Depreciation	1.5
Communication and maintenance	1.1
Outsourcing	3.3
Others	-0.5
<b>Operating Profit</b>	<b>14.0</b>
Non-Operating Profit	0.4
Non-Operating Expense	0.4
<b>Ordinary Profit</b>	<b>14.0</b>
Extraordinary profit	0.0
Extraordinary loss	2.6
<b>Net income before tax</b>	<b>11.3</b>
Income taxes-current	5.8
Income taxes-deferred	-0.6
<b>Net Income</b>	<b>6.0</b>

**Balance sheet (As of Dec 31, 2010)**

(JPY bn)

<b>CURRENT ASSETS</b>	<b>359.7</b>	<b>CURRENT LIABILITIES</b>	<b>255.8</b>
Cash and cash equivalents	22.6	Account payable; guarantee contracts	2.4
Installment accounts receivable	250.2	Short-term borrowings	180.0
Installment accounts receivable; guarantee contract	2.4	Other current liabilities	73.3
Beneficial interest in securitized assets	66.6		
Other current assets	38.8	<b>LONG-TERM LIABILITIES</b>	<b>112.8</b>
Allowance for doubtful accounts	-20.9	Long-term borrowings	101.6
		Allowance for loss on investment repayment	10.1
		Other long-term liabilities	1.0
<b>FIXED ASSETS</b>	<b>42.2</b>	<b>TOTAL LIABILITIES</b>	<b>368.7</b>
Property, plant and equipment	12.2	<b>SHAREHOLDERS' EQUITY</b>	<b>32.8</b>
Land and buildings	11.6	Common stock	3.0
Other tangible fixed assets	0.5	Capital surplus	41.1
Intangible fixed assets	2.2	Retained earnings	4.4
Investment and other assets	29.5	Treasury stock	-15.7
Allowance for doubtful accounts	-1.7	<b>VALUATION, TRANSLATION ADJUSTMENT AND OTHERS</b>	<b>0.3</b>
		<b>TOTAL NET ASSETS</b>	<b>33.2</b>
<b>TOTAL ASSETS</b>	<b>401.9</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>401.9</b>

**Balance Sheets (As of Dec 31, 2010)**

(JPY bn; Amounts Less Than 0.1bn Omitted)

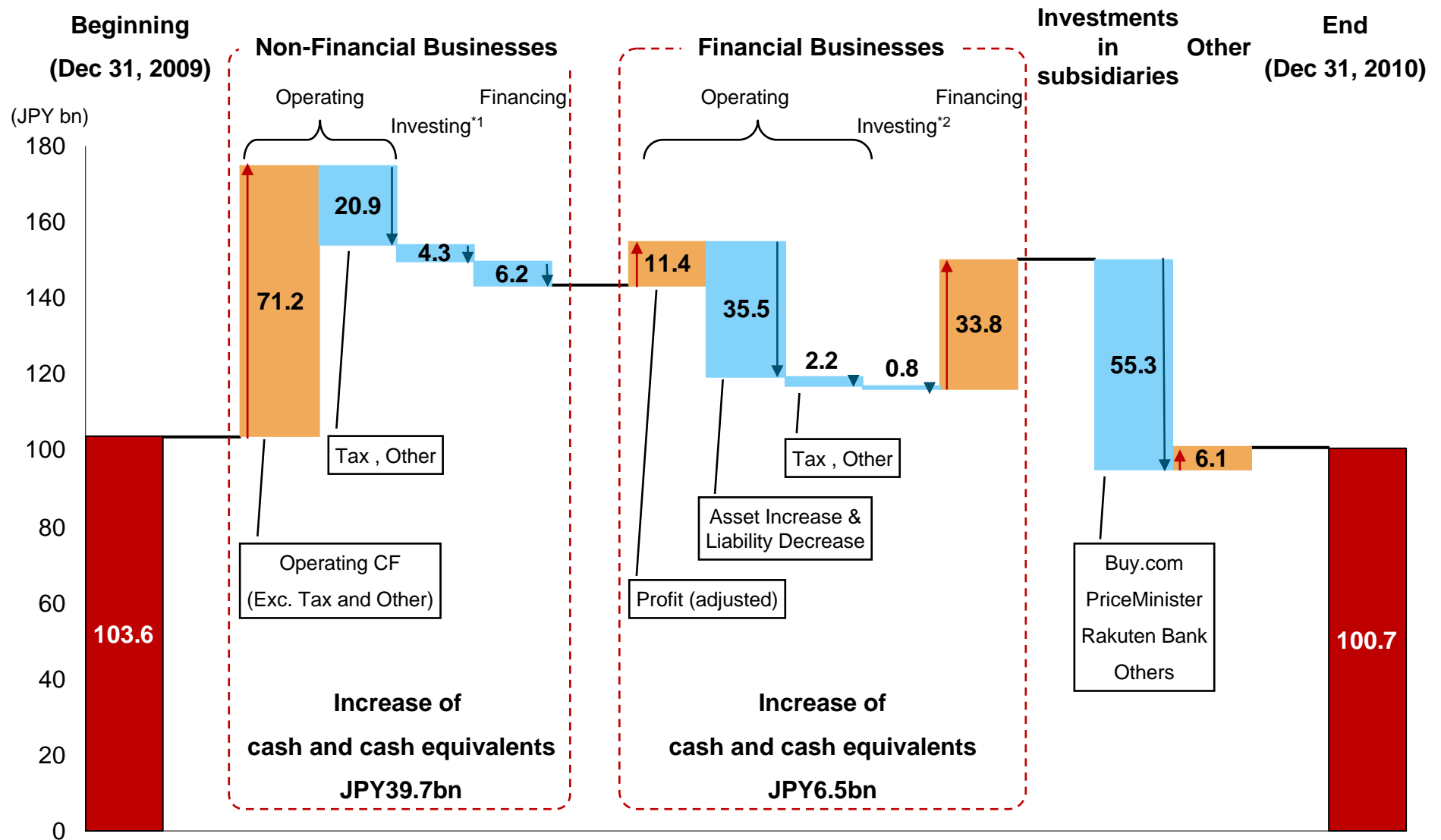
<b>Cash and deposits</b>	<b>17.3</b>	<b>Deposits</b>	<b>720.0</b>
<b>Call loans</b>	<b>41.0</b>	Ordinary Deposits	325.7
<b>Monetary claims bought</b>	<b>205.5</b>	Time Deposits	323.4
<b>Money held in trust</b>	<b>8.5</b>	Other Deposits	70.7
<b>Securities</b>	<b>348.7</b>	<b>Borrowed money</b>	<b>-</b>
<b>Allowance for investment</b>	<b>-</b>	<b>Bond payable</b>	<b>10.0</b>
<b>Loans and bills discounted</b>	<b>125.8</b>	<b>Other liabilities</b>	<b>20.8</b>
<b>Foreign exchanges</b>	<b>1.6</b>	<b>Provision for bonuses</b>	<b>0.0</b>
<b>Other assets</b>	<b>29.4</b>	<b>Reserves for points</b>	<b>0.0</b>
<b>Tangible fixed assets</b>	<b>0.4</b>	<b>Contingency reserve</b>	<b>-</b>
<b>Intangible fixed assets</b>	<b>4.8</b>	<b>Reserves under the special laws</b>	<b>0.0</b>
<b>Deferred tax assets</b>	<b>0.0</b>	<b>Deferred tax liabilities</b>	<b>2.6</b>
<b>Customers' liabilities for</b>	<b>3.6</b>	<b>Acceptances and guarantees</b>	<b>3.6</b>
<b>Allowance for loan losses</b>	<b>-2.3</b>	<b>TOTAL LIABILITIES</b>	<b>757.3</b>
		Capital stock	23.4
		Capital surplus	-4.5
		Retained earnings	3.8
		Treasury stock	-
		<b>Shareholders' equity</b>	<b>22.8</b>
		Valuation difference on available-for-sale securities	4.3
		Deferred gains or losses on hedges	-
		Valuation and translation adjustments	4.3
		<b>Minority interests</b>	<b>0.2</b>
		<b>TOTAL NET ASSET</b>	<b>27.4</b>
<b>TOTAL ASSETS</b>	<b>784.7</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>784.7</b>

**Income Statements  
(Three months ended Dec 31, 2010)**

(JPY bn; Amounts Less Than 0.1 bn Omitted)

<b>Ordinary income</b>	<b>8.6</b>
Interest income	4.5
(Interest on loans and discounts)	2.8
(Interest and dividends on securities)	0.9
Fees and commissions	3.4
Other ordinary income	0.5
Other income	0.1
<b>Ordinary expenses</b>	<b>7.8</b>
Interest expenses	0.8
(Interest on deposits)	0.7
Fees and commissions payments	2.5
Other ordinary expenses	0.6
General and administrative expenses	3.9
Other expenses	-0.0
<b>Ordinary profit</b>	<b>0.7</b>
Extraordinary Income	0.1
Extraordinary losses	0.0
<b>Income before income taxes</b>	<b>0.8</b>
Income taxes-current	0.0
Income taxes-deferred	0.0
Minority interests in income	0.0
<b>Net income</b>	<b>0.8</b>

# Cash Flow Breakdown : Jan-Dec 2010



\*1: Excluding "Investments in subsidiaries" (JPY-51.9bn) from investing activities in Non-Financial Businesses (JPY-54.8bn).

