

November 21, 2012

Company name Rakuten, Inc.
Representative Hiroshi Mikitani
Chairman and CEO
(JASDAQ Code: 4755)

Issuance of Subscription Rights to Shares as Stock Options

Pursuant to "Issuance of Subscription Rights to Shares as Stock Options", approved at the 15th Annual General Shareholders' Meeting held on March 29, 2012, Rakuten Inc. (the "Company") was authorized to issue the following Subscription Rights to Shares as stock options an employee of the Company's subsidiary at November 21, 2012 for the purpose of increasing enterprise value of the Group by enhancing motivation and morale towards higher performance after their becoming subsidiaries, while ensuring the ability to recruit and retain talented staff, at the Board of Directors of the Company on November 21, 2012.

1. The reason for issuing the Subscription Rights to Shares on especially favorable conditions
The purpose to increase enterprise value of the Group by enhancing motivation and morale towards higher performance an employee of Kobo Inc. in Toronto, while ensuring to recruit and retain talented staff.
2. Outline of the issuance of the Subscription Rights to Shares
 - (1) Persons to whom Subscription Rights to Shares will be allotted
An employee of Kobo Inc. : 1 in total
 - (2) Class and number of shares to be issued upon exercise of Subscription Rights to Shares
Common stock of the Company : 103,300 shares

However, if the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same shall apply) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of such Subscription Rights to Shares shall be adjusted according to the following formula; provided that such adjustment shall be made only to those remain unexercised or uncanceled at the time of such adjustment and; provided, further, that if any fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, if the Company carries out a merger, a company split, share exchange, share transfer etc. that makes it necessary to adjust the number of shares, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer etc.

- (3) Total number of Subscription Rights to Shares : 1,033 units
In the stock split at a ratio of one hundred shares to one that took effect on July 1, 2012, the adjustment stipulated in (2) for the number of shares issued (including transferred treasury stock

in lieu of issuance of shares; hereinafter the same shall be applied) was performed and the number of shares issued for each unit of Subscription Rights to Shares shall be one hundred, provided however that in the event of any adjustment in the number of shares stipulated in (2) above, the number of shares to be issued for the Subscription Right to Shares shall be adjusted likewise.

(4) Cash payment for Subscription Rights to Shares

No cash payment is required for Subscription Rights to Shares.

(5) Value of the assets to be contributed upon exercise of Subscription Rights to Shares

On July 1, 2012, a stock split at a ratio of one hundred shares to one took effect and the "Exercise Price" (the amount paid by the appropriate party for the exercise of one unit of Subscription Rights to Shares; hereinafter, the same shall be applied) was adjusted according to the formula stipulated in the following paragraphs. As a result of the adjustment, the value of the assets to be contributed upon exercise of Subscription Rights to Shares shall be the amount calculated by multiplying an Exercise Price of one yen by the number of units of Subscription Rights to Shares exercised by the appropriate party at an Exercise Price of one yen.

However, if the Company splits or consolidates its common stock after issuance, the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen per unit of Subscription Right to Shares resulting from this adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

Besides the above, in case the Company carries out a merger etc., or according as other such circumstances that make it necessary to adjust the Exercise Price after issuance, the Exercise Price may be adjusted as appropriate within a necessary and reasonable range.

(6) Exercise period of Subscription Rights to Shares

From November 21, 2014 to November 21, 2022

If the 10th anniversary of the Issue Date falls on a holiday of the Company, the final day of the exercise period shall be the working day immediately preceding the 10th anniversary of the Issue Date.

(7) Conditions for exercise of Subscription Rights to Shares

(I) Those who received the allotment of issue of Subscription Rights to Shares may exercise all or a part of the stock options in accordance with the following classifications:

(a) Those who received the allotment of issue of Subscription Rights to Shares may not exercise any of the Subscription Rights to Shares allotted to him/her from November 21, 2012 to November 20, 2014.

(b) Those who received the allotment of issue of Subscription Rights to Shares may exercise one-third (1/3) of the Subscription Rights to Shares allotted to him/her from November 21, 2014 to November 20, 2015 (in calculating the number of Subscription Rights to Shares that would have become exercisable, any fraction less than one shall be rounded down).

(c) Those who received the allotment of issue of Subscription Rights to Shares may exercise two-thirds (2/3) (however if a part of the Subscription Rights to Shares allotted is exercised by November 21, 2015, exercisable Subscription Rights to Shares shall be within two-thirds (2/3) of the allotted Subscription Rights to Shares, including the already exercised Subscription Rights to Shares) of the Subscription Rights to Shares allotted to him/her from November 21, 2015 to November 20, 2016 (in calculating the number of Subscription Rights to Shares that would have become exercisable, any fraction less than one shall be rounded down).

