

Company: Rakuten, Inc.

Representative: Hiroshi Mikitani, Chairman & CEO

(JASDAQ Code: 4755)

Retrospective Application of a New Accounting Policy Regarding Loyalty Points

The Rakuten Group (“the Group”) changed an accounting policy regarding expenses and reserves related to Rakuten Super Points, the Group’s loyalty program from the current fiscal year (fiscal year ending December 31, 2012). The Group discussed the treatment of such point-related expenses, initially as an improved estimate of cost recognition. However, as the Group has decided to adopt the new treatment of point-related expenses as a change in accounting policy, the Group made a retrospective application of such change to the financial statements of previous fiscal years, in accordance with the Accounting Standards Board of Japan [ASBJ] Statement No. 24. The financial performance for the previous year (fiscal year ended December 31, 2011) after retrospective application will be disclosed in the earnings release (Kessan Tanshin) for the first quarter of the fiscal year ending December 31, 2012 to be announced on May 10, 2012. A summary of the changes is as follows.

1. Summary of accounting treatment of point-related expenses/reserves

Rakuten Super Points are granted to users in domestic services. Formerly, the Group has recognized point-related expenses in selling, general and administrative expenses at the time the expenses must be fixed; i.e., when the points are granted. Starting in the current fiscal year, we have changed to a policy in which the estimated expenses are recorded at the time of the transactions that caused the points to be generated.

Former standard: Expenses recognized when points are granted (one to two months after the transaction)

New standard: Expenses recognized in principle when the transaction occurs. Certain limited-time points are recognized when the expenses are incurred or when points are granted.

2. Financial results for previous year after retrospective application (estimate)

After the change is applied retrospectively to the financial statements for the first quarter period ended March 31, 2011 and full year ended December 31, 2011, respectively, the key financial data is estimated to be as shown below.

Key items for retrospective application in the consolidated statements of income

Year ended December 31, 2011 (January 1, 2011 to December 31, 2011) (billions of yen)

	Three months ended March 31, 2011, (January 1, 2011 to March 31, 2011)		Fiscal year ended December 31, 2011, (January 1, 2011 to December 31, 2011)	
	Former	After retrospective application	Former	After retrospective application
Selling, general and administrative expenses	54.8	53.8	233.3	233.8
Operating income	14.0	15.0	71.3	70.7
Net income (loss)	6.9	6.8	(1.1)	(2.2)

Key items for retrospective application in the consolidated balance sheets

As of December 31, 2010 and December 31, 2011 (billions of yen)

	As of December 31, 2010		As of December 31, 2011	
	Former	After retrospective application	Former	After retrospective application
Retained earnings	13.1	10.3	9.4	5.4
Reserve for points	12.5	17.2	15.2	20.5

Details will be disclosed as comparable financial statements in the financial earnings release for the first quarter of the year ending December 31, 2012, scheduled for announcement on May 10, 2012. This disclosure is **not** due to a past error, and the Securities Report (*Yuka Shoken Houkoku-sho*) that has already been submitted to the Japanese government shall not be corrected.

3. Effect on Fiscal Year 2012 and Future Outlook

The effect of this change in accounting policy on the financial statements of this fiscal year and future financial performance will be immaterial. **Also, the expenses related to prior years' transactions will be reflected in retained earnings at the beginning of the fiscal year 2012 as stated above.**

Consequently, in this fiscal year the Group does not expect to incur any additional point-related expenses

resulting from prior years' transactions.

Rakuten, Inc. and its group companies do not disclose earnings forecasts as its business operations include Internet services businesses characterized by high uncertainty, and financial-related businesses such as securities businesses, whose results depend heavily on highly volatile markets.