May 17, 2012

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

Notice on the transfer of subsidiary

Rakuten, Inc. hereby announces that it has resolved at the Board of Directors meeting held today to underwrite capital increase by third party allotment of new shares issued by Kenko.com, Inc. (head office: Minato-ku, Tokyo; hereinafter "Kenko.com"), which operates health-related product sales and EC (e-commerce) business, (hereinafter "Capital Increase by Third Party Allotment"). Rakuten, Inc. also announces that a subsidiary transfer is expected due to the Capital Increase by Third Party Allotment.

(1) Background and reason

Rakuten, Inc. continues to address scale expansion and enhancement of strategies based on each product category of Rakuten Ichiba, an Internet shopping mall. At present, purchase of daily commodities and health-related products in the Internet shopping market has become common, and trading volume has steadily increased.

Kenko.com is known as a leading company in the health-related EC field in Japan, and is one of major merchants in the same field as Rakuten Ichiba. For the purpose of further EC development in the daily commodity and health-related fields with Kenko.com, Rakuten, Inc. will acquire the stocks of Kenko.com.

It has been agreed that Rakuten, Inc. and Kenko.com will mutually discuss such as expansion of sales of health-related products, increasing efficiency of logistics infrastructure and systems, the possibility of overseas operation development, and strengthening sales of drugs by the Internet.

Additionally, Rakuten, Inc. and Kenko.com have agreed under the agreement related to Capital Increase by Third Party Allotment that Kenko.com will submit a proposal for election of Directors, including four Director candidates appointed by Rakuten, Inc., to the 18th Ordinary General Meeting of Shareholders of Kenko.com scheduled to be held on June 26, 2012.

(2) Stock acquisition

Acquisition cost:	JPY1,522 million
Method of acquisition:	Underwriting capital increase by third party allotment of new shares issued by Kenko.com
Stocks to be acquired:	27,706 stocks
Percentage of the number of shares outstanding:	40.48% (as of May 17, 2012)
Grounds for computation of acquisition cost:	JPY54,943, as the volume weighted average of the closing price of stock of Rakuten, Inc. publicized by the Tokyo Stock Exchange, Inc. for the past one (1) month until the business day immediately preceding a resolution of the Board of Directors (May 16, 2012), has been determined as the price per share.

(3) Number of owned shares and ownership percentage prior to and following acquisition

Prior to acquisition	Number of owned shares	- shares	(ownership percentage: -%)
	Number of indirectly owned shares	7,480 shares	(indirect ownership percentage: 18.36%)
	Number of aggregated owned shares	7,480 shares	(aggregated ownership percentage: 18.36%)
Following acquisition	Number of owned shares	27,706 shares	(ownership percentage: 40.48%)
	Number of indirectly owned shares	7,480 shares	(indirect ownership percentage: 10.93%)
	Number of aggregated owned shares	35,186 shares	(aggregated ownership percentage: 51.41%)

(4) Outline of the company subject to charge

Company name	Kenko.com, Inc.
Address of head office	3-11-3 Akasaka, Minato-ku, Tokyo
Title and name of the representative	Genri Goto, President
Description of business	Mail order of health-related products
Amount of capital stock	JPY1,261,540,000 (as of March 31, 2012)
Date of establishment	November 8, 1994
Large shareholder and ratio of shareholding	Genri Goto: 18.36 % RS Empowerment, Inc. : 18.36% (as of September 30, 2011)
Relationship, etc. between Rakuten, Inc. and Kenko.com	Capital relationship: Rakuten, Inc. indirectly owns 7,480 common stocks of Kenko.com through RS Empowerment, Inc., a subsidiary wholly owned by Rakuten, Inc. Personal relationship: None Transactional relationship: Kenko.com has opened up a branch store within Rakuten Ichiba, an Internet shopping mall operated by Rakuten, Inc., and it sells health-related products. Store fees and sales commissions have been received. Related party status: None

Business results and financial position of the company in the last three years (consolidated)

(Unit: Millions of yen [excluding information per share]; values in parentheses represents losses.)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
Net sales	12,508	13,178	17,167
Operating income	102	(244)	(519)
Ordinary income	91	(252)	(552)
Net income	64	(446)	(701)
Net income per share (Yen)	1,976.34	(13,620.73)	(17,454.28)
Net assets	1,950	1,502	1,203
Total assets	4,197	4,294	4,222
Net assets per share (Yen)	59,198.78	45,278.76	29,338.65
Dividends per share (Yen)	—	—	—

(5) Schedule for share acquisition

May 17, 2012: Resolution at the Board of Directors meeting on underwriting Capital Increase by Third Party Allotment

June 19, 2012: Scheduled date of payment for the Capital Increase by Third Party Allotment (*)

(*) In relation to the Capital Increase by Third Party Allotment, Rakuten, Inc. today submitted to the Japan Fair Trade Commission a notice on planning for share acquisition under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade. The notice was accepted on the same day. Therefore, June 19, 2012, which is 30 days after the following day of the acceptance of the notice, is set as the date of payment.

(6) Financial outlook

It is expected that impact of this change on the consolidated performance of Rakuten, Inc. will be immaterial. The business philosophy of Rakuten Ichiba is to provide the various merchants in Rakuten Ichiba with Internet shopping opportunities. No change will be made concerning relationships with other enterprises opened stores in Rakuten Ichiba.

Rakuten, Inc. and the Rakuten Group engage in businesses such as Internet-related businesses operating in a quickly changing business environment, and various financial businesses including securities business whose business performance depends on highly volatile financial markets, making it difficult to forecast their business results. Under such circumstance, no disclosure is made with respect to earnings forecasts.