

# Fiscal Year 2009 First Quarter Financial Results

May 12th, 2009  
Rakuten, Inc

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## **1** 2009 First Quarter: Results and Strategy

## **2** Operating Results by Key Businesses

1. Rakuten Ichiba Business
2. Credit Card Business
3. Banking Business
4. Travel Business
5. Securities Business
6. Infoseek Business and Advertising Business
7. Professional Sports Business
8. Telecommunication Business

## **3** Balance Sheets

## Appendix

**1****2009 First Quarter: Results and Strategy**

1. Sales of Internet services increased by +21.9%  
(YoY basis, total of E-commerce, Travel and Portal Media businesses)
2. Achieved high profit growth: consolidated operating income +48.3%, ordinary income +42.9%  
(YoY basis, excluding eBANK Group)
3. Net income expanded by 14x as a result of deferred tax assets (YoY basis, excluding eBANK Group)
4. Improved balance sheet through decrease in debt from outside financial institutions
5. Banking business joined Rakuten Group; Finance business portfolio evolved within Rakuten Eco-system

# Summary of Consolidated Results Q1 2009 Rakuten

## ■ Significant increase in net income due to successful business result and deferred tax assets

Billion Yen

	08/Q1	09/Q1 (Jan-Mar 2009)			
	Jan-Mar '08	Incl. eBANK	YoY	Excluding eBANK G.*	YoY
Sales	<b>59.52</b>	<b>66.36</b>	<b>+11.5%</b>	<b>61.82</b>	<b>+3.9%</b>
Operating income	<b>7.21</b>	<b>9.82</b>	<b>+36.2%</b>	<b>10.69</b>	<b>+48.3%</b>
Ordinary income	<b>6.99</b>	<b>9.12</b>	<b>+30.4%</b>	<b>9.99</b>	<b>+42.9%</b>
EBITDA <sup>*2</sup>	<b>12.14</b>	<b>15.29</b>	<b>+25.9%</b>	<b>16.16</b>	<b>+33.1%</b>
Net income	<b>1.88</b>	<b>25.21</b>	<b>13x</b>	<b>26.46</b>	<b>14x</b>

\*1:eBANK Group, newly consolidated from Q1 2009. eBANKG=Banking Business Segment at Rakuten Group – Rakuten Credit results

\*2:EBITDA=Ordinary Profit +Interest expense + Depreciation + Amortization of goodwill-Effect of securitizing loan receivables

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# Summary of Consolidated Results



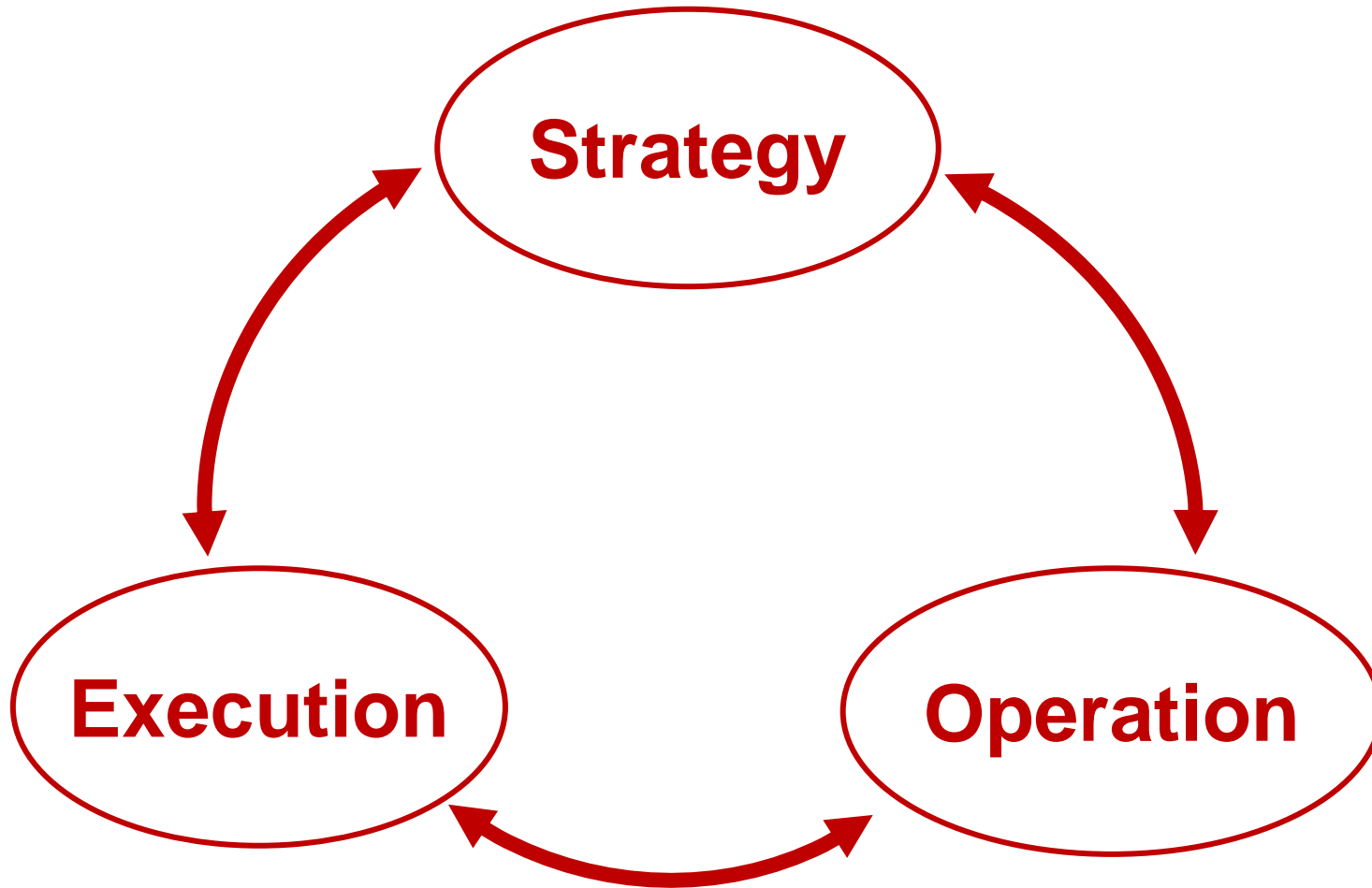
Billion Yen

Ctgr	Business Segment	2008/Q1 (Jan-Mar 2008)			2009/Q1 (Jan-Mar 2009)				
		Sales	Operating Profit	OPM	Sales	YoY	Operating Profit	YoY	OPM
Internet Services	E-Commerce Travel Portal and Media *1	28.45	5.41	19.0%	34.67	+21.9%	9.82	+81.3%	28.3%
Online Finance	Credit Card*2 Banking *2.3 Securities	22.95	3.39	14.8%	26.44	+15.2%	0.84	-75.1%	3.2%
Others	Telecommunication Professional Sports	10.09	-1.25	-	7.73	-23.4%	-0.95	-	-
Corporate Internal eliminations		-1.98	-0.33	-	-2.49	-	0.11	-	-
Consolidated		59.52	7.21	12.1%	66.36	+11.5%	9.82	+36.2%	14.8%

\*1: Started consolidation with O-net in Q4 2008

\*2: Credit payment business divided into Credit Card Business and Banking Business from this period

\*3: Started consolidation with eBANK in Q1 2009





- Evolved business portfolio of finance businesses
- Completed integration of eBANK and Rakuten Credit
- Significant reduction of borrowings at Rakuten, Inc.
- Showtime became a wholly-owned subsidiary