(d) Those who received the allotment of issue of Subscription Rights to Shares may exercise all the Subscription Rights to Shares allotted to him/her from November 21, 2016 to November 21, 2022.

(II) Those who received the allotment of issue of Subscription Rights to Shares shall remain

Directors, Executive Officers, Company Auditors or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights; provided however that, this shall not apply to cases where (i) those who received the allotment of the issue of Subscription Rights to Shares exercise Subscription Rights to Shares which are exercisable at the time of the termination of delegation or employment relationship (including a case where those who received the allotment of the issue of Subscription Rights to Shares have passed away) between them and Kobo Inc. with which they primarily have said delegation or employment relationship within 30 days from such termination, or (ii) it is allowed as an exceptional case by the Board of Directors of the Company in consideration of circumstances.

In addition, allotted Subscription Rights to Shares which are not then exercisable shall not be exercised thereafter: (a) in cases where those who received the allotment of the issue of Subscription Rights to Shares retire or leave Kobo Inc. of their own accord; those who received the allotment of the issue of Subscription Rights to Shares are dismissed or displaced by Kobo Inc. due to reasons imputable to them under the laws of Canada; or delegation or employment relationship between those who received the allotment of the issue of Subscription Rights to Shares and Kobo Inc. terminated due to death of those who received the allotment of the issue of Subscription Rights to Shares, permanent invalidity which disables them to continue to execute their duties for Kobo Inc. or subsidiaries and affiliates of Kobo Inc. (hereinafter "Affiliates") under the laws of Canada, or mandatory retirement, (b) in cases where those who received the allotment of the issue of Subscription Rights to Shares retire or leave Kobo Inc. of their own accord because significant disadvantageous changes in the basic terms of the delegation or employment contract are unilaterally imposed on them by Kobo Inc. or "Affiliates" under the laws of Canada, those who received the allotment of the issue of Subscription Rights to Shares, notwithstanding the provision in (I), may also exercise their rights with respect to allotted Subscription Rights to Shares to the extent of the number obtained by multiplying the ratio of the period from November 21, 2012 (hereinafter "Commencement Date") to the date of the retirement or leaving of Kobo Inc. (hereinafter "Date of Leaving") against the one-year period which includes the Date of Leaving and commences on the Commencement Date by the number of Subscription Rights to Shares that would have become exercisable pursuant to the provision in (I) at the time when the said one-year period has elapsed (However, in cases where those who received the allotment of the issue of Subscription Rights to Shares retire or leave Kobo Inc. on or before November 21, 2014, those who received the allotment of the issue of Subscription Rights to Shares may exercise their rights with respect to allotted Subscription Rights to Shares to the extent of November 21, 2012 to the Date of Leaving against the two-year period by the number of Subscription Rights to Shares that would have become exercisable pursuant to the provision in (I) (b) on November 21, 2014) (in calculating the number of Subscription Rights to Shares that would have become exercisable, any fraction less than one shall be rounded down) (however, those who received the allotment of the issue of Subscription Rights to Shares shall exercise Subscription Rights to Shares within 30 days from the date of the termination of delegation or employment relationship with Kobo Inc.), and (c) in cases where those who received the allotment of the issue of Subscription Rights to Shares are dismissed or displaced by Kobo Inc. despite the lack of reasons imputable to them under the laws of Canada, those who received the allotment of the issue of Subscription Rights to Shares may, notwithstanding the provision in (I), exercise all of allotted Subscription Rights to Shares that are held at the time of receiving the notification of dismissal or displacement (However, those who received the allotment of the issue of Subscription Rights to Shares shall exercise Subscription Rights to Shares within 30 days from the date of the termination of delegation or employment relationship with Kobo Inc.).

- (III) Notwithstanding the provisions of (I) above, in the event of a sale of all or substantially all of the assets of the business of Kobo Inc. to a third party other than the Company or "Affiliates" under the laws of Canada, or in the event of a reorganization, such as merger (except for reorganization carried out by solely involving Kobo Inc. and one or more of "Affiliates" under the laws of Canada), with respect to which all or substantially all of the persons who were the beneficial owners of the common shares of Kobo Inc. immediately prior to such transaction do

not, following such transaction, beneficially own directly or indirectly, more than 50% of the resulting voting rights of all shareholders of Kobo Inc. (including all the voting rights of Kobo Inc. or other similar rights which may be issued or transferred as a result of the exercising of the Subscription Rights to Shares of Kobo Inc.), the holder of the Subscription Rights to Shares may exercise all the rights he/she holds at the time of such event, provided that such Subscription Rights to Shares are exercised immediately before such event comes into force.

- (IV) Subscription Rights to Shares shall not be inherited, provided however that exceptional treatment may be allowed in this regard by the Board of Directors of the Company in consideration of circumstances.
- (V) Subscription Rights to Shares shall not be offered for pledge or disposed of in any other way.
- (8) Matters concerning increase in capital stock and capital reserve by issuing of shares upon exercise of Subscription Rights to Shares
 - (i) Amount of increase in capital stock by issuing shares upon exercise of Subscription Rights to Shares shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.
 - (ii) Amount of increase in capital reserve by issuing shares upon exercise of Subscription Rights to Shares shall be the upper limit of capital stock increase as described in (i) above less the amount of increase in capital stock set out therein.
- (9) Reasons and conditions for the acquisition of Subscription Rights to Shares
 - (i) In case that the proposal of any merger agreement under which the Company is dissolved, or any absorption-type company split (kyushu-bunkatsu) agreement or incorporation-type company split (shinsetsu-bunkatsu) plan in which the Company will be a splitting company, or any share exchange agreement or share transfer plan in which the Company will be a wholly-owned subsidiary of another company is approved at a General Shareholders' Meeting of the Company, the Company may acquire Subscription Rights to Shares at the date specifically determined by the Board of Directors of the Company without any compensation therefor.
 - (ii) Concerning Subscription Rights to Shares, in case that a holder of Subscription Rights to Shares ceases to accommodate the conditions of (7) (I) above before exercising Subscription Rights to Shares, the Company may acquire such Subscription Rights to Shares at the date specifically determined by the Board of Directors of the Company without any compensation therefor.
- (10) Restriction on the acquisition of Subscription Rights to Shares by transfer
 - Any acquisition of Subscription Rights to Shares by transfer shall require an approval of the Board of Directors of the Company by its resolution.
- (11) Treatment of Subscription Rights to Shares in case of organizational restructuring of the Company
 - In the event the Company merges (limited to cases where the Company becomes a dissolving company), performs an absorption-type company split or an incorporation-type company split, or conducts a share exchange or a share transfer (hereinafter collectively referred to as "Organizational Restructuring"), Subscription Rights to Shares of a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (hereinafter "Restructured Company") shall be delivered under the following conditions to each those who received the allotment of issue of Subscription Rights to Shares remaining unexercised (hereinafter "Remaining Subscription Rights to Shares") at the time when Organizational Restructuring takes effect. In this case, the Remaining Subscription Rights to Shares will lapse and the Restructured Company will issue new Subscription Rights to Shares. However, the foregoing shall apply only to cases in which the delivery of Subscription Rights to Shares of the Restructured Company according to the following conditions is stipulated in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

- (i) Number of Subscription Rights to Shares of the Restructured Company to be delivered
The Restructured Company shall deliver Subscription Rights to Shares, the number of which shall equal the number of Subscription Rights to Shares held by the holder of the Remaining Subscription Rights to Shares.
 - (ii) Class of shares of the Restructured Company to be issued upon the exercise of Subscription Rights to Shares
Shares of common stock of the Restructured Company
 - (iii) Number of shares of the Restructured Company to be issued upon the exercise of Subscription Rights to Shares
To be decided according to (2) and (3) above after taking into consideration the conditions etc. of the Organizational Restructuring.
 - (iv) Value of the assets to be contributed upon the exercise of Subscription Rights to Shares
The value of the assets to be contributed upon the exercise of each Subscription Right to Shares shall be the amount paid after restructuring obtained by adjusting the Exercise Price stipulated in above (5) after taking into consideration the conditions etc. of Organizational Restructuring multiplied by the number of shares of the Restructured Company to be issued upon the exercise of the Subscription Rights to Shares as determined in accordance with (iii) above.
 - (v) Exercise period of Subscription Rights to Shares
Starting from the later of either the first date of the exercise period of Subscription Rights to Shares as stipulated in (6) above, or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of Subscription Rights to Shares as stipulated in (6) above.
 - (vi) Matters concerning increase in capital stock and capital reserve to be increased by issuing of shares by the Restructured Company upon the exercise of Subscription Rights to Shares
To be determined in accordance with (8) above.
 - (vii) Restriction on acquisition of Subscription Rights to Shares by transfer
Acquisition of Subscription Rights to Shares by transfer shall be subject to the approval of the Board of Directors of the Company under Organizational Restructuring (or by the majority decision of directors if such company is not a company with board of directors).
 - (viii) Reason and conditions for acquisition of Subscription Rights to Shares
To be determined in accordance with (9) above.
- (12) Rules pertaining to fractions of less than one share arising from the exercise of Subscription Rights to Shares
Fractions of less than one share in the number of shares to be delivered to holders of Subscription Rights to Shares who exercised Subscription Rights to Shares shall be discarded.
- (13) Date of issuance of subscription rights to shares as stock options
November 21, 2012.