\*2: Excluding "Investments in subsidiaries" (JPY- 0.5bn) from investing activities in Financial Businesses (JPY-1.4bn)

# Breakdown of Cash Flow by Financial Businesses and Non-financial Businesses : FY 2010 (1)



Breakdown by financial businesses and non-financial businesses are based on internal estimation and non-audited.

(JPY bn)

Overview of Cash flow statements for FY2010	Consolidated	Financial	Non-Financial	Other
<b>I Net cash provided by (used in) operating activities</b>				
Income before income taxes and minority interests	60.7	8.9	51.7	-
Amortization of goodwill	7.0	3.1	3.8	-
Depreciation and amortization	16.8	7.2	9.5	-
Interest expenses	1.6	-	1.6	-
Loss (gain) on valuation of securities for banking business	2.9	2.9	-	-
Increase (decrease) in allowance for doubtful accounts	(10.8)	(10.7)	(0.1)	-
Increase (decrease) in provision for loss on interest repayment	(0.0)	(0.0)	-	-
Other loss (gain)	6.4	-	-	6.4
Decrease (increase) in notes and accounts receivable-trade	(5.9)	(0.0)	(5.9)	-
Decrease (increase) in accounts receivable-installment	(7.7)	(7.7)	-	-
Decrease (increase) in beneficial interests in securitized assets	(43.4)	(43.4)	-	-
Increase (decrease) in deposits for banking business	14.9	14.9	-	-
Decrease (increase) in call loans for banking business	4.0	4.0	-	-
Decrease (increase) in cash loans and bills discounted for banking business	(33.0)	(33.0)	-	-
Increase (decrease) in notes and accounts payable-trade	6.6	5.9	0.7	-
Increase (decrease) in accounts payable-other and accrued expenses	(16.1)	(16.1)	-	-
Increase (decrease) in operating payable for securities business	(11.6)	(11.6)	-	-
Increase (decrease) in loans payable secured by securities for securities business	22.6	22.6	-	-
Decrease (increase) in operating loans receivable	20.8	20.8	-	-
Other, net	17.9	8.1	9.8	-
<b>Subtotal</b>	<b>53.5</b>	<b>(24.1)</b>	<b>71.2</b>	<b>6.4</b>
Payments for guarantee deposits for business operation	(5.5)	(5.5)	-	-
Proceeds from guarantee deposits for business operation	3.3	3.3	0.0	-
Income taxes paid	(20.8)	0.1	(20.9)	-
Other, net	(0.2)	(0.2)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>30.3</b>	<b>(26.3)</b>	<b>50.2</b>	<b>6.4</b>



# Breakdown of Cash Flow by Financial Businesses and Non-financial Businesses : FY 2010 (2)



Breakdown by financial businesses and non-financial businesses are based on internal estimation and non-audited.

(JPY bn)

Overview of Cash flow statements for FY2010	Consolidated	Financial	Non-Financial	Other
<b>II Net cash provided by (used in) investing activities</b>				
Payments into time deposits	(7.3)	(7.2)	(0.1)	-
Proceeds from withdrawal of time deposits	11.0	10.6	0.3	-
Purchase of property, plant and equipment	(5.7)	(0.5)	(5.2)	-
Purchase of intangible assets	(14.9)	(5.8)	(9.0)	-
Acquisition of securities for banking business	(370.8)	(370.8)	-	-
Proceeds from sales and redemption of securities for banking business	372.2	372.2	-	-
Purchase of investment securities	(3.3)	(0.5)	(2.8)	-
Proceeds from a exercise of appraisal rights for investment securities	8.8	-	8.8	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	7.0	-	7.0	-
Purchase of investments in subsidiaries	(18.8)	-	(18.8)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(40.1)	-	(40.1)	-
Other payments	(1.0)	(0.1)	(0.8)	-
Other proceeds	1.8	0.8	1.0	-
Interest and dividends income received	0.7	-	0.7	-
<b>Net cash provided by (used in) investing activities</b>	<b>(60.5)</b>	<b>(1.4)</b>	<b>(59.1)</b>	<b>-</b>
<b>III Net cash provided by (used in) financing activities</b>				
Net increase (decrease) in short-term loans payable	29.0	23.3	5.6	-
Increase (decrease) in commercial papers	31.4	31.4	-	-
Proceeds from long-term loans payable	83.3	60.1	23.2	-
Repayment of long-term loans payable	(92.5)	(66.0)	(26.5)	-
Proceeds from issuance of bonds	1.4	-	1.4	-
Redemption of bonds	(18.2)	(14.0)	(4.2)	-
Purchase of treasury stock of subsidiaries in consolidation	(0.4)	(0.4)	-	-
Purchase of treasury stock	(3.6)	-	(3.6)	-
Interest expenses paid	(1.6)	-	(1.6)	-
Cash dividends paid	(1.3)	-	(1.3)	-
Other, net	0.2	(0.6)	0.8	-
<b>Net cash provided by (used in) financing activities</b>	<b>27.6</b>	<b>33.8</b>	<b>(6.2)</b>	<b>-</b>
<b>IV Effect of exchange rate change on cash and cash equivalents</b>	<b>(0.9)</b>	<b>-</b>	<b>(0.9)</b>	<b>-</b>
<b>V Net increase (Decrease) in cash and cash equivalents</b>	<b>(3.6)</b>	<b>6.0</b>	<b>(16.0)</b>	<b>6.4</b>
<b>VI Cash and cash equivalents (as of December 31, 2009)</b>	<b>103.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VII Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII Cash and cash equivalents (as of December 31, 2010)</b>	<b>100.7</b>	<b>-</b>	<b>-</b>	<b>-</b>

80

## **Other Information**

<b>E-Commerce</b>
Rakuten Ichiba <sup>*2</sup>
Global Ichiba <sup>*2</sup>
Logistics <sup>*2</sup>
Rakuten 24 <sup>*2,7</sup>
Checkout <sup>*2</sup>
Dining
Business Service <sup>*2</sup>
Auto <sup>*2</sup>
Delivery <sup>*2</sup>
Online Supermarket Shopping
Golf <sup>*2</sup>
Package Media <sup>*2</sup>
Auction
Tickets
Global Internet Marketing <sup>*5</sup>
Horse Racing (Off-track betting) <sup>*2</sup>
toto <sup>*4</sup>

<b>Credit Card</b>
KC

<b>E-Money<sup>*3</sup></b>
Edy (bitWallet)

<b>Banking</b>
Bank
Personal Finance

<b>Portal and Media</b>
Infoseek
Blogs
Shashinkan (Rakuten Photo)
Minshu
Toolbar <sup>*3</sup>
Contents <sup>*6</sup>
Advertising
Internet Marketing <sup>*4</sup>
Research
Marriage (O-net)
Wedding <sup>*3</sup>

<b>Travel</b>
Travel

<b>Securities</b>
Securities
Insurance

<b>Professional Sports</b>
Professional Sports

<b>Telecommunications</b>
Phone (Fusion Communications)

\*1. Some new businesses are not included as of the end of Dec 2010

\*2. E-commerce business operated by Rakuten, Inc.

\*3. Established in Q1/10

\*4. Established in Q2/10

\*5. Reorganization since Q2/10

\*6. Reorganization since Q3/10

\*7. Established in Q4/10

# Amortization of Goodwill



(JPY mm)

Business segment	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10	Companies
E-Commerce	542	691	599	832	581	1,055	936	LinkShare Buy.com PriceMinister LinkShareJapan FreeCause
Credit Card	246	246	290	246	246	246	246	RakutenKC
E-Money	-	-	-	30	58	15	15	bitWallet
Banking	308	293	273	282	429	435	460	RakutenBank
Portal and Media	78	61	61	81	61	61	61	ShowTime O-net
Travel	12	12	12	12	12	12	12	Rakuten Travel
Securities	95	189	95	95	99	169	94	Rakuten Securities Dot Commodity
Professional Sport	-0	-0	-0	-0	-0	-20	-	
Telecommunication	-6	-2	-5	-5	-5	-5	-5	Fusion Communications
Consolidated	1,276	1,492	1,327	1,575	1,483	1,970	1,823	