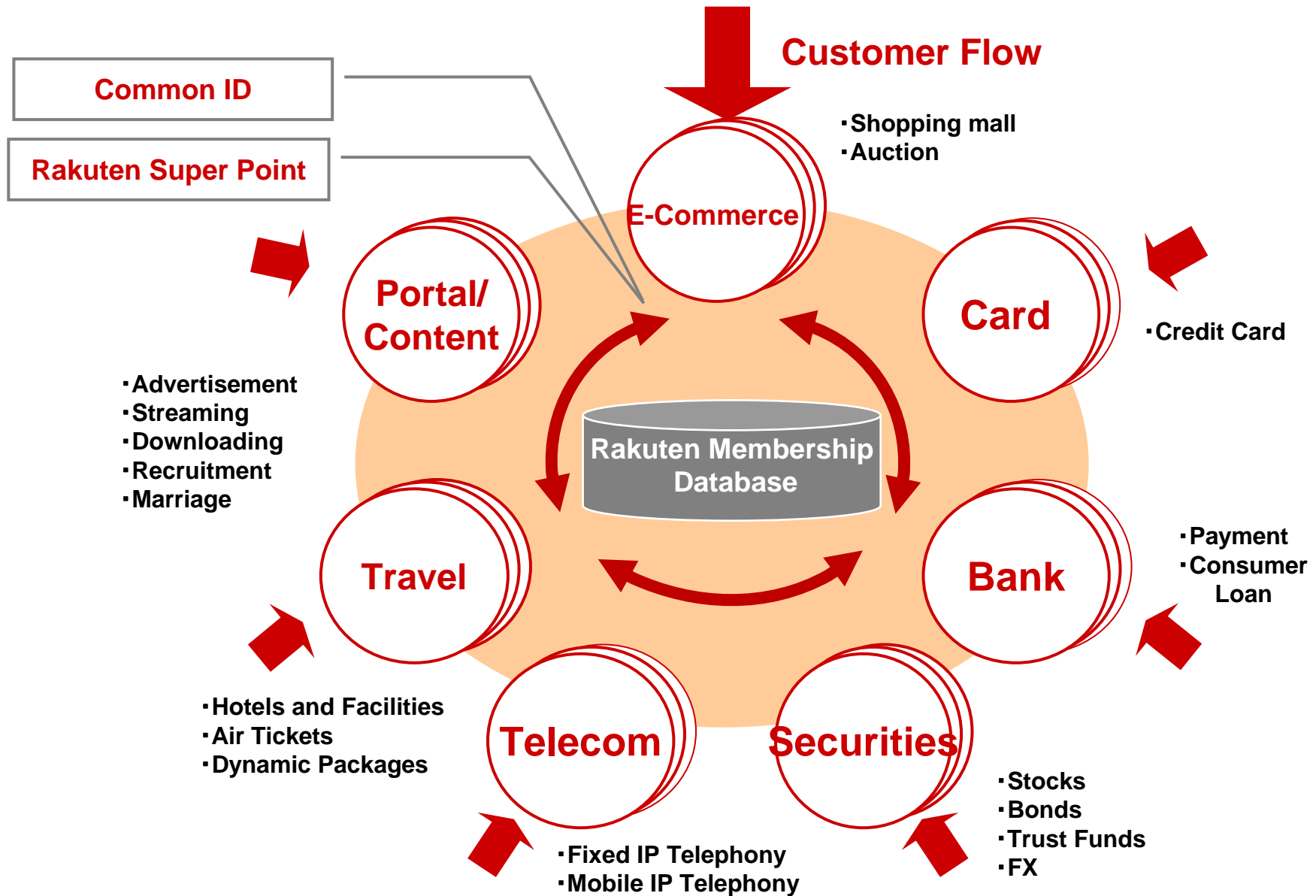


## Points of Possessing Financial Businesses

- Credit and settlement services have an affinity for E-Commerce, Travel, etc.
- Higher profitability per membership (vs. non-financial)
- Lower user acquisition costs in financial businesses

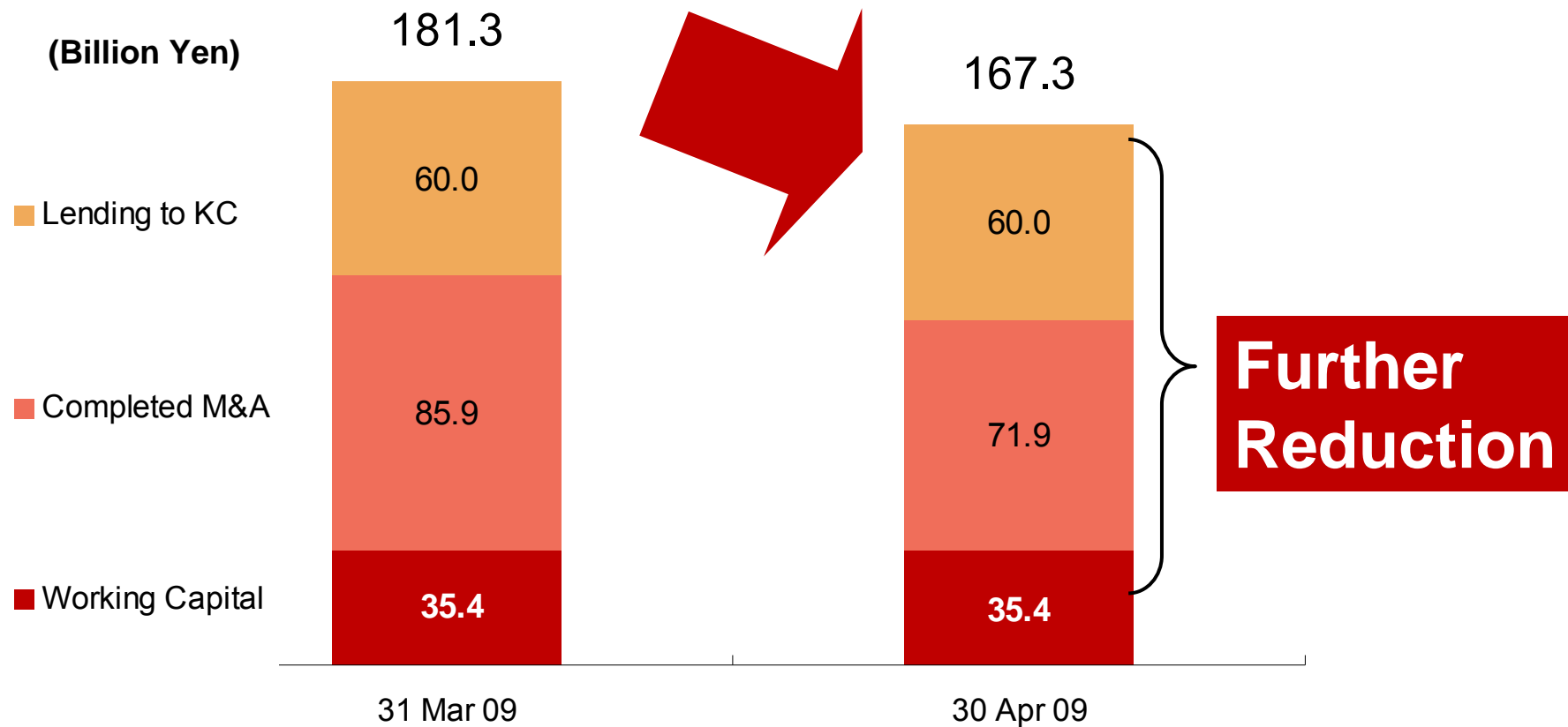
## Restructuring of Financial Businesses

- Business integration between eBANK and Rakuten Credit
- Termination of alliance with Tokyo Tomin Bank



- Noticeable progress has been made in reducing debt levels
- Repayment sources are operating cash-flow, securitization of loan assets (Rakuten KC), cash from sale of stock etc.

Debt balance of Rakuten, Inc. (non-consolidated) by usage



# Pay-per-view Video Service Provider ShowTime<sup>®</sup> Rakuten Becomes Wholly-owned Subsidiary

Acquired an additional 50% of ShowTime shares from USEN to make it a wholly-owned subsidiary from an equity-method affiliate



Ownership ratio 50% Ownership ratio 50%



**Wholly-owned subsidiary**




- Service content: Pay-per-view video service
- Main content: Korean drama, cartoon
- Financial Results for 2008:  
Net sales: ¥5.1 billion  
Operating income: ¥0.6 billion



- Strengthening content and media business
- Enhancing financial base and agility by bringing Rakuten's distinguished management structure

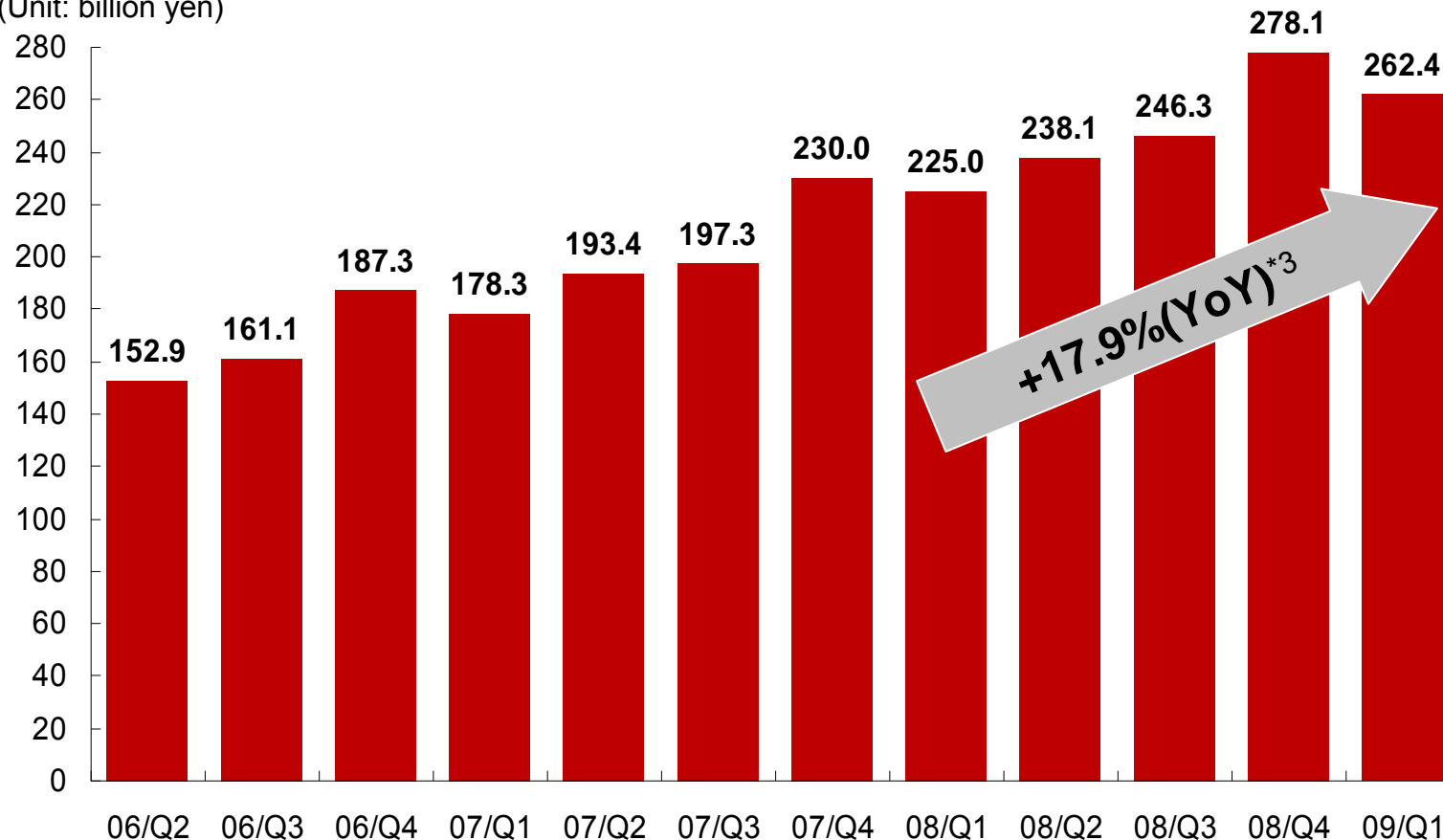


**Execution**

- 
- **GMS growth momentum maintained**
  - **Cross-use rate enhanced**
  - **Steady increase in the number of Rakuten members**

