JASDAQ

November 26, 2013

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

Announcement of Execution of Agreement on Company Split (Simplified Absorption-Type Company Split) regarding Subsidiary Kenko.com. Inc.

Rakuten, Inc. (hereinafter the “Company”) announces that the Company has made a resolution at its Board of Directors meeting held on November 26, 2013, about a company split (absorption-type split; hereinafter “Company Split”) whereupon the Company is the split company and Kenko.com. Inc. (hereinafter “Kenko.com”), a consolidated subsidiary of the Company, is the successor company with January 1, 2014 as the date of effectuation (scheduled). An agreement relating to the absorption-type split (hereinafter “Company Split Agreement”) is hereby executed as of today.

In addition, the Company Split will transfer to Kenko.com, the successor company, the Rakuten 24 business operations deployed within the “Rakuten Ichiba” Internet shopping mall operated by the Company, the split company.

1. Purpose of the Company Split

The Rakuten 24 business operations of the Company have been providing services based on the concept of “collective delivery of popular daily life items for good deals via Rakuten Ichiba.” Additionally, Kenko.com, a consolidated subsidiary of the Company, has sold health-related products via the EC site. The Company has decided to undertake a Company Split whereupon the Company is the split company and Kenko.com, a consolidated subsidiary of the Company, is the successor company. This is intended to enhance competitiveness in the field of daily necessities and to enhance customer services through utilizing the operating bases of both companies.

2. Summary of the Company Split

(1) Schedule and Outline of the Company Split

a) Schedule of the Company Split

The Board of Directors meeting for absorption-type split:	November 26, 2013
Execution of absorption-type split agreement:	November 26, 2013
Scheduled date for absorption-type split (effective date):	January 1, 2014 (scheduled)

(Note) As the Company Split qualifies as a simplified absorption-type Company Split stipulated by the Companies Act Article 784, Paragraph 3, the Company will perform the split without obtaining approval for the absorption-type split agreement from the general shareholders’ meeting.

b) Outline of the Company Split

When the Company Split takes place, as compensation (hereinafter referred to as the “Split Compensation”) for the rights and obligations accepted via the Company Split, Kenko.com will issue common stocks of Kenko.com on the effective date. (Such date will be January 1, 2014; provided, however, that if the effective date falls under a holiday, the next business day shall apply. The term “business day” refers to any day excluding bank holidays regulated under the Banking Act, and the same shall apply thereafter.) The common stocks will be obtained as follows. Estimates of the assessed amounts of the targeted debts accepted via the Company Split on the date (December 31, 2014) immediately preceding the effective date (hereinafter referred to as the “Targeted Debts”) are deducted from estimates of assessed amounts of the targeted assets on the same date (hereinafter referred to as the “Targeted Assets”). The Split Compensation is divided by the stock price of the common stocks of Kenko.com (meaning the volume weighted average price of the closing prices of Kenko.com stocks released by Tokyo Stock Exchange, Inc. during the month following the business day (November 25, 2013) immediately preceding the resolution by the Board of Directors of the Company in relation to the Company Split). Such resultant is an amount equivalent to the number of common shares of Kenko.com scheduled to be issued on the effective date (hereinafter referred to as the “Number of Stocks to be Issued”). Some or all of the 45,900 treasury stocks of Kenko.com held by Kenko.com will be used as common stocks of Kenko.com to be issued for the Company. In the case where the Number of Stocks to be Issued exceeds 45,900 shares, the stocks resulting when 45,900 shares are deducted from the Number of Stocks to be Issued will be issued, and the resultant will be allotted for the Company. In addition, in the case where there exist fractions of less than a single unit of stock, the amount equivalent thereto will be issued in cash.

Estimates of assessed amounts for the Targeted Assets and the Targeted Debts are based on the computation of the balance sheet as of November 30, 2013 and the current computation as of the same date. Such amounts will be computed within the same year (by December 20, 2013) through mutual consultation between both parties. (The schedule has not been determined. Information on the Split Compensation and allotment will be announced as soon as it has been determined.)

Kenko.com will apply for transfer of common stock of Kenko.com in an amount equivalent to the Number of Stocks to be Issued on the effective date, thereby issuing the said stocks for the Company. Alternatively, such stocks may be issued through completion of transmission of new record notification data, thereby causing allotment or payment of cash. (In the case where the effective date is a holiday, the next business day shall apply.) However, in the case where there is a difference between the amount resulting when the determined assessed amounts of the Targeted Debts on the date immediately preceding the effective date are deducted from the determined assessed amounts of the Targeted Assets on the same date and the Split Compensation, such difference will be settled in cash separately through mutual agreement between both parties on or after the effective date of the Company Split and immediately following determination of assessed amounts of the Targeted Assets and the Targeted Debts. (The schedule has not been determined. The settlement amount will be announced as soon as such amount has been determined.)