\* Amortization of goodwill is included in SG&A items

# Rakuten Group's CAPEX\*



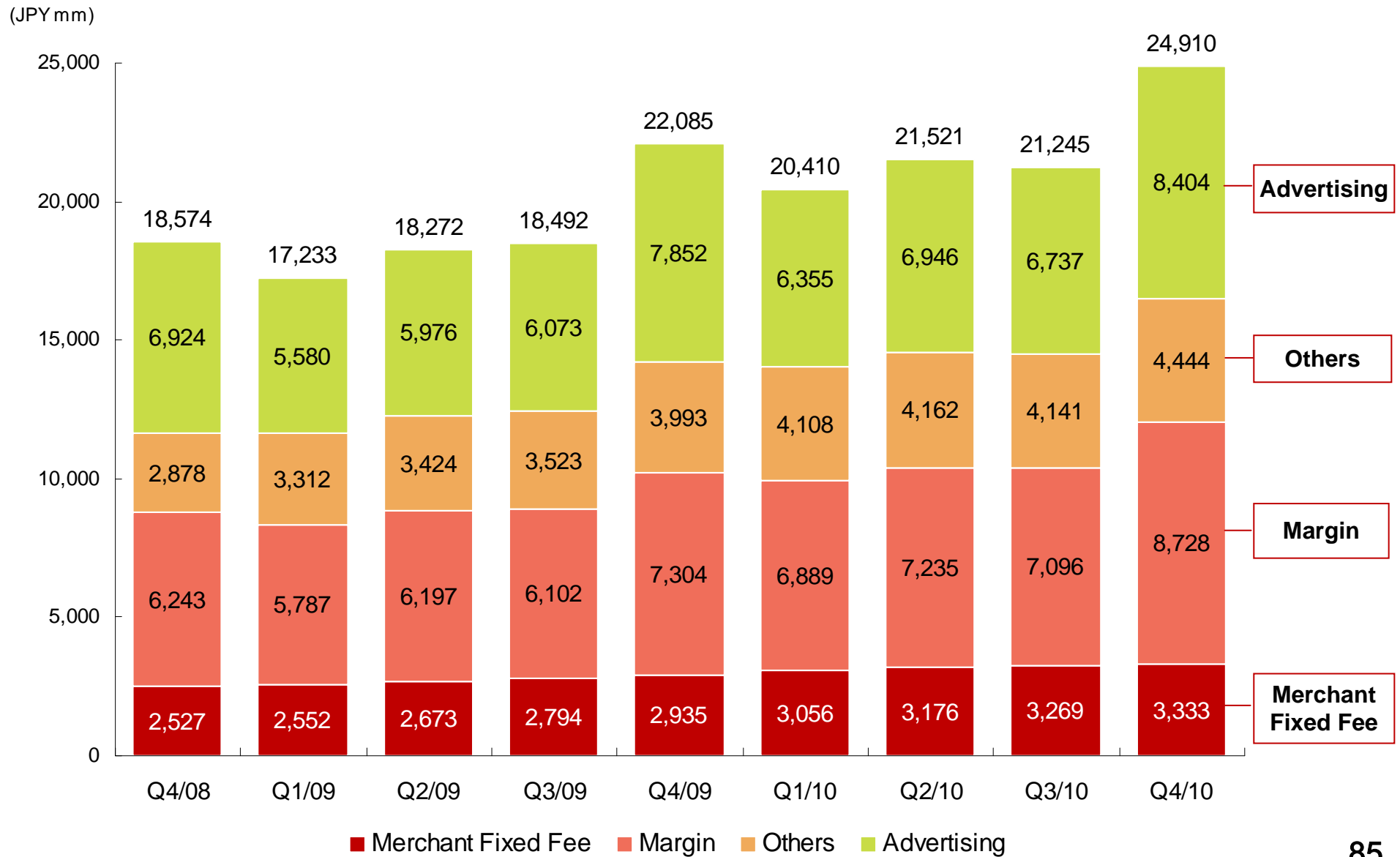
(JPY bn)

		2009				2010				
		Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4
		Operating Base				Operating Base	Acquisition Base	Acquisition Base		
Non Consolidated	Hardware	0.14	0.09	0.17	0.17	1.15	1.59	0.83	1.14	0.18
	Software	0.63	0.90	0.76	1.25	1.13	1.39	1.48	1.96	1.69
	Total	0.77	1.00	0.94	1.42	2.28	2.98	2.32	3.10	1.87
Consolidated	Hardware	0.99	0.59	0.42	0.45	1.87	2.81	1.26	1.71	1.44
	Software	2.68	1.61	2.38	2.70	3.12	3.47	3.10	4.12	3.97
	Total	3.68	2.21	2.80	3.15	5.00	6.29	4.37	5.83	5.42

\*Before 09/Q4 : Operating Base (Excluding Professional Sports Business)

\*Since 10/Q1 : Acquisition Base (Including Professional Sports Business)

# Rakuten Ichiba Sales Breakdown

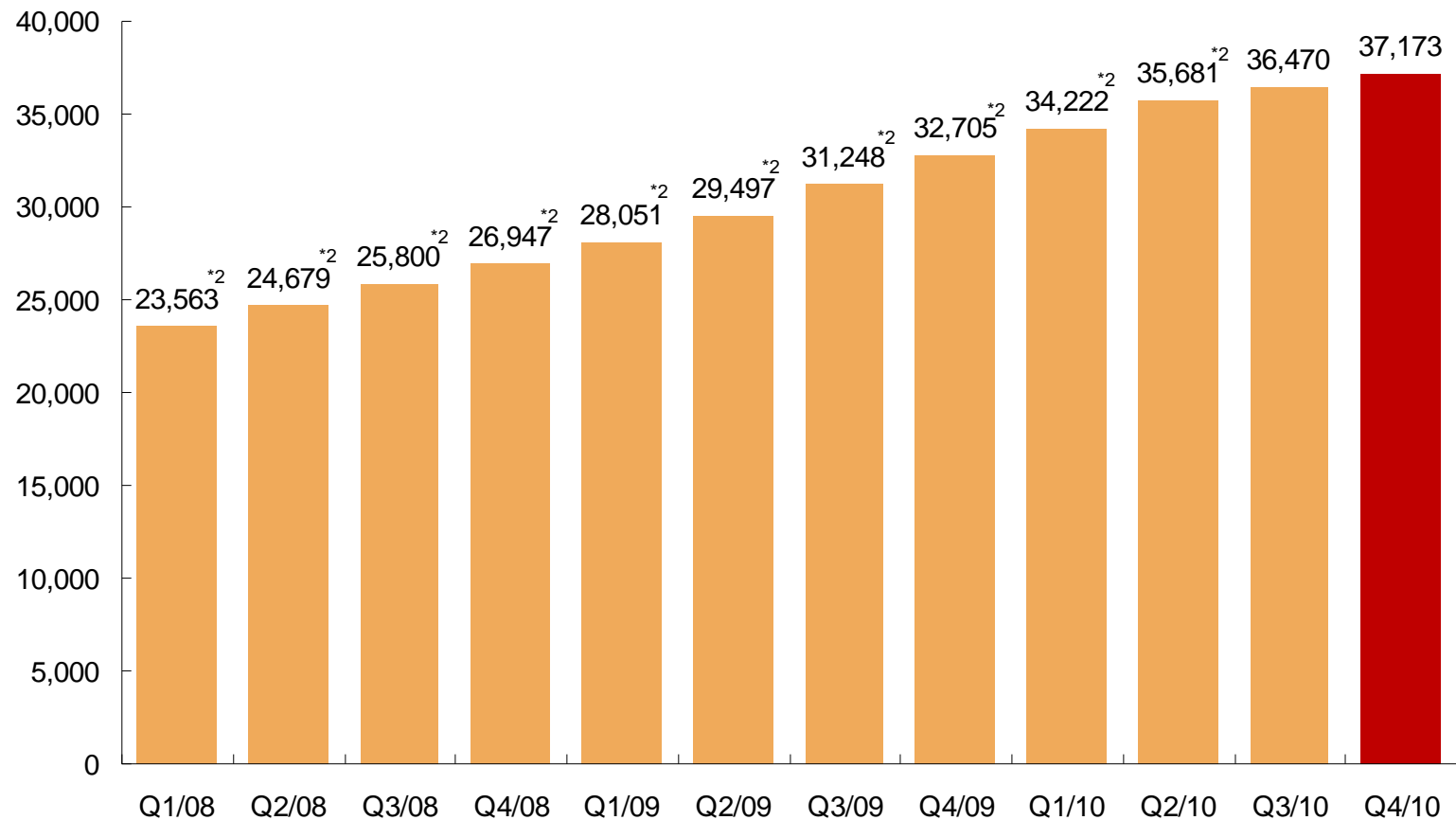


# Number of Merchants<sup>\*1</sup>



- Total number of merchants (contract base): +13.7% YoY, surpassed 37,000

# of Merchants



\*1: Method changed from Q3/09 disclosure: New method is based on number of contracted merchants, old method was based on number of merchants who were charged fixed fee during the last month of each quarter.

\*2: The figures before 1Q/10 were adjusted retroactively.