- Maintained GMS growth momentum, a key indicator of top line
- Domestic E-Commerce<sup>\*1</sup> + Rakuten Travel GTV<sup>\*2</sup> grew by +17.9%(YoY)<sup>\*3</sup>

(Unit: billion yen)



\*1 Domestic e-Commerce = Mall (fixed-price, Group Buy), Mobile, Auction (incl. flea market), Books, GORA, Business, Download, Ticket

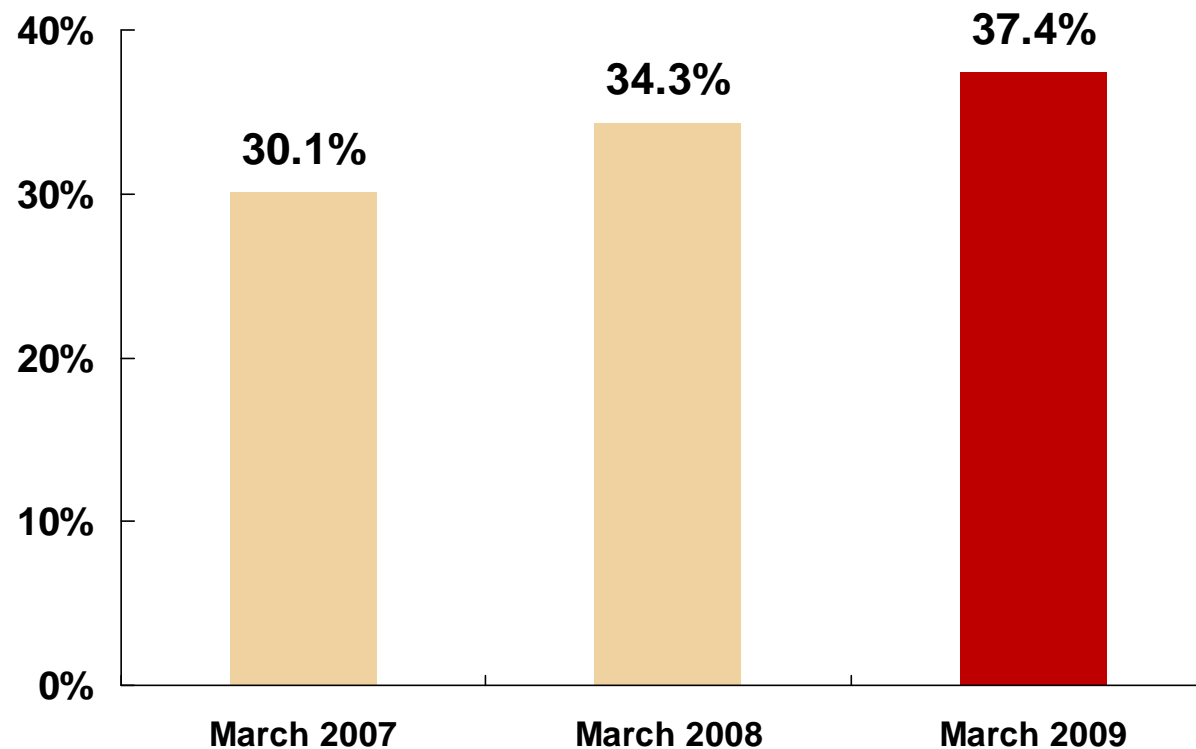
\*2 Travel (Booking base) = GMS (before cancellation, converted into prices without tax) at the booking stage

= Domestic / International hotel room booking, International tickets, Domestic Bus, Domestic/ International DP, Rental car service

\*3 Growth rate after leap year adjustment, growth rate before adjustment was +16.6%

- Personalization and point program strategy is a success
- Banner distribution depending on the district of residence, and cross-use with travel service is going strong

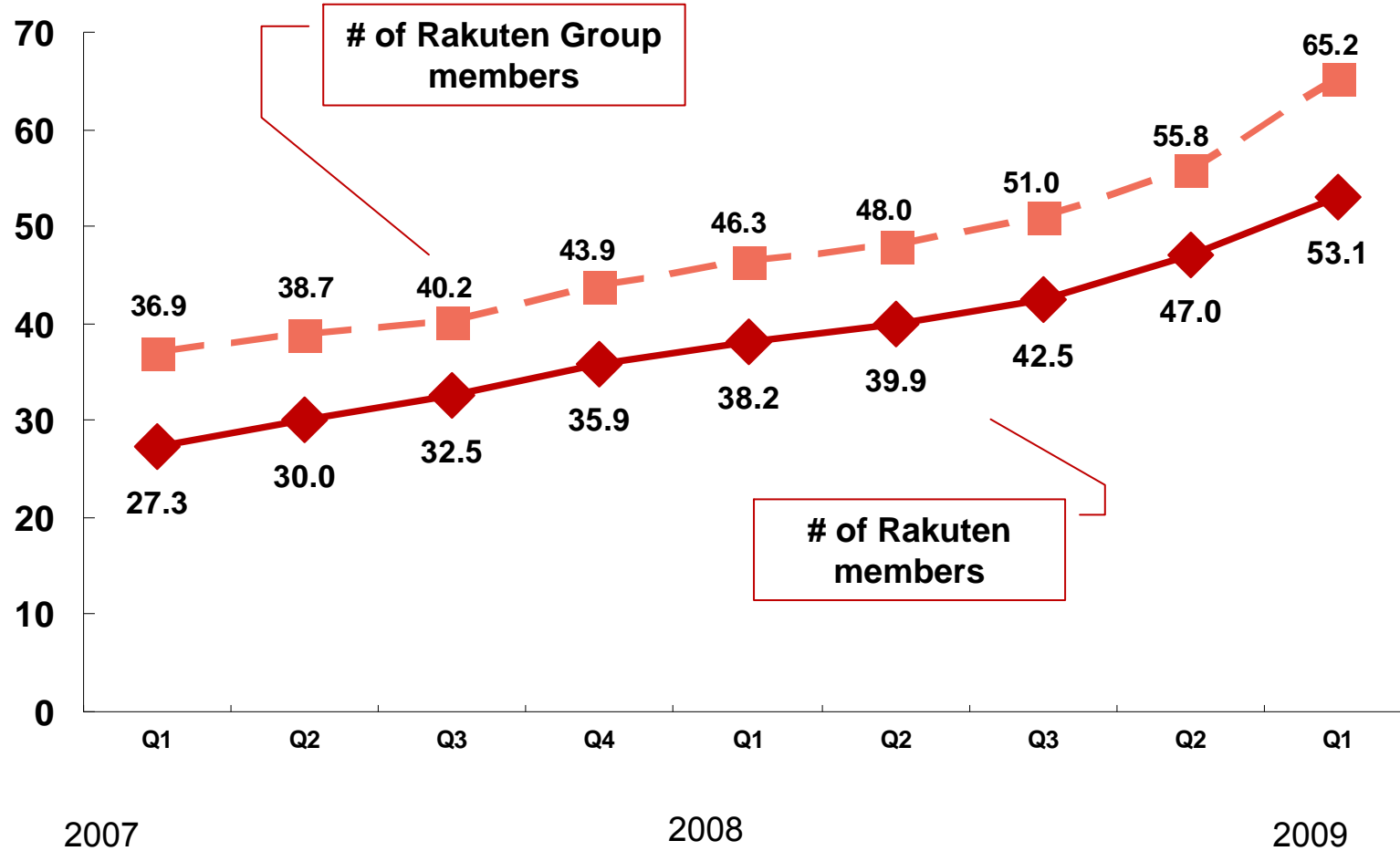
### Multiple Services Utilization Ratio



\* 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 (Excluding certain services, e.g. Securities Business)

(Unit: Million People)



\* Rakuten Members : Members who have integrated IDs (e.g Rakuten Ichiba, Rakuten Travel, Infoseek, Rakuten greeting, etc)

\* Rakuten Group members: Rakuten members and members who have either un-integrated IDs with Rakuten securities, Rakuten KC, Rakuten Credit and etc, or un-integrated IDs for former-My trip.net service members etc.