(2) Split method

An absorption-type split is performed, under the condition that the Company is a splitting company and Kenko.com as a consolidated subsidiary of the Company is a successor company.

(3) Allotment related to the Company Split

Kenko.com as a successor company in absorption-type split plans to allot the treasury stocks held by Kenko.com and the stocks to be newly issued for the Company as a splitting company.

As described in 2. (1) b), some or all of the 45,900 treasury stocks of Kenko.com held by Kenko.com will be used as common stocks of Kenko.com to be issued for the Company. In the case where the Number of Stocks to be Issued exceeds 45,900 shares, the stocks resulting when 45,900 shares are deducted from the Number of Stocks to be Issued will be issued, and the resultant will be allotted for the Company. In addition, in the case where there exist fractions of less than a single stock, the amount equivalent thereto will be issued in cash.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying the Company Split

No change will be made.

(5) Common stock, etc. to be decreased due to the Company Split

The common stock, etc. of the Company will not be decreased due to the Company Split.

(6) Rights and obligations to be accepted by successor company

Assets regarding Rakuten 24 business operations of the Company (accounts receivable-trade, accounts receivable-other, merchandise, software, etc.) and debts thereof (accounts payable and accounts payable-other) on the effective date, as well as rights and obligations accompanying the aforementioned assets and debts, all of which are regulated under the Company Split Agreement, will be accepted by the successor company. Additionally, employment contracts between employees of the Company engaging in Rakuten 24 business operations and the Company will not be accepted thereby.

(7) Expected fulfillment of debts

Following the Company Split, no conditions that would cause hindrance of fulfillment of debts to the Company or the successor company are expected at the moment.

3. Basis for Allotment

(1) Basis and reason for allotment

The allotment is described as per 2. (1) a).

As described in 2 a) and b), the Company has received advice from U&I Advisory Service Co., Ltd., which has certificated public accountants and is a third party body that has no stake in the Company or Kenko.com, concerning the validity of the method of computation of accepted business value performed by the Company. Additionally, Kenko.com will appoint Seiwa Audit Corporation as an independent calculation agent that has no stake in the Company or Kenko.com, and following execution of the Company Split Agreement, Kenko.com will implement due diligence concerning the assets and debts of the business units to be accepted, as well as rights and obligations accompanying the aforementioned assets and debts, and will compute the Split Compensation. Upon computation of the Split Compensation scheduled to take place by December 20, 2013, written results of the computation of the Split Compensation will be received from Seiwa Audit Corporation.

In regards to the stock price of the common stocks of the Company used for computation of the Number of Stocks to be Issued, comparison of the simple average stock prices of closing prices of the Kenko.com stocks released by Tokyo Stock Exchange, Inc. for the last 1, 3, and 6 months were also reviewed. However, in light of sharp fluctuations of the recent Kenko.com stock price and trading volume, adoption of a volume weighted average price for the most recent month was chosen as a computation basis based on the judgment that such price would be most logical. Moreover, in regards to the aforementioned stock price of ¥1,836, the premium rate is 4.02% based on ¥1,765 as a simple average of the closing prices for the most recent month. The premium rate is 3.49% based on ¥1,774 as a simple average of the closing prices for the last 3 months. The discount rate is 10.40% based on ¥2,049 as a simple average of the closing prices for the last 6 months, and the premium rate is 3.73% based on ¥1,770 as a simple average of the closing prices on the immediately preceding business day.

Based on the aforementioned information, the Company and Kenko.com will each calculate the Split Compensation by December 20, 2013, by mutual consultation between both parties.