**Profit and Loss Statement**

(JPY bn)

	2009 (Oct-Dec)	2010 (Jul-Sep)	2010 (Oct-Dec)
<b>Sales*</b>	<b>15.7</b>	<b>16.6</b>	<b>18.9</b>
<b>Operating Expense</b>	<b>14.4</b>	<b>15.3</b>	<b>16.1</b>
SG&A	<b>12.7</b>	<b>13.5</b>	<b>14.3</b>
Financial Costs	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
<b>Operating Profit</b>	<b>1.2</b>	<b>1.2</b>	<b>2.7</b>
Non-Operating Profit	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Ordinary Profit</b>	<b>1.2</b>	<b>1.2</b>	<b>2.7</b>
Extraordinary Profit (Loss)	<b>-0.2</b>	<b>-0.1</b>	<b>-0.1</b>
<b>Earning before Tax</b>	<b>1.0</b>	<b>1.1</b>	<b>2.6</b>
Provision for income taxes	<b>5.0</b>	<b>-0.3</b>	<b>1.7</b>
<b>Net Income</b>	<b>-4.0</b>	<b>1.5</b>	<b>0.9</b>
<b>Ordinary Profit (before securitizing effect)</b>	<b>1.3</b>	<b>1.2</b>	<b>1.5</b>

\*: JPY 1.29bn revenues from securitizing card shopping receivables included in Q4/10



# Rakuten KC Composition of Revenues and Operating Expenses



(JPY mm)

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10		
						Results	% of total	YoY change
<b>Revenues</b>								
General services	4,996	5,830	6,205	6,995	7,708	8,813	49.9%	51.1%
Card shopping	4,965	5,803	6,180	6,971	7,685	8,792	49.8%	51.4%
Others	30	27	25	23	22	21	0.1%	- 22.6%
Financing	7,303	6,840	6,347	6,056	5,569	5,049	28.6%	- 26.1%
Card cash advances	(7,005)	(6,793)	(6,233)	(6,046)	(5,559)	(5,041)	-	-
Loan card	4,549	4,267	3,949	3,804	3,536	3,250	18.4%	- 23.8%
Others	(4,403)	(4,267)	(3,949)	(3,804)	(3,536)	(3,250)	-	-
Installment	2,721	2,542	2,371	2,228	2,012	1,779	10.1%	- 30.0%
Credit guarantee	(2,569)	(2,496)	(2,257)	(2,217)	(2,002)	(1,771)	-	-
Others	32	29	26	23	20	18	0.1%	- 36.8%
Financing revenues	0	0	0	0	0	0	-	- 47.5%
Total revenues	255	247	240	231	224	218	1.2%	- 12.0%
(excl. effect of securitization GAAP)	2,830	2,834	2,890	3,159	3,101	3,579	20.2%	26.2%
Financing revenues	7	17	9	36	9	26	0.1%	49.0%
Total revenues	15,394	15,771	15,694	16,479	16,612	17,686	100.0%	12.1%
(excl. effect of securitization GAAP)	(15,096)	(15,725)	(15,579)	(16,468)	(16,602)	(18,967)	-	20.6%
<b>Operating expenses</b>								
Personnel costs	1,477	1,469	1,467	1,508	1,547	1,460	9.0%	- 0.6%
General expenses	6,628	7,505	8,412	8,961	8,900	9,528	58.9%	26.9%
Interest expenses	1,883	1,744	1,968	1,834	1,755	1,838	11.4%	5.4%
Expenses related to doubtful accounts	4,025	3,738	3,402	3,743	3,143	3,230	20.0%	- 13.5%
Interest repayment expenses	0	0	0	0	0	129	-	-
Cash-out	0	0	0	0	0	3,713	-	-
Write-off of principals	0	0	0	0	0	-3,584	-	-
Total operating expenses	14,015	14,458	15,250	16,048	15,348	16,187	100.0%	11.9%
Operating profit	1,080	1,267	329	420	1,254	2,780	-	119.5%

\*Amount of revenue in bracket"()" includes effects of securitization

# Rakuten KC Transaction Volume and Number of Cardholders



## Composition of Transaction Volume

(JPY mm)

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10		
						Results	% of total	YoY change
General services	167,515	195,541	208,422	238,919	260,236	304,331	95.8%	55.6%
Card shopping	166,940	194,981	207,821	238,311	259,595	303,708	95.6%	55.7%
Others	574	559	601	607	641	623	0.2%	11.3%
Financing	19,558	18,948	18,613	17,410	11,134	9,463	3.0%	-50.0%
Card cash advances	14,057	13,915	13,837	13,569	9,732	8,484	2.7%	-39.0%
Loan card	5,501	5,033	4,775	3,841	1,401	979	0.3%	-80.5%
Installment	7	5	4	5	4	4	0.0%	-19.6%
Credit guarantee	1,077	1,029	1,139	867	1,092	742	0.2%	-27.8%
Others	3,265	3,456	3,443	3,408	3,306	3,327	1.0%	-3.7%
<b>Total transaction volume</b>	<b>191,423</b>	<b>218,981</b>	<b>231,623</b>	<b>260,610</b>	<b>275,774</b>	<b>317,869</b>	<b>100.0%</b>	<b>45.1%</b>

## Number of Valid Cardholders

(Million persons)

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10	
						Results	YoY change
Credit card	4.29	4.48	4.80	5.15	5.41	5.71	27.3%
Loan card	0.36	0.35	0.34	0.32	0.32	0.05	-84.6%

\*From 4Q/10, only members able to do cash advances are considered to be valid card holders

## Balance of Loan Receivables

(JPY mm)

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10		
						Results	% of total	YoY change
General services	114,591	135,686	143,922	160,499	172,945	201,897	51.3%	48.7%
Card shopping	113,368	134,639	143,025	159,717	172,238	201,259	51.1%	49.4%
Card shopping(Securitized)	69,562	75,786	72,969	87,961	97,477	137,361	-	81.2%
(Securitized, off-balance)	( 38,100)	( 42,626)	( 38,557)	( 52,763)	( 61,682)	(101,039)	-	137.0%
(Securitized, on-balance)	(31,462)	(33,159)	(34,411)	(35,197)	(35,794)	(36,321)	-	9.5%
Card shopping revolving payments	55,114	63,168	71,381	79,989	88,419	97,985	-	55.1%
Others	1,222	1,047	896	781	706	638	0.2%	- 39.0%
Financing	197,810	191,238	186,075	179,294	169,799	159,837	40.6%	- 16.4%
Card cash advances	87,790	83,384	80,687	76,589	71,301	65,428	16.6%	- 21.5%
(Securitized, off-balance)	(0)	(0)	(0)	(0)	(0)	(0)	-	-
Loan card	67,823	62,930	59,103	54,369	48,723	43,517	11.1%	- 30.8%
(Securitized, off-balance)	( 19,515)	( 18,244)	( 9,048)	( 9,775)	( 8,667)	(9,035)	-	- 50.4%
(Securitized, on-balance)	( 26,277)	( 25,322)	( 23,838)	( 22,337)	( 21,641)	(17,930)	-	- 29.1%
Others	42,196	44,922	46,284	48,336	49,773	50,890	12.9%	13.2%
Installment	1,046	990	947	887	854	802	0.2%	- 18.9%
Credit guarantee	35,782	34,437	33,542	32,254	31,363	30,215	7.6%	- 12.2%
(Off-balance guarantees)	(32,801)	(31,603)	(30,822)	(29,618)	(28,828)	(27,749)	-	- 12.1%
Others(Off-balance)	3,919	3,102	2,433	1,866	1,406	1,051	0.3%	- 66.1%
Total balance(Include off-balance)	353,150	365,455	366,921	374,803	376,369	393,804	100.0%	7.7%
Total balance(On balance)	258,812	269,877	286,059	280,779	275,783	254,928	-	-

## Overdue Loan Receivable

(JPY mm)

Aging of Loan Receivable	Q4/09			Q4/10			YoY		
	Oct	Nov	Dec	Oct	Nov	Dec	Oct	Nov	Dec
Payment overdue on * Current Month	3,411	3,542	3,177	3,435	3,679	3,144	24	137	-33
Payment overdue for 1 Month	2,505	2,473	2,326	2,302	2,178	2,195	-203	-295	-131
Payment overdue for 2 Months	1,953	2,199	2,132	1,913	1,947	1,888	-40	-252	-244
Payment overdue for 3 Month	1,996	1,790	1,907	1,824	1,719	1,735	-172	-71	-172

\*:Payment Past Due Current Month···Uncollected payment amount at the end of first 30 days of collection period.

# Rakuten KC

## NPL & Expenses for Doubtful Accounts



(JPY mm)

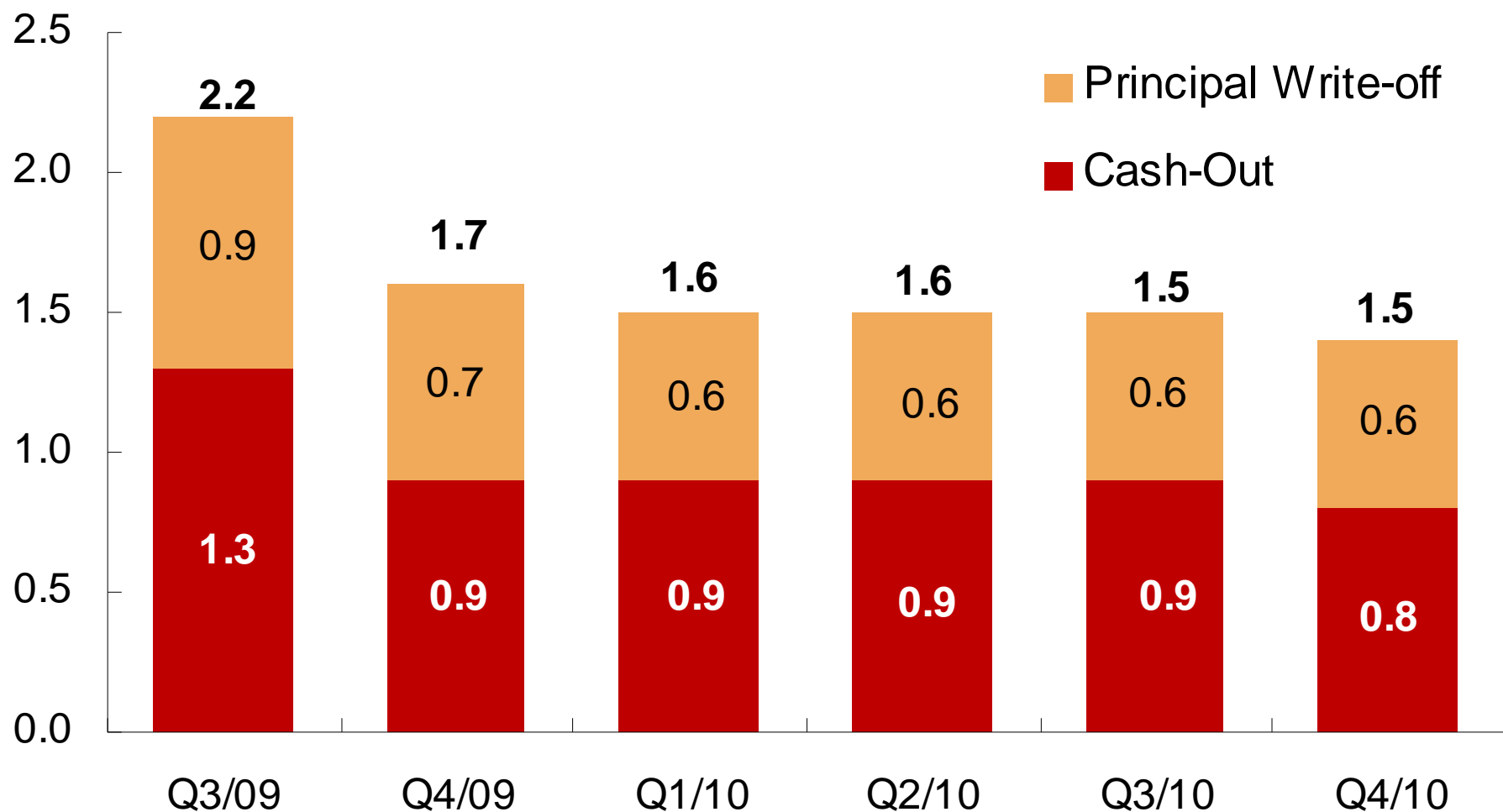
	Dec/09	Mar/10	Jun/10	Sep/10	Dec/10
Bankrupt	16	16	17	17	17
Defacto bankrupt	32,868	31,388	28,639	27,148	25,677
Doubtful	6,729	6,005	5,438	5,607	5,720
Special attention	4,582	4,693	4,520	4,387	4,642
Normal	286,038	290,331	302,671	306,456	325,928
<b>Subtotal</b>	<b>330,233</b>	<b>332,433</b>	<b>341,285</b>	<b>343,615</b>	<b>361,984</b>
Secured	5,508	5,331	5,238	5,102	5,033
<b>Total</b>	<b>335,741</b>	<b>337,764</b>	<b>346,523</b>	<b>348,717</b>	<b>367,017</b>
<b>Allowance Ratio</b>	<b>9.40%</b>	<b>8.95%</b>	<b>8.37%</b>	<b>7.91%</b>	<b>6.20%</b>
Excl. Write-off	6.34%	6.11%	5.79%	5.53%	5.10%
Write-off for Bad Debt (Incl.interest repayment)	4,819	4,740	4,984	4,588	4,484
Reserve for Allowance	-276	-649	-573	-778	-554
Reserve for Write-off	-800	-684	-660	-639	-692
Reserve for Loss on Guarantee Arrangement	5	-4	-8	-27	-9
Expenses for Doubtful Accounts	3,748	3,403	3,743	3,144	3,230
<b>Allowance for Doubtful Accounts</b>	<b>31,561</b>	<b>30,228</b>	<b>28,996</b>	<b>27,578</b>	<b>* 22,750</b>
Excl. Write-off	21,284	20,636	20,064	19,285	18,732

\*:JPY 3.5 bn allowance was transferred from "Write-off's" to "Cash-Out" to adjust for potential interest repayment claims

# Rakuten KC Interest Repayment Claims



(JPY bn)



\*: Amount of cash payment and write-off of principal.

# Rakuten KC Allowance for Losses on Interest Repayments and Allowance for Doubtful Accounts



- JPY 3.5 bn allowance was transferred from “Write-off’s” to “Cash-Out” to adjust for potential interest repayment claims

(JPY bn)

		Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Allowance for loss on interest	'Cash-Out' amount associated with interest repayment claims	11.1	10.2	9.2	8.2	7.3	10.1
	Write-offs of principal triggered by interest repayment claims	11.0	10.2	9.5	8.9	8.2	4.0
	Other allowance for doubtful accounts	21.6	21.2	20.6	20.0	19.2	18.7
Allowance for doubtful accounts total		32.6	31.5	30.2	28.9	27.5	22.7
Allowance for loss on interest repayment		43.7	41.8	39.5	37.2	34.9	32.9

Allowances relating to interest repayment claims

JPY14.1bn

2.2 years worth of annualized losses\*

## Payments and write-offs relating to interest repayment claims

(JPY bn)

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Cash-Out	1.3	0.9	0.9	0.9	0.9	0.8
Write-offs	0.9	0.7	0.6	0.6	0.6	0.6
Total losses relating to interest repayment claims	2.2	1.7	1.6	1.6	1.5	1.5

\*: Allowances relating to interest repayment claims / (cash out and write-offs relating to interest repayment claims in the most recent quarter x 4)

# Rakuten Bank Profit and Loss



(JPY mm)

	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Settlement	1,229	1,217	1,644	1,554	1,430	1,465
Card	282	405	483	400	309	243
Financial products	470	480	488	632	503	487
Others	23	47	95	148	266 <sup>*4</sup>	375
1. Income (loss) from commission	2,005	2,150	2,711	2,735	2,510 <sup>*4</sup>	2,572
2. Income (loss) from investment	1,302	1,510	1,567	1,519	1,369 <sup>*4</sup>	1,289
3. Operating expenses	2,835	2,808	2,962	3,206	3,004	3,165
<b>Basic profit (exc. loan)</b>	<b>472</b>	<b>853</b>	<b>1,316</b>	<b>1,047</b>	<b>875</b>	<b>696</b>
<b>Basic profit (loan)</b>	<b>336</b>	<b>452</b>	<b>31</b>	<b>188</b>	<b>436</b>	<b>410</b>
<b>Total basic profit (A)<sup>*1</sup></b>	<b>809</b>	<b>1,305</b>	<b>1,347</b>	<b>1,236</b>	<b>1,312</b>	<b>1,107</b>
<b>Non-basic profit (B)<sup>*2</sup></b>	<b>-1,380</b>	<b>59</b>	<b>-407</b>	<b>-127</b>	<b>-1,167</b>	<b>-360</b>
<b>Ordinary profit (A+B)<sup>*3</sup></b>	<b>-571</b>	<b>1,365</b>	<b>939</b>	<b>1,108</b>	<b>144</b>	<b>746</b>

\*1:Basic profit = Income or loss deducted Income (loss) due to changes in market price or sales of investment products. Income or loss due to main business of Rakuten Bank instead if temporary income (loss) such as investment

\*2:Non-basic profit = Income or loss due to changes in market price or sales of investment products

\*3:Before accounting adjusting (amortization of goodwill included)

\*4:The figures are adjusted retroactively.