**Operation**



- Increase in operating and ordinary income
- Ongoing effort with Project V2

**First Stage Target**  
**Ordinary Income Margin 25%**

**Second Stage target**  
**Ordinary Income Margin 30%**

In order to realize ATAGO30

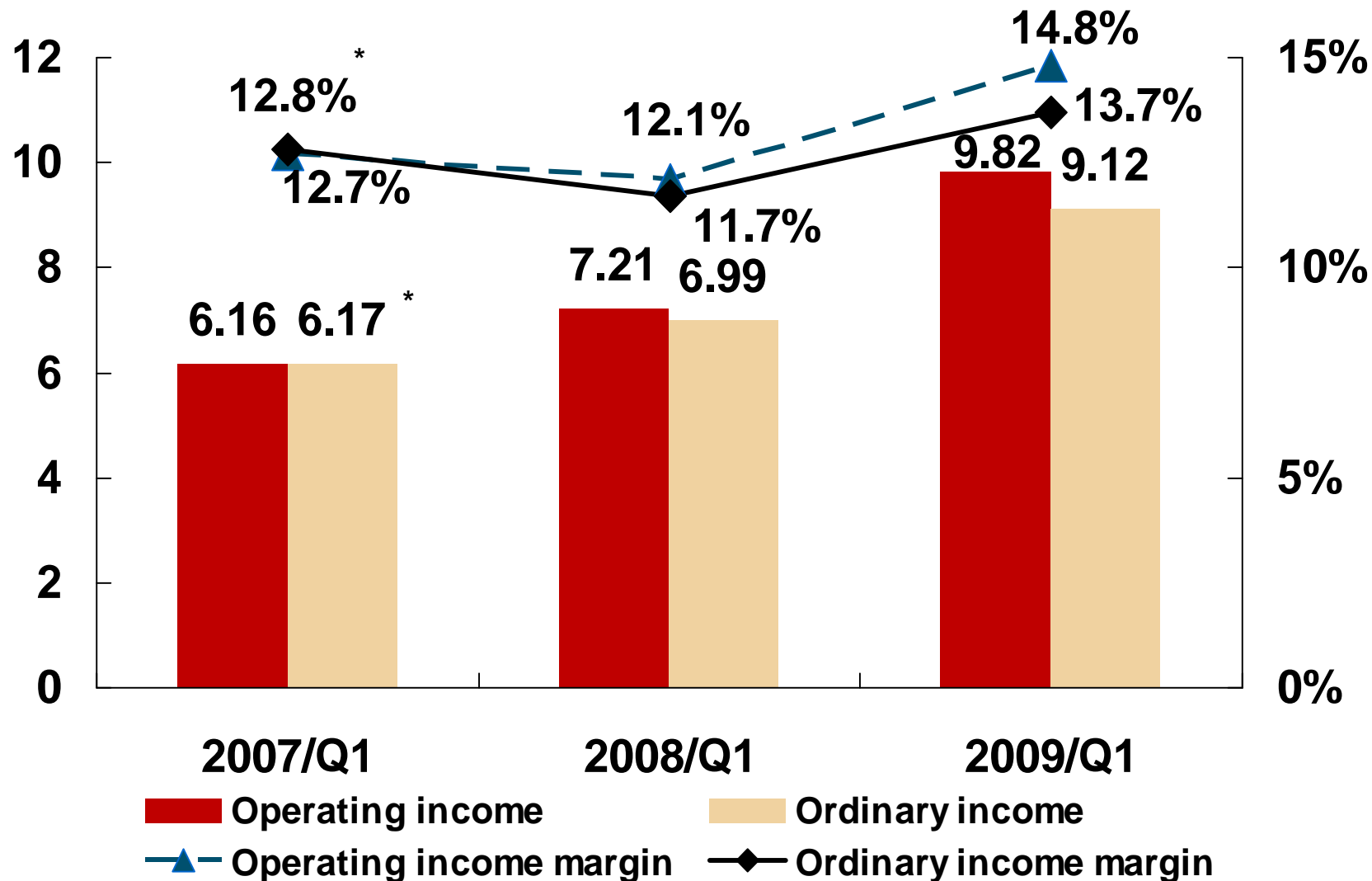
Mid- and Long-term Strategy

Execution of Project V2

## Both Profit and Profit Margin Increased (Q1 of Previous Years Compared)

Profit (Unit: billion yen)

Margin (%)



\*Ordinary Income of 2007/Q1 does not include the one time gain on sale of investments in securities of 1.1 billion yen

- Continuous Reduction in Fixed Costs
  - Implemented in group companies (mainly at newly consolidated entities)
    - eBANK: Reexamination of cost structure
    - O-net: elimination and consolidation of branches, and office relocation
    - Fusion Communications: elimination and consolidation of call centers, and office relocation
  
- Improving Efficiency of Existing Businesses
  - Continue cost control vs. sales
    - Cost of the development section / overall GMS
    - Cost of promotion / sales

## **2** Topics by Key Businesses

1. Rakuten Ichiba Business
2. Credit Card Business
3. Banking Business
4. Travel Business
5. Securities Business
6. Infoseek Business and Advertising Business
7. Professional Sports Business
8. Telecommunication Business

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

■ Sales and Operating income still growing



- Sales growth +24.1% (YoY), Operating income ¥88.6 billion (+54.2 % YoY)
- Growth continued for GMS (+20.7%)\*

■ Constant growth for both unique buyers and the number of merchants



- 7.17 million Unique buyers
- Growth in the number of merchants through aggressive invitation to fill in the white space of product genre

■ Launch of “Secondhand Ichiba” and “Secondhand Purchase” services



- Meet consumers’ interests in economizing and ecology
- Offer convenient shopping environment
- Scheduled sequential expansion of coverage genre

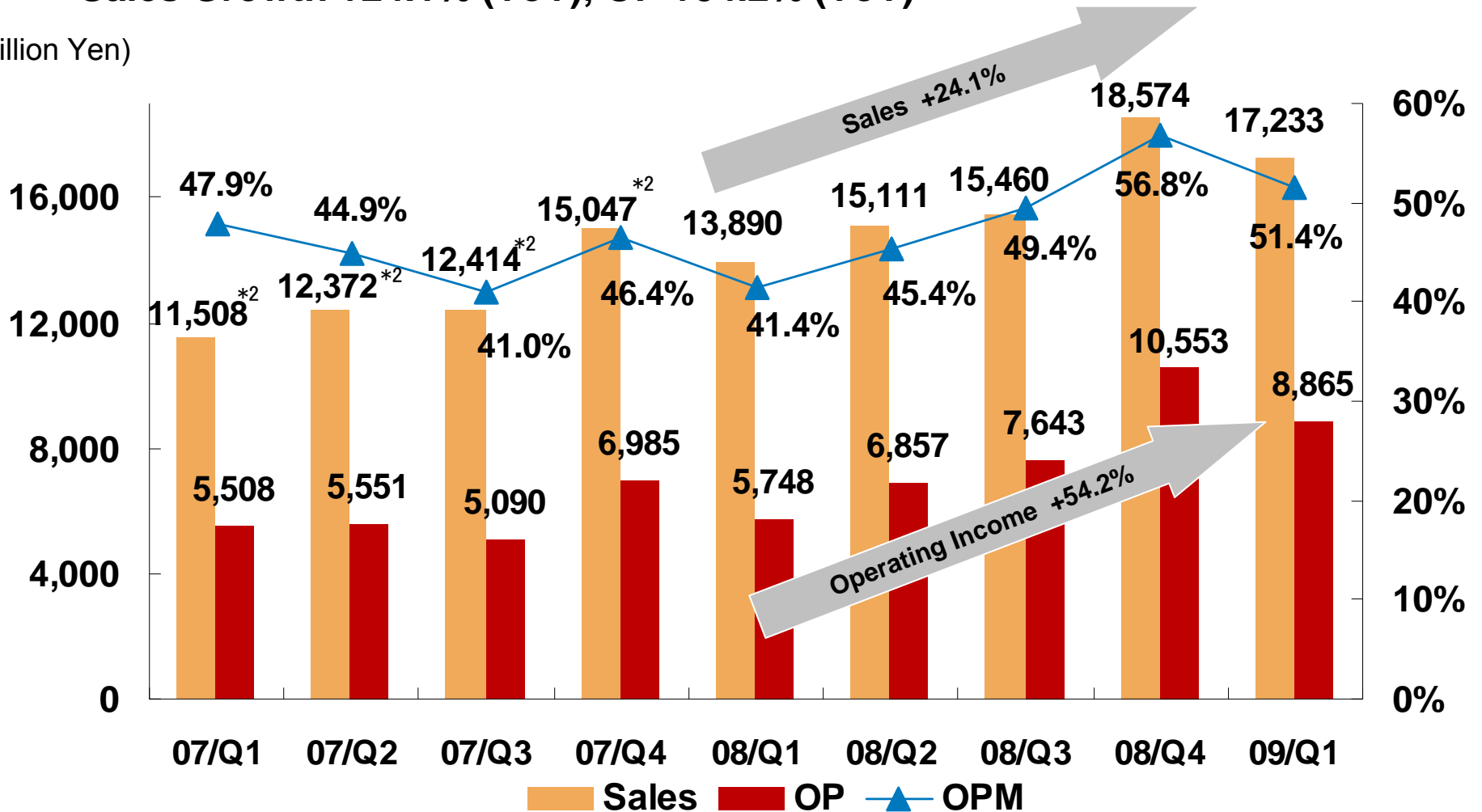
\* After leap year adjustment. Growth before adjustment +19.4%

# Rakuten Ichiba Quarterly Results



■ Sales Growth +24.1% (YoY), OP +54.2% (YoY)

(Million Yen)



\*1 Original base which before Sales adjustment due to bookings change for internal transaction of Group Ads