(2) Matters regarding computation

a) Name of and relationship with calculation agent

U&I Advisory Service Co., Ltd. (hereinafter referred to as the “Third Party Body”) is not a party related to the Company or Kenko.com and does not have an important stake that should be described relating to the Company Split.

b) Outline of computation

Upon computation of the value of business (hereinafter referred to as “Split Business”) accepted via the Company Split to be performed by the Company, in order to ensure impartiality, the Company has obtained advice concerning the validity of the method of computation of the accepted business value performed by the Company from the Third Party Body. As a result, the method of computing the value of the split is the difference between the book value of the Targeted Assets and the book value of the Targeted Liabilities. That is: (i) Rakuten 24 is a single business unit created by the Company on its own and it has no market value; (ii) in light of achievements in recent years, etc., excess earnings cannot be stably expected at the moment, and thus, potential goodwill has not been applicable concerning the Split Business; and (iii) Targeted Assets do not contain securities, real estate properties, trademarks, or other forms of intellectual property, and we received advice that there was no special reason to believe that an important difference exists between the business value of the Split Business and the difference between the book value of the Targeted Liabilities and the market value of the Targeted Assets.

Based on the aforementioned method for computation, an agreement on allotment will be reached after extensive consultation with Kenko.com.

(3) Expected delisting and reason therefor

N/A

(4) Measures for ensuring impartiality

In addition to the advice from the Third Party Body stated in (2) above, legal advice has been received from Kitamura & Hiraga concerning validity of the method of computation of business value.

(5) Measures for Avoidance of Acts in Conflict of Interest

The Company Split is an organizational reconstructing between the Company, the parent company, and Kenko.com, the consolidated subsidiary of the Company. Atsushi Kunishige, who holds the position of Director of both companies, has not participated in the Company Split resolution process conducted by either of the Boards of Directors of the companies. In addition, Kazuo Nakadai, Toru Funaki who are Executive Officers and employees of the Company, and Toshihiko Otsuka who is an employee of the Company are Directors of Kenko.com, and so have or are likely to have conflicts of interest in the Company Split. Thus, none of them has participated in the Company Split resolution process conducted by the Board of Directors of Kenko.com.

4. Overview of Companies Party to Split

<table>
<tr><td>(1) Name</td><td>Rakuten, Inc.
(Splitting company in absorption-type split)
(As of December 31, 2012)</td><td>Kenko.com Inc.
(Successor company in absorption-type split)
(As of March 31, 2013)</td></tr>
<tr><td>(2) Address</td><td>4-12-3 Higashishinagawa, Shinagawa-ku, Tokyo</td><td>3-11-3 Akasaka, Minato-ku, Tokyo</td></tr>
<tr><td>(3) Title and name of representative</td><td>Chairman and CEO
Hiroshi Mikitani</td><td>Genri Goto, Representative Director</td></tr>
<tr><td>(4) Description of business</td><td>Comprehensive Internet Services Business</td><td>E-commerce business for health-related products</td></tr>
<tr><td>(5) Amount of capital stock</td><td>¥108,255 million</td><td>¥2,040 million</td></tr>
<tr><td>(6) Date of establishment</td><td>February 7, 1997</td><td>November 8, 1994</td></tr>
<tr><td>(7) Number of shares outstanding</td><td>1,320,626,600 shares</td><td>6,917,100 shares (Note 1)</td></tr>
<tr><td>(8) Fiscal year-end</td><td>December</td><td>March (Note 2)</td></tr>
<tr><td>(9) Number of employees</td><td>3,498</td><td>314</td></tr>
<tr><td>(10) Main clients</td><td>Rakuten Card Co., Ltd., JCB Co., Ltd., Rakuten Travel, Inc.</td><td>Rakuten, Inc., Rakuten Card Co., Ltd., Reed Health Care Corporation, ARATA CORPORATION</td></tr>
<tr><td>(11) Main banks</td><td>Sumitomo Mitsui Banking Corporation
Mizuho Corporate Bank, Ltd.
Development Bank of Japan Inc.</td><td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Banking Corporation
THE BANK OF FUKUOKA, LTD.
The Shoko Chukin Bank, Ltd.
Development Bank of Japan Inc.</td></tr>
<tr><td>(12) Large shareholder and ratio of shareholding</td><td>Crimson Group, Inc 17.14%
Hiroshi Mikitani 15.38%
Haruko Mikitani 10.69%</td><td>Rakuten, Inc. 40.21%
RS Empowerment, Inc. 10.86%
Genri Goto 10.86%</td></tr>
<tr><td colspan="3">(13) Relationship between the two party companies (as of November 26, 2013)</td></tr>
<tr><td>Capital relationship</td><td colspan="2">The Company holds 2,770,600 common stocks in Kenko.com, and indirectly holds 748,000 shares through the Company's wholly-owned subsidiary RS Empowerment, Inc. The Company is the majority shareholder of Kenko.com.</td></tr>
<tr><td>Personnel relationship</td><td colspan="2">One Director and three employees from the Company serve jointly as Kenko.com Directors. Also, Kenko.com has one employee currently dispatched to the Company.</td></tr>
<tr><td>Transactional relationship</td><td colspan="2">Kenko.com has a branch store that sells health-related products on Rakuten Ichiba, the Internet shopping mall operated by the Company. The Company receives store opening fees and commissions paid by Kenko.com.</td></tr>
<tr><td>Related parties status</td><td colspan="2">The Company is the parent company of Kenko.com, and Kenko.com is a subsidiary of the Company.</td></tr>
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(14) Business results and financial position for the three most recent business years (Japanese accounting standards) (Unit: millions of yen)

Rakuten, Inc. (Splitting company in absorption-type split)			
Fiscal period	Fiscal Year ended December 31, 2010	Fiscal Year ended December 31, 2011	Fiscal Year ended December 31, 2012
Consolidated net assets	249,233	231,025	262,451
Consolidated total assets	1,949,516	1,915,892	2,108,409
Consolidated net assets per share	181.60 (Note 3)	170.89 (Note 3)	¥193.73 (Note 3)
Consolidated net sales	346,144	379,900	443,474
Consolidated operating profit	63,766	70,789	72,259
Consolidated ordinary profit	62,301	68,267	71,514
Consolidated net income (loss)	34,956	(2,287)	19,413
Consolidated net income (loss) per share	¥26.66 (Note 3)	¥(1.74) (Note 3)	¥14.77 (Note 3)
Kenko.com Inc. (Successor company in absorption-type split)			
Fiscal period	Fiscal Year ended March 31, 2011	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2013
Consolidated net assets	1,502	1,203	2,309
Consolidated total assets	4,294	4,222	5,181
Consolidated net assets per share	¥452.79 (Note 1)	¥293.39 (Note 1)	¥334.45 (Note 1)
Consolidated net sales	13,178	17,167	17,902
Consolidated operating income	(244)	(519)	(132)
Consolidated ordinary income	(252)	(552)	(184)
Consolidated net income (loss)	(446)	(701)	(455)
Consolidated net income (loss) per share	¥(136.21) (Note 1)	¥(174.54) (Note 1)	¥(73.50)(Note 1)

(Note 1) On October 1, 2013, Kenko.com carried out a 1-for-100 stock split of common stock, and the number of shares outstanding is shown as of October 1, 2013. Consolidated net assets per share and consolidated net income (loss) per share are indicated assuming that the stock split in question was carried out at the beginning of the fiscal year ended March 31, 2011.

(Note 2) As of June 25, 2013, the fiscal year-end has been changed from March 31 to December 31.

(Note 3) On July 1, 2012, Rakuten carried out a 1-for-100 stock split of common stock. Consolidated net assets per share and consolidated net income (loss) per share are indicated assuming that the stock split in question was carried out at the beginning of the fiscal year ended December 2010.

(1) Description of business division subject to split

Operation of Internet sales website specializing in products for daily life, including lifestyle sundries, and household goods and supplies.

(2) Business results of division subject to split

Net sales ¥440 million (Fiscal year ended December 31, 2012)

(3) Assets and liabilities transferred in the split, and their valuation

As noted in 2. (1) a) above, the Company and Kenko.com will each calculate the Split Compensation by December 20, 2013, based on consultation between both parties. The assets and liabilities transferred in the split and their valuation will be announced once the decision has been made.

5. Status after the Company Split

There are no changes to the Company's name, address, title and name of representative, description of business, amount of capital stock, or fiscal year-end as a result of this Company Split. The effect on net assets and total assets is also minimal.

6. Overview of accounting procedures

Non-consolidated results:	Based on the "Accounting Standard for Business Divestitures" and "Guidance on Application of Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures", the Company intends to apply the accounting procedures for cases in which the compensation received consists solely of shares in the successor company. The effect of these procedures on the Company's statements of income for non-consolidated results will be minimal.
Consolidated results:	The assets and liabilities of the Rakuten 24 business operations that will be succeeded by Kenko.com will be recorded based on IFRS (International Financial Reporting Standards) for entities under common control. Furthermore, goodwill is not generated.

7. Future outlook

As the successor company of the absorption-type split is a consolidated subsidiary of the Company, the effect of this Company Split on consolidated results will be minimal.

(Reference) Consolidated Results for Previous Fiscal Year (Unit: millions of yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Consolidated net income
Results for previous fiscal year (Fiscal year ended December 31, 2012)	443,474	72,259	71,514	19,413