# Rakuten Bank Assets and Deposits (non-consolidated basis)



(JPY bn)

	Dec 31 2009 Market Value	Dec 31 2010 Market Value	Changes in Market Value from Dec/09 to Dec/10	Allowances (as of Dec 31 2010)	Unrealized gains and losses (Rakuten consolidated)	Unrealized gains and losses (Rakuten Bank standard)
<b>JGB, Local government bonds, Corporate bonds</b>	<b>358.9</b>	<b>323.3</b>	<b>-35.6</b>	<b>0.0</b>	<b>3.6</b>	<b>6.7</b>
JGB(Japanese Government Bonds)	213.1	154.6	-58.4	-	3.0	6.4
Others* <sup>1</sup>	145.8	168.6	22.8	0.0	0.6	0.3
<b>Loan Receivables</b>	<b>95.1</b>	<b>125.8</b>	<b>30.7</b>	<b>1.0</b>	<b>-</b>	<b>-</b>
<b>Stocks</b>	<b>1.4</b>	<b>0.5</b>	<b>-0.9</b>	<b>-</b>	<b>0.0</b>	<b>-0.0</b>
<b>ABS (securitised loan receivables)</b>	<b>173.5</b>	<b>211.3</b>	<b>37.7</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>
<b>Funds</b>	<b>9.4</b>	<b>7.6</b>	<b>-1.7</b>	<b>-</b>	<b>0.1</b>	<b>0.2</b>
Hedge funds (FOF)	5.7	4.1	-1.6	-	-0.0	0.0
Others	3.7	3.5	-0.1	-	0.2	0.2
<b>ABS (Real estate products)</b>	<b>30.1</b>	<b>16.7</b>	<b>-13.4</b>	<b>1.1</b>	<b>-0.1</b>	<b>-0.4</b>
Private funds* <sup>2</sup>	13.4	6.6	-6.7	1.1	0.0	0.0
CMBS (at market value)	16.7	10.1	-6.6	-	-0.0	-0.4
<b>CDO</b>	<b>3.9</b>	<b>3.4</b>	<b>-0.4</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>672.6</b>	<b>688.9</b>	<b>16.3</b>	<b>2.2</b>	<b>4.2</b>	<b>7.0</b>

\*1: JGB, Local government bonds, Corporate bonds include government-guaranteed bonds, etc

\*2: Some of funds have been valuated at market value since April 1, 2010

(JPY bn)

	Dec 31 2009	Dec 30 2010	Changes
<b>Deposit Balance*<sup>1</sup></b>	<b>701.7</b>	<b>721.2</b>	<b>19.5</b>
Ordinary Deposits	285.7	327.0	41.2
Time Deposits	350.2	323.4	-26.8
Other deposits* <sup>2</sup>	65.7	70.7	5.0

\*1: Deposits on Rakuten Bank non-consolidated basis

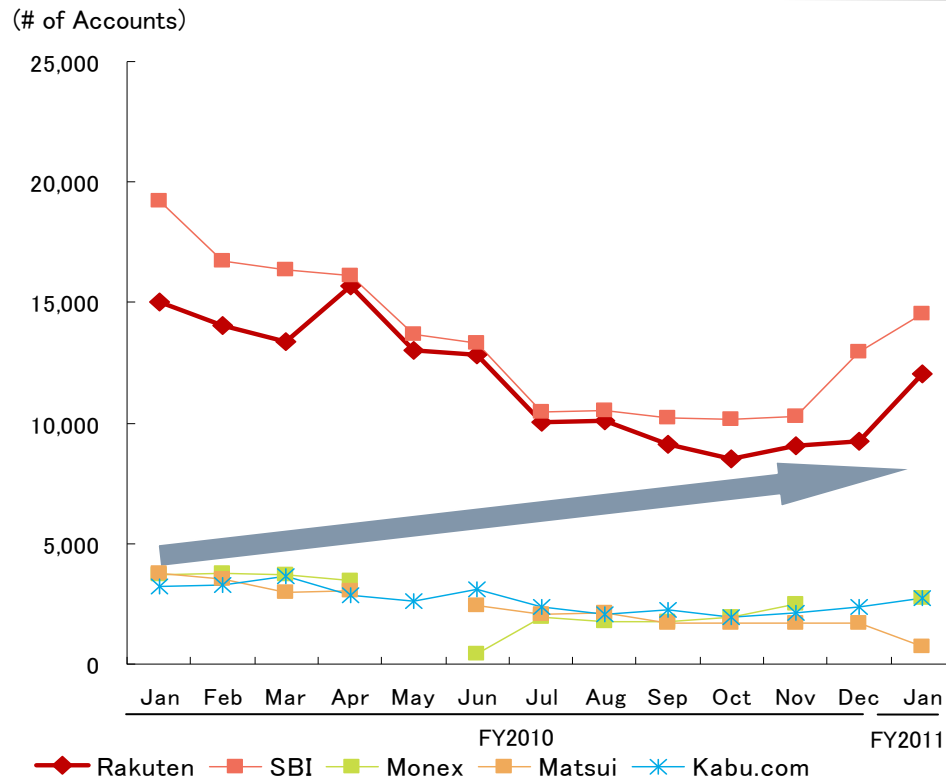
\*2: Other deposits include deposits in foreign currency and others

# Rakuten Securities New Accounts / Ratio of Application via Rakuten Group

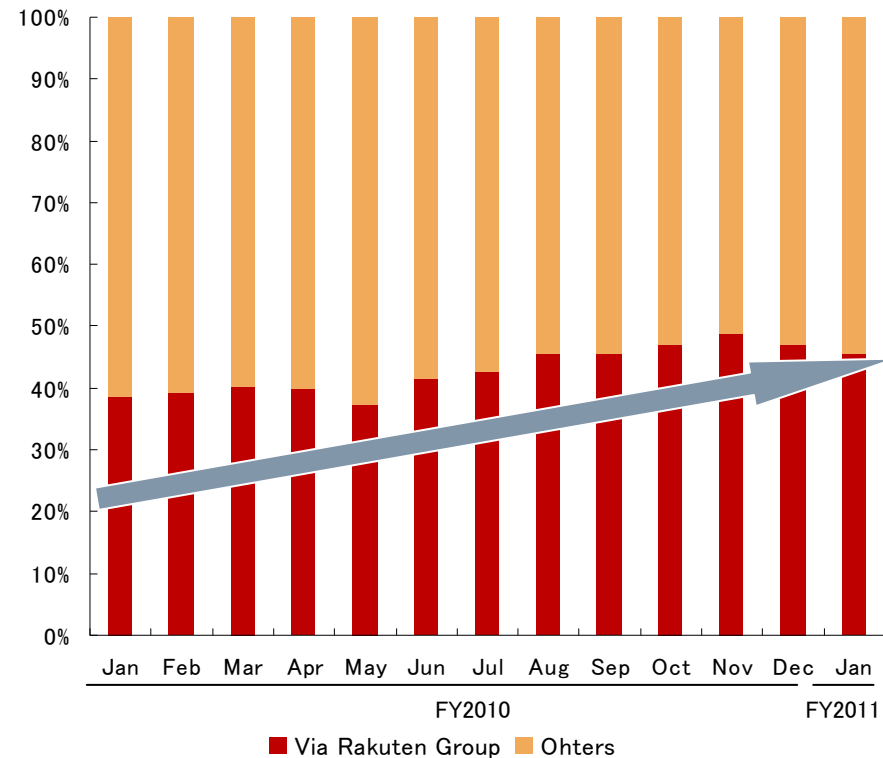


- Close to SBI in number of monthly new accounts
- Acquired over 45% of new accounts from Rakuten Group

Monthly new accounts at Major Securities companies



% of new accounts from Rakuten group

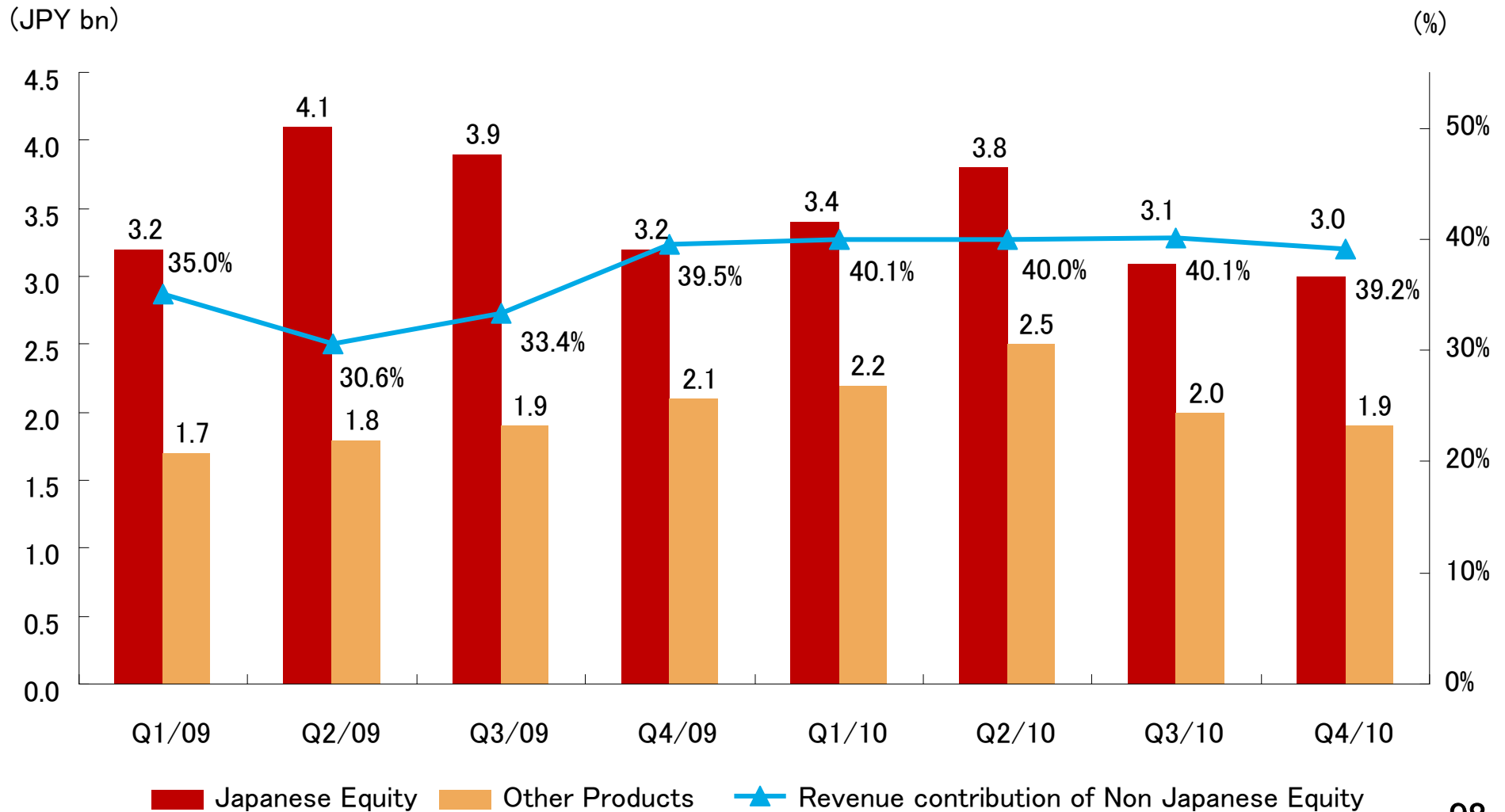


Note : Matsui was not disclosed May FY2010 date. Monex was not disclosed May and Dec FY2010 date because of the merger with Orix  
 Source: disclosed data by each company

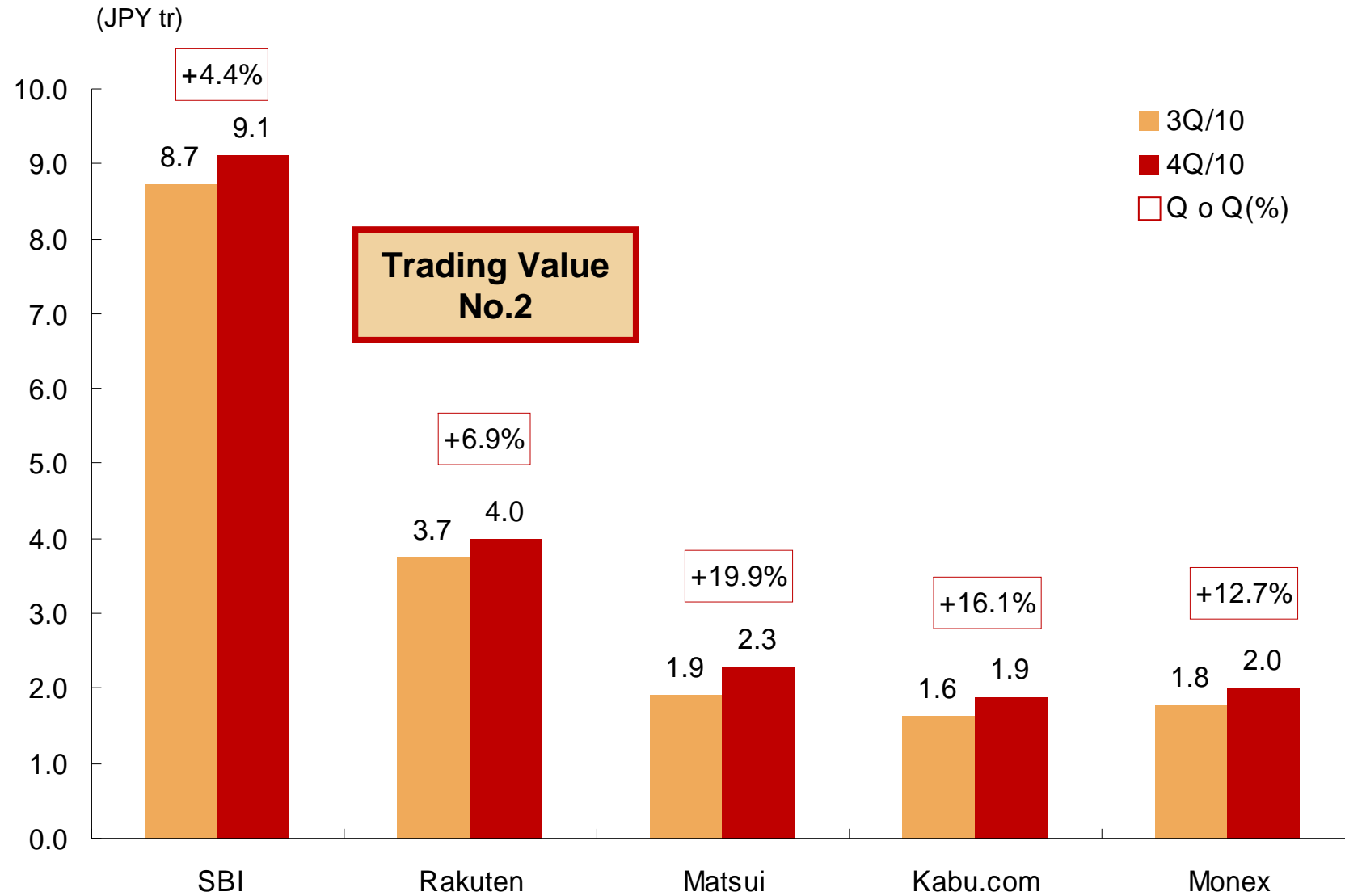
# Rakuten Securities Quarterly Change in Revenues of Non-Japanese Equity



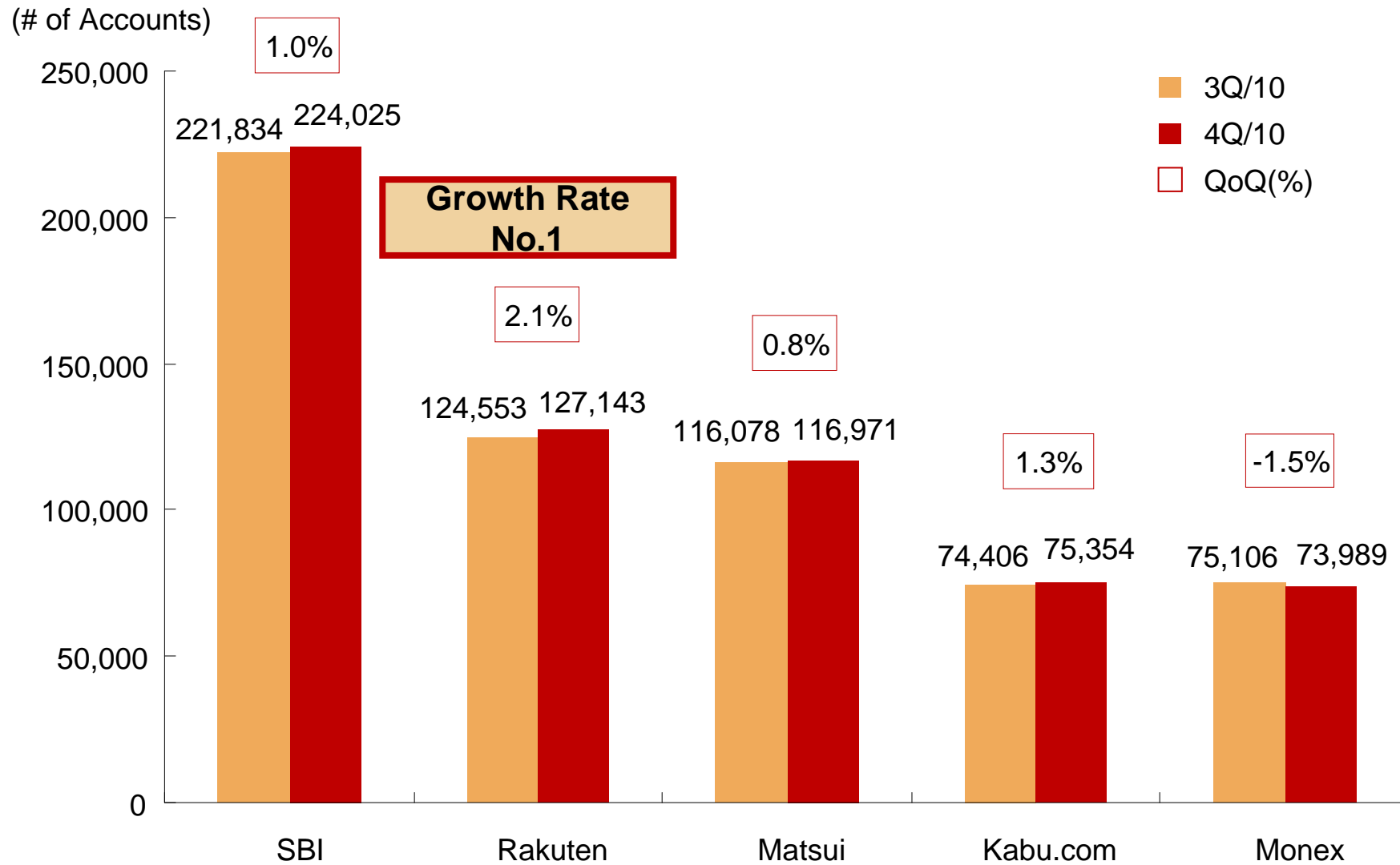
■ Contribution of non-Japanese equity revenues keeps around 40%



# Comparison of Stock Brokerage Trading Value with Major Online Securities Companies



# Comparison of Margin Account with Major Online Securities Companies



## ■ Stable Operating Profit Continued



- Achieved OP: JPY 251 mm +75.5% YoY (before consolidated adjustment)

## ■ Next Generation CTI Services



- Expanded FUSION IP-Phone with Asterisk
  - Strengthened collaborative selling with alliance strategy
  - Invigorated community by holding “Asterisk seminars”
- Telephony integrated web system
  - Information transfer to Rakuten Travel call center, using IP Phone system
- Incoming call tracking : Major real estate portal
  - Pay per success basis for each property

## ■ Generating synergies for Rakuten Group

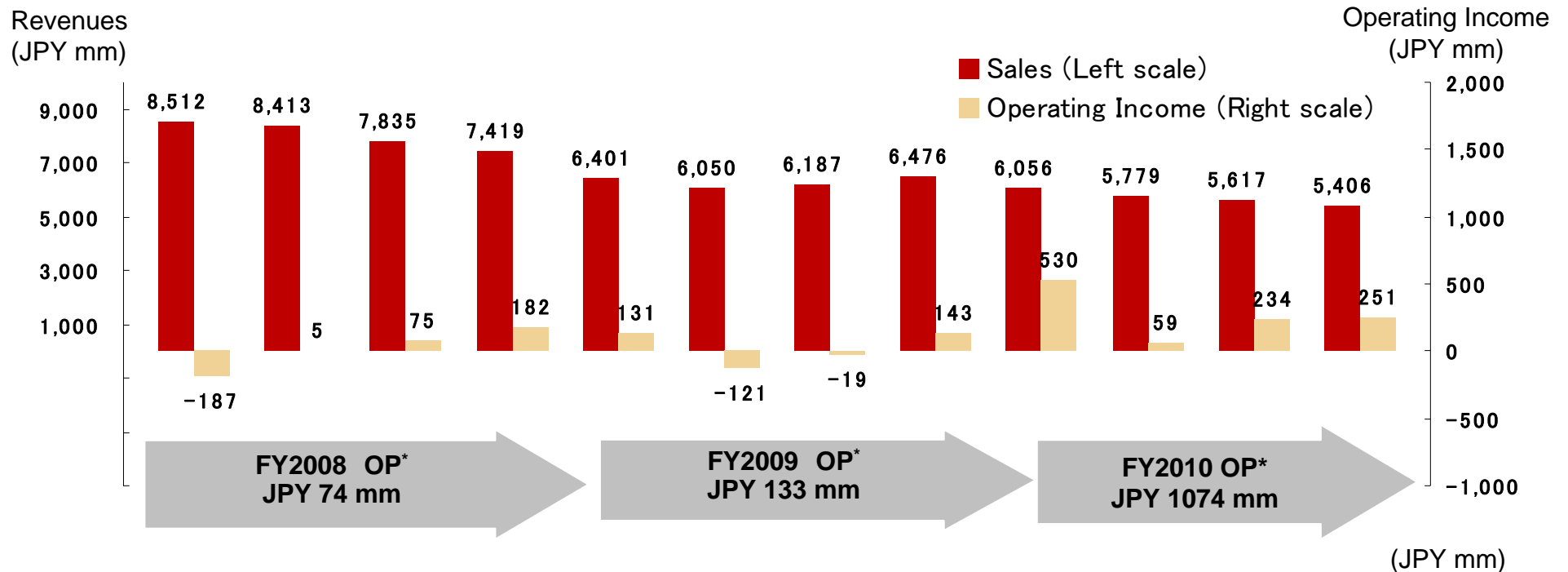


- “Rakuten Broadband”
  - Special benefits for Rakuten card members
  - New contract growth from Rakuten brand penetration: +312%YoY

# Fusion Communications (Non-consolidated) Quarterly Results



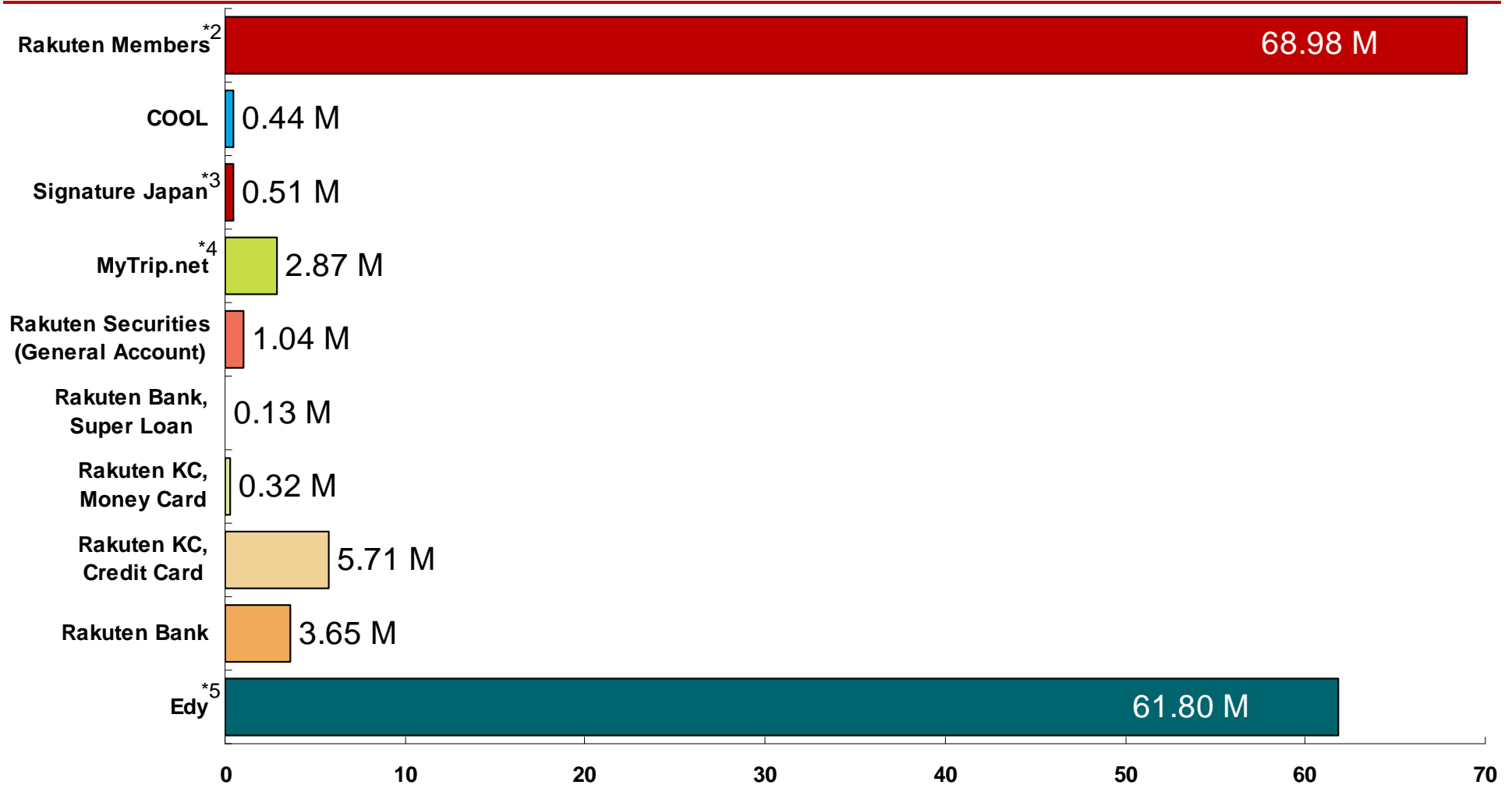
■ In the black for 3 consecutive years



	Q1/08	Q2/08	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09	Q1/10	Q2/10	Q3/10	Q4/10
Operating expenses	8,699	8,408	7,761	7,238	6,270	6,172	6,485	6,333	5,526	5,720	5,382	5,155
Variable cost	4,611	4,296	4,046	3,792	3,279	3,656	4,071	4,007	3,310	3,628	3,402	3,225
Fixed cost	3,354	3,384	3,023	2,767	2,331	1,904	1,691	1,633	1,561	1,398	1,346	1,290
SG&A	734	728	692	678	660	612	723	694	655	694	635	641

\* Before accounting adjustments (amortization of goodwill included)

# Group Membership\*1



\*1 Figures include members using duplicate services

\*2 Rakuten Members excluding non-active users (who never use any Rakuten services) are 42.77M

\*3 Excluding automatically registered card members

\*4 MyTrip.net members exclude members converted into Rakuten ID

\*5 Including mobile and cards