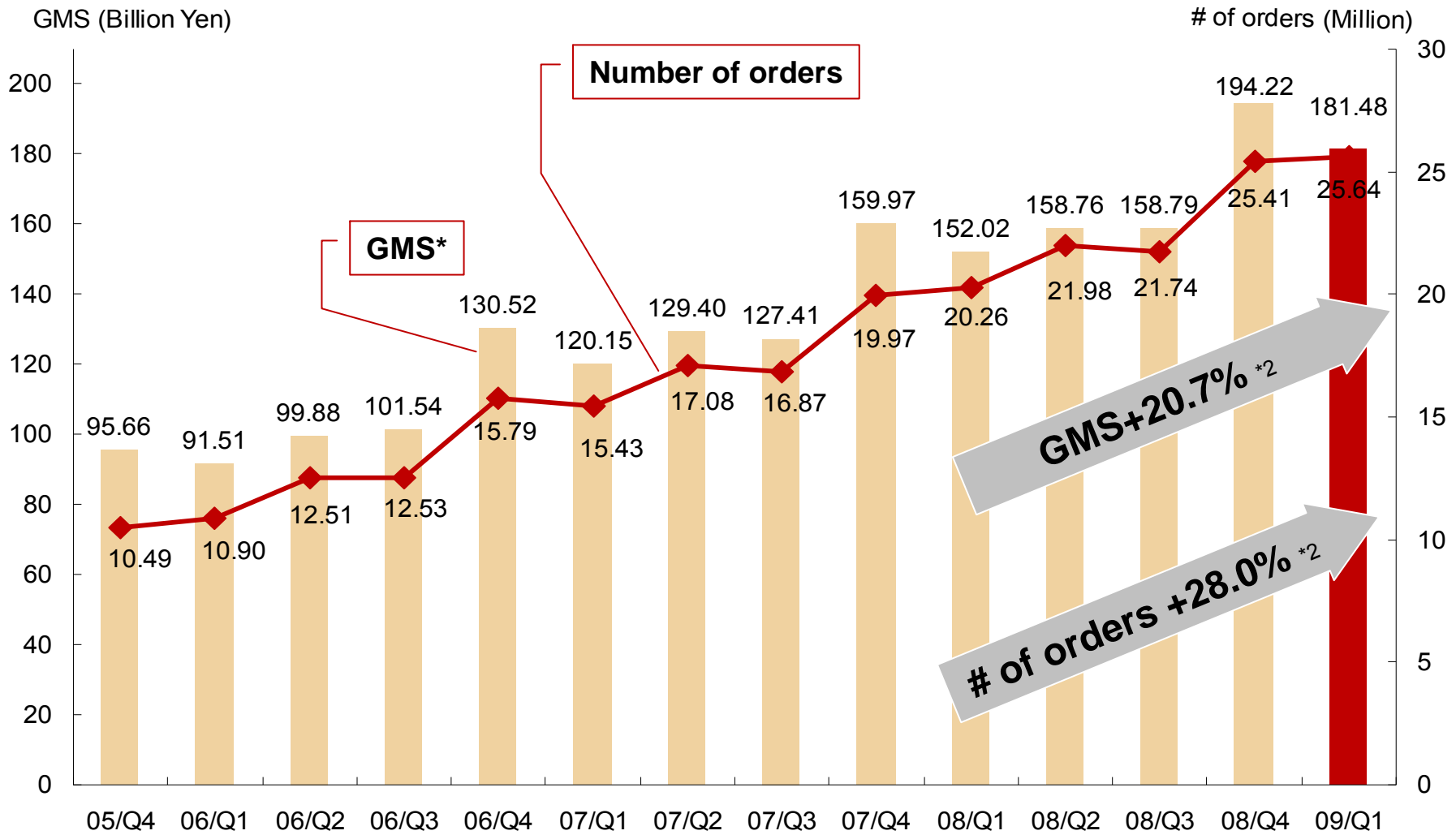
\*2 Less contribution due to the integration of Rakuten Books (08/Q1 -140M, 08/Q2 -130M, 08/Q3 -110M, 08/Q4 -130M, 09/Q1 -140M)

\*3 Fine Wine Business, Stuffed Animal Business and Greeting Card Business integrated into Rakuten Ichiba in 08/Q1



# GMS (Rakuten Ichiba and Rakuten Books) Rakuten

■ **GMS for Rakuten Ichiba & Books maintains growth by + 20.7%\*2 % (YoY)**



\*1 GMS = Mall (Fixed-price, Group Buy), Mobile (Fixed-price, Group Buy) and Rakuten Books

\*2 After leap year adjustment made. Growth before adjustment +19.4%

## Rakuten Ichiba Buyer Metrics\*1

(Including mobile commerce, based on e-mail address)  **Rakuten**

- **Growth continues for both unique buyers (+20.5% YoY) and the number of transactions (+27.5% YoY)**

	2007/Q1	2007/Q2	2007/Q3	2007/Q4	2008/Q1	2008/Q2	2008/Q3	2008/Q4	2009/Q1
Unique buyers (Thousands)*1,2	4,730	5,140	5,180	5,810	5,950	6,330	6,370	7,030	7,170
# of Transactions (Thousands)	14,410	16,140	15,800	18,690	18,850	20,780	20,650	24,190	24,050
Average # of Transactions per Buyer	3.05	3.14	3.05	3.22	3.17	3.28	3.24	3.44	3.35
Average price of per Transactions	¥8,092	¥7,814	¥7,822	¥8,298	¥7,804	¥7,443	¥7,509	¥7,844	¥7,346
Quarterly GMS Per Buyer *3	¥24,649	¥24,527	¥23,827	¥26,687	¥24,726	¥24,413	¥24,327	¥26,969	¥24,637

\*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 email address with purchasing records during the listed 3 month period.

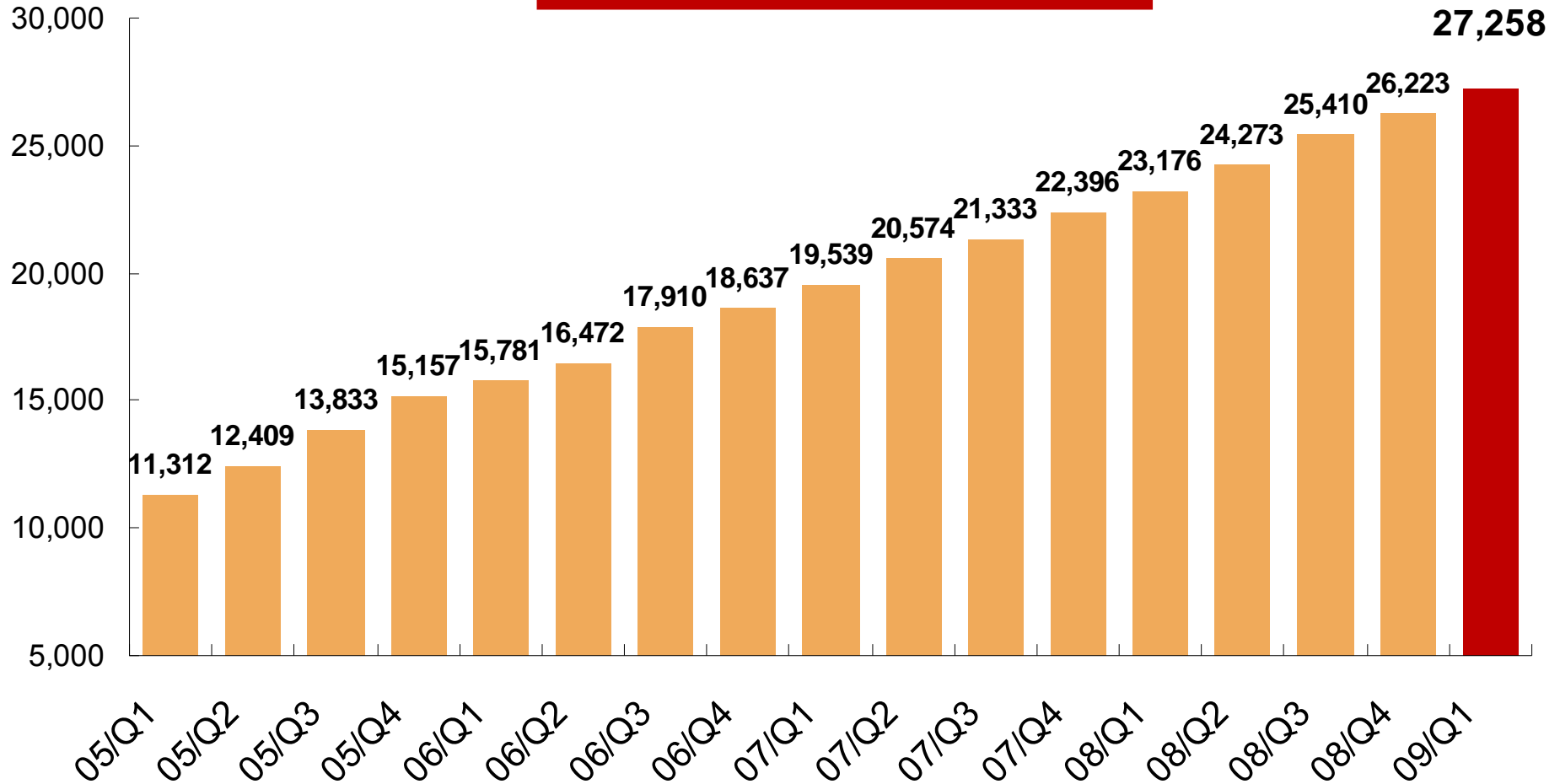
\*3 Quarterly GMS Per Buyer = GMS (Rakuten Ichiba) / Unique Buyers

# Number of Merchants



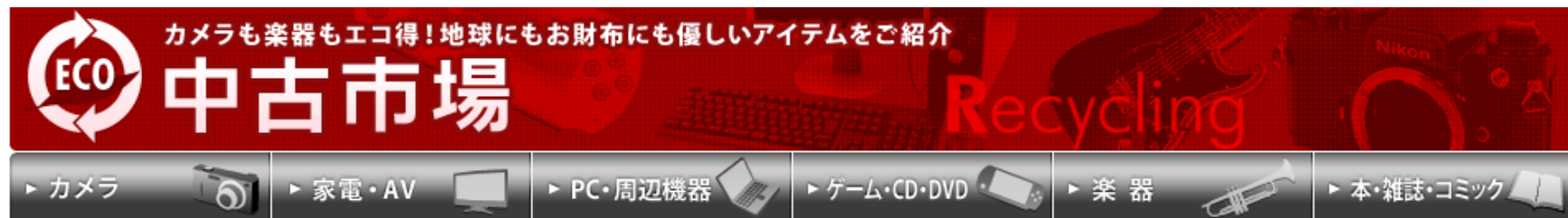
(# of Shops)

**Total number of merchants**



- Secondhand products become more popular reflecting consumers’ interest in economizing and ecology
- Meet the demand for purchasing and renewing home electronics etc. for a new life

➤ Coverage genre: 6 genres; Number of products: approx. 450,000



### ■ Launch of “Secondhand Purchase”

➤ Establish system for merchants to purchase secondhand products for consumers, thus activate distribution

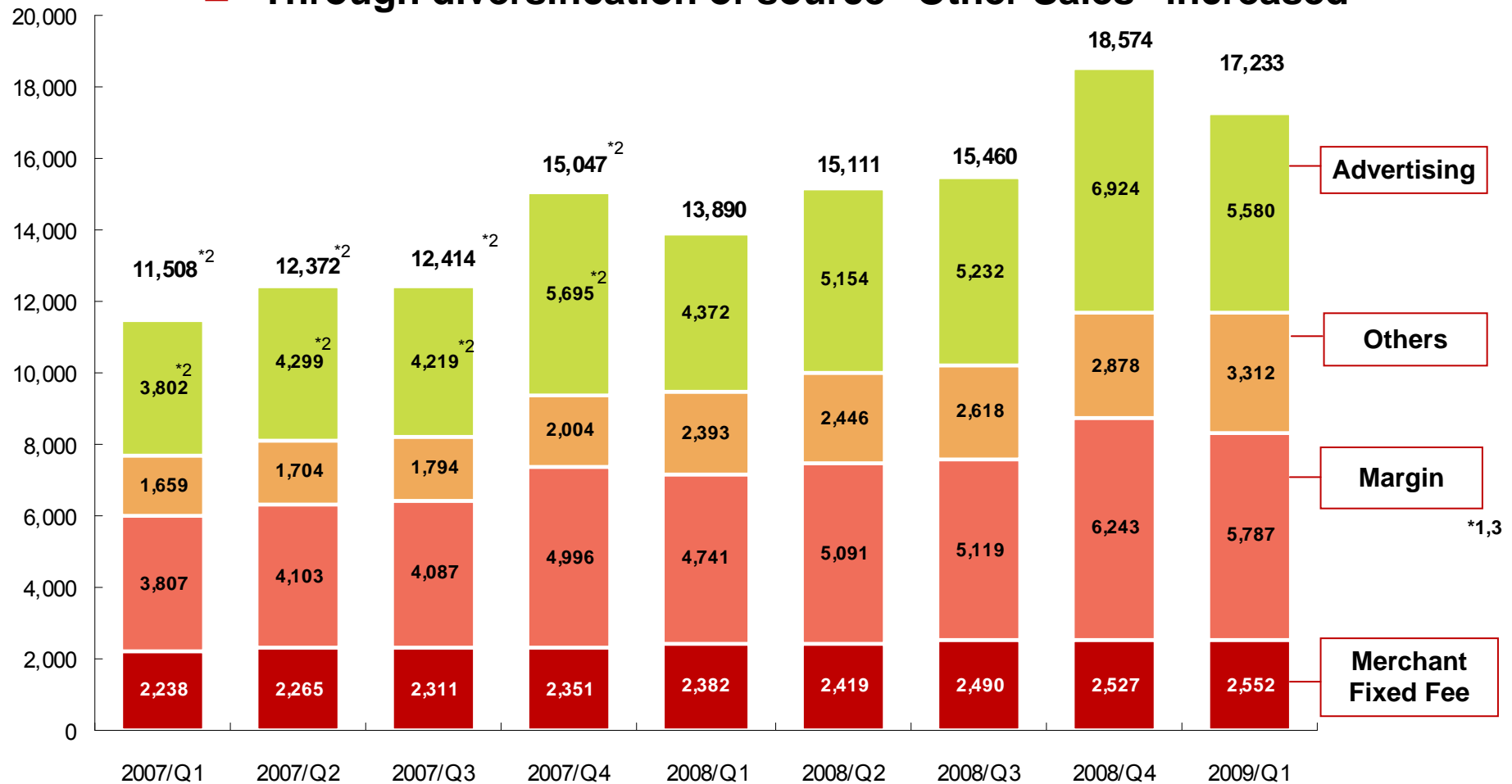


# Rakuten Ichiba Sales Breakdown



(Million Yen)

■ Through diversification of source “Other Sales” increased



\*1 Start of charge for Standard-contract merchants of 1 million and below sales (monthly): introduced in FY06 Q1

\*2 Original base which before Sales adjustment due to bookings change for internal transaction of Group Ads

\*3 Less contribution due to the integration of Rakuten Books (08/Q1 -140M, 08/Q2 -130M, 08/Q3 -110M, 08/Q4 -130M, 09/Q1 -140M)

\*4 Fine Wine Business, Stuffed Animal Business and Greeting Card Business integrated into Rakuten Ichiba in 08/Q1

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

## ■ Rakuten Card continuously leads operating revenue



- Accelerate attraction of users through group membership platform
- Succeed in increasing shopping revolving balance (approx. ¥22 billion, YoY)

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## ■ Strengthened collection of loan despite bad circumstance



- Decrease delinquent loans continuously
- Decline in delinquent loans of 13 month or more

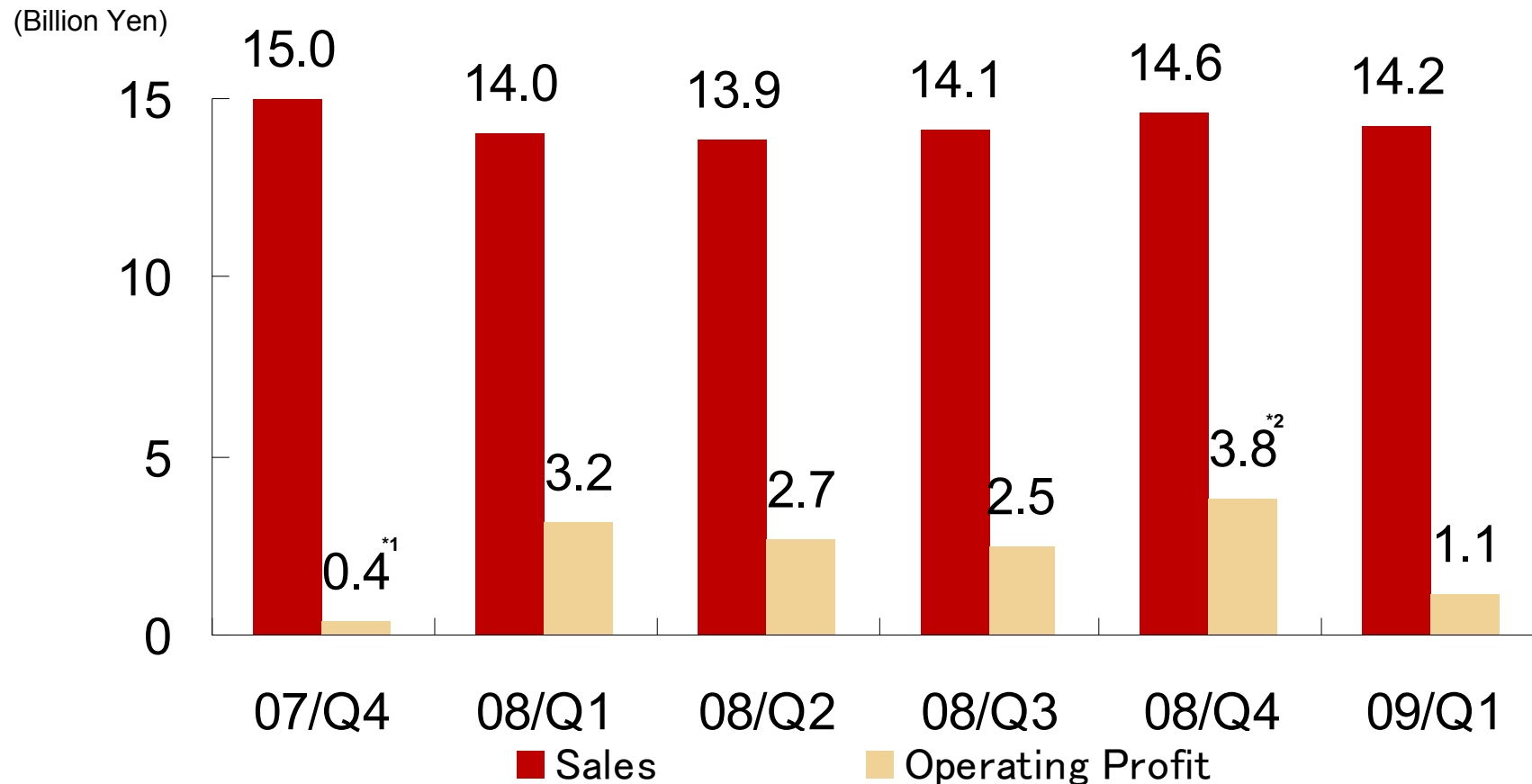
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## ■ Future strategy



- Strengthen revenues by increasing shopping revolving balance
- Promote paperless system using e-mail
- Review commission system based on usage
- Deal with New Money Lending law and Installment Sales law

- About the same sales within the same period last year
- Earn stable profits despite increasing costs by acquiring more new Rakuten Card members



\*1: 2007/Q4 Operating Profit excluding one-time cost for change of estimation method of allowances relating to interest repayment claims

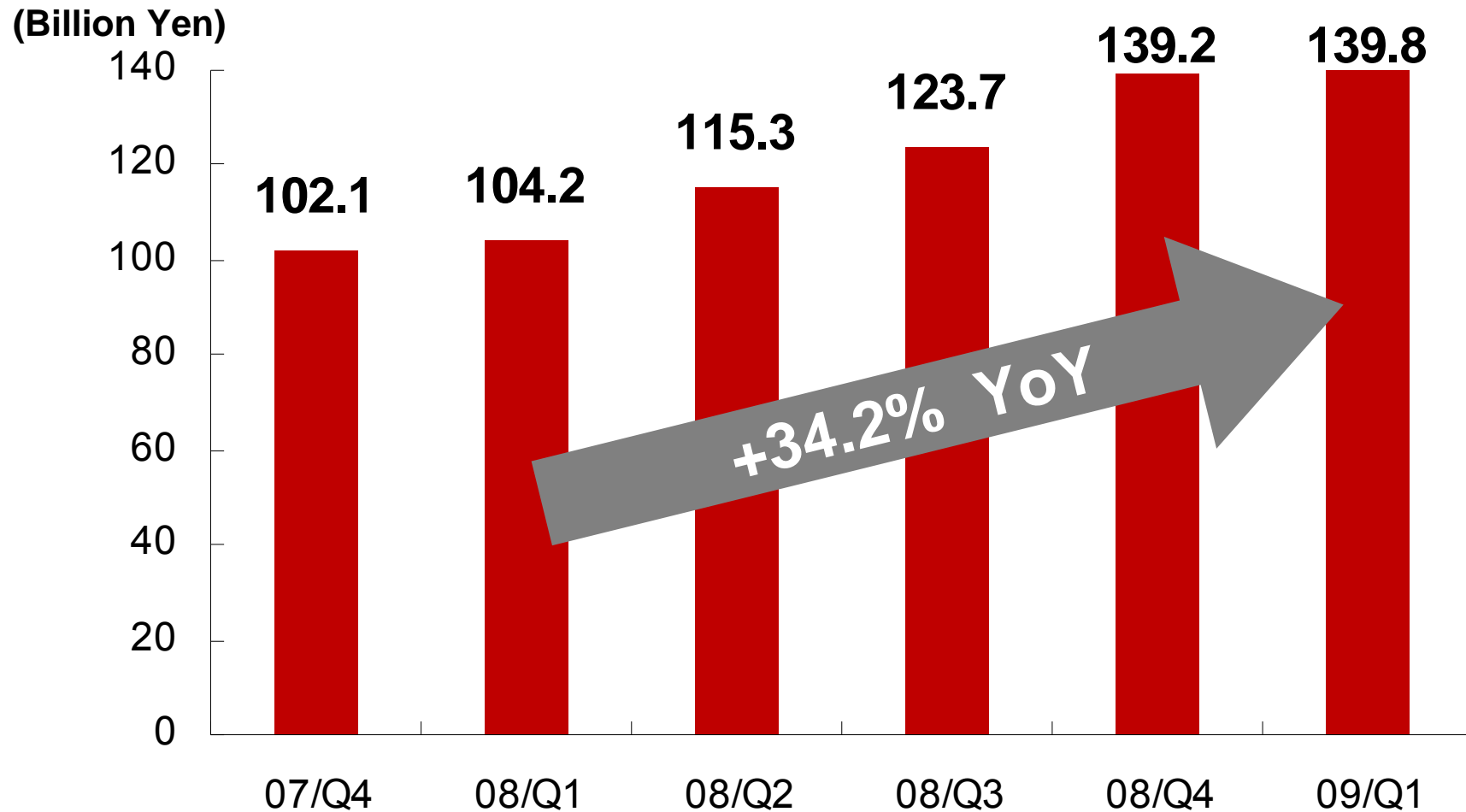
\*2: 2008/Q4 Operating Profit includes one-time effects of ¥600 million from decrease of expenses for doubtful accounts by selling loan receivables



# Rakuten KC Credit Card Shopping Transaction Volume



- Transaction Volume grew by +34.2% (YoY) reflecting the success of synergies with the Rakuten Group

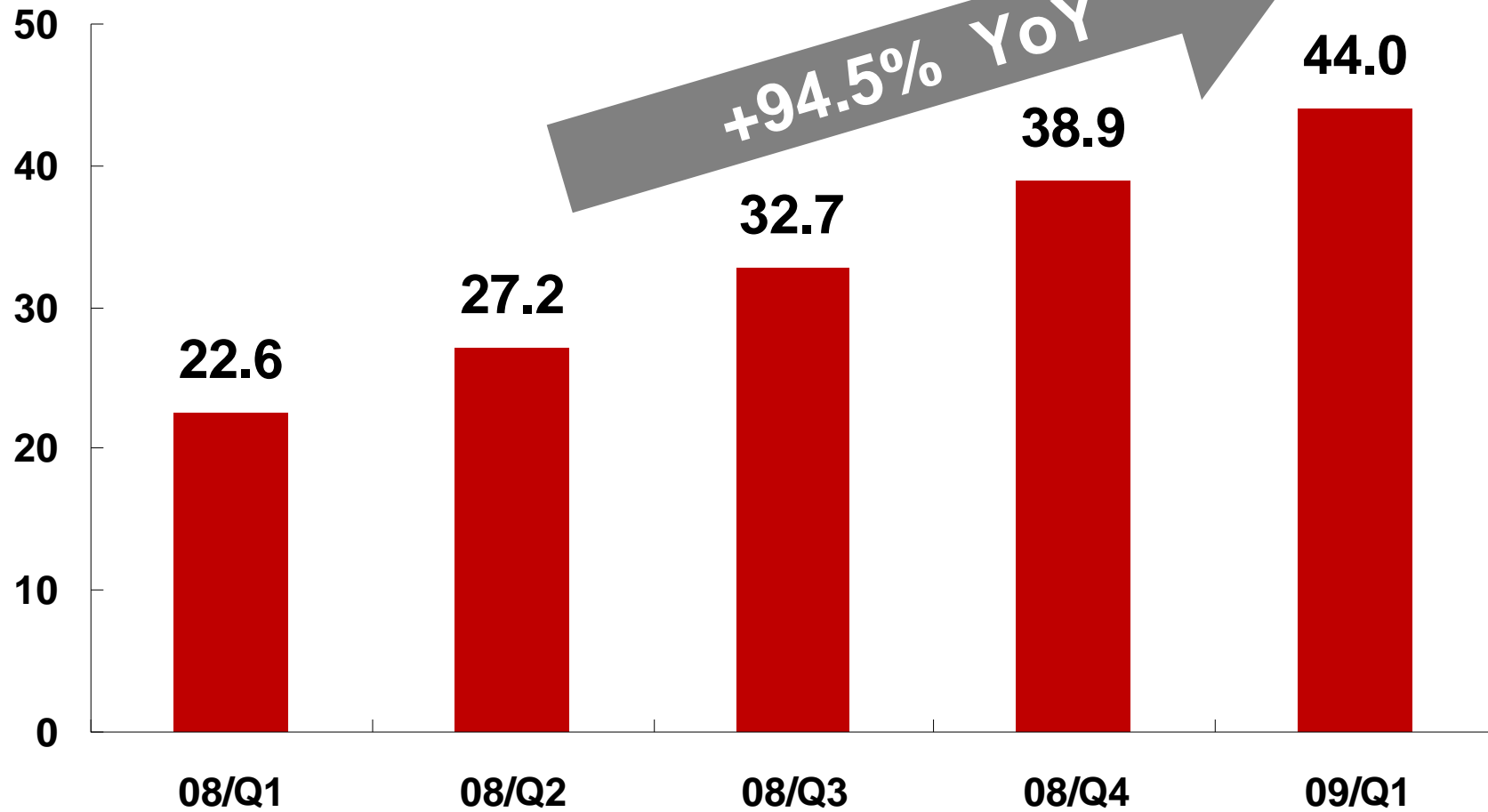


# Rakuten KC Shopping Revolving Balance



■ Successfully grew by +94.5% (YoY)

(Billion Yen)



## **2** -3 Banking Business

■ Dramatically improved performance after consolidation in 09/Q1



- Accomplished ordinary profit (eBANK consolidation)
- Improvement in basic balance\*
- Loss on Rakuten consolidated basis due to accounting adjustments
- Will improve profits by changing ATM fee structure (From August)

■ Changed portfolio and progressed to streamline B/S



- Improved portfolio of investment assets and deposits, and reinforced profit base
- Succeeded personal loan business from Rakuten Credit (loan interest rate 4.9% - 17.8%)

■ Rakuten Way Management



- Strengthen cost management and “Visualization”
- Proceed with projects cooperating within Rakuten Group

\* Basic Balance=balance from core business which excludes temporary balance from investment.

## Change of investment portfolio

1. Reduction of risk assets such as CMBS, real-estate funds progressed
2. Sales and redemption of JGB ¥186.1 billion decrease\*
  - Contributed to profit of eBANK
3. Shift to stable and profitable personal loan
  - Invested in ABS (securitization of loan) ¥51.5 billion increase\*
  - Succeeded personal loan assets from Rakuten Credit (4/1/09) ¥92.3Billion increase\*

\*As of Rakuten Credit had recorded and was eliminated at the same time with the merger of Rakuten Credit on April 1, 2009

\*Compared to Dec. 2008

## Review mix of deposits

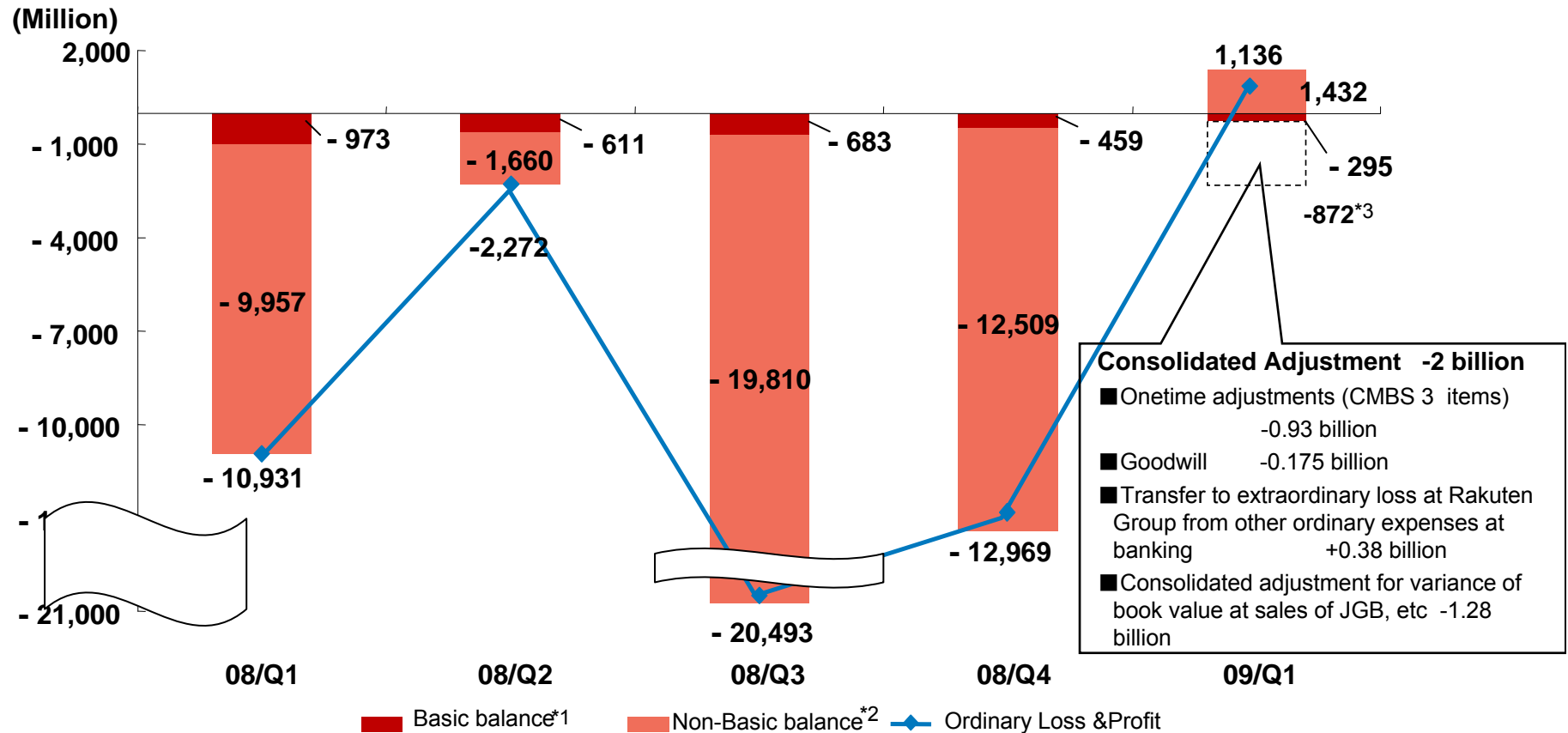
Decreased high-interest deposits and lowered funding costs

Streamline balance sheets and strengthen profit base

# eBANK Profit and Loss



- Ordinary profit becomes positive, but negative earnings at Rakuten consolidated basis due to consolidated adjustments
- Improved Basic Balance



\*1: Basic balance = 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 eBANK instead if temporary income (loss) such as investment.

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

\*3: eBANK performance at Rakuten Group. Amount deducting Rakuten credit operating income from operating income of Banking Segment of Rakuten Consolidated in 09/Q1

(Billion Yen)

	31 Dec 2008 Market Value	31 Mar 2009 Market Value	Allowances	Unrealized gains and losses (eBANK standard)	Unrealized gains and losses (Rakuten consolidated)	Changes in Market Value from Dec/08 to Mar/09
<b>JGB, Local government bonds, Corporate bonds</b>	<b>639.9</b>	<b>488.7</b>	<b>0.0</b>	<b>5.1</b>	<b>0.9</b>	<b>-151.2</b>
JGB(Japanese Government Bonds)	609.1	422.9	—	6.3	1.5	-186.1
Others	30.8	65.7	0.0	-1.1	-0.6	34.9
<b>Loan Receivables*<sup>2</sup></b>	<b>1.5</b>	<b>94.7</b>	<b>0.0</b>	<b>—</b>	<b>—</b>	<b>93.2</b>
<b>Stocks</b>	<b>2.2</b>	<b>2.1</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.0</b>
<b>ABS (securitised loan receivables)</b>	<b>12.5</b>	<b>64.0</b>	<b>2.5</b>	<b>0.0</b>	<b>0.0</b>	<b>51.5</b>
<b>Funds</b>	<b>15.7</b>	<b>14.6</b>	<b>—</b>	<b>-0.9</b>	<b>0.0</b>	<b>-1.1</b>
Hedge funds (FOF)	10.1	9.8	—	-0.9	0.0	-0.2
Others	5.6	4.8	—	0.0	0.0	-0.8
<b>ABS (Real estate products)</b>	<b>41.5</b>	<b>39.8</b>	<b>9.6</b>	<b>-1.3</b>	<b>0.2</b>	<b>-1.6</b>
Private funds (without market value)	20.1	18.6	9.6	—	—	-1.4
CMBS (with market value)* <sup>3</sup>	19.3	19.1	—	-1.3	0.2	-0.1
CDO* <sup>4</sup>	2.0	2.0	—	—	—	-0.0
<b>Total</b>	<b>713.5</b>	<b>704.1</b>	<b>13.1</b>	<b>2.9</b>	<b>1.1</b>	<b>-9.3</b>

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

\*2 Loan receivables at Mar. 31, 2009 include 94.0 billion of bridge loan to Rakuten Credit

\*3 Revised market value of CMBS in Dec. 31, 2008 (before revised : 18.3 billion yen)

\*4 Redeemed 2.0 billion of CDO at April 30, 2009

(Billion Yen)

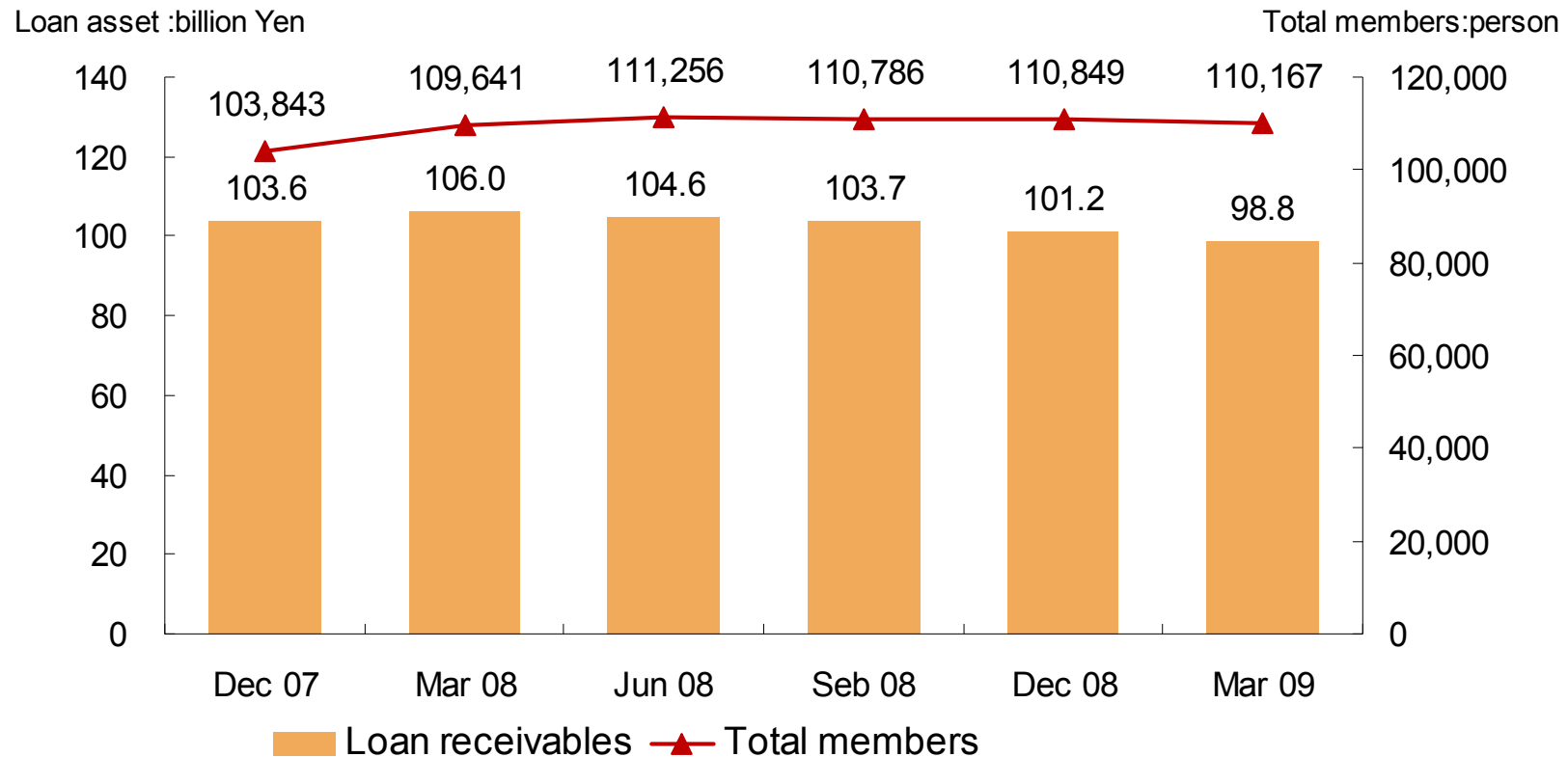
	Dec. 31, 2008	Mar. 31, 2009	Changes
<b>Deposit Balance</b>	<b>771.8</b>	<b>734.2</b>	<b>-37.5</b>
Ordinary Deposits	251.6	278.9	27.3
Time Deposits	468.0	401.5	-66.4
Other deposits	52.1	53.7	1.5

\*1 Deposits on eBANK consolidated basis

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

# Rakuten Credit Trends of Loan Receivables Rakuten

- Loan assets decreased by 2.4% compared to previous quarter due to continuous reduction of promotion costs
- “My One” campaign at eBANK started from April



	Dec/07	Mar/08	Jun/08	Sep/08	Dec/08	Mar/09
<b>Allowance ratio</b>	<b>2.19%</b>	<b>2.35%</b>	<b>2.43%</b>	<b>2.59%</b>	<b>2.64%</b>	<b>2.77%</b>

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



## **2** -4 Travel Business

## ■ Dramatic Increase in Operating Income



- Strong Advertising Sales (+14.0% YoY)
- Operating Income Increased (+36.5% YoY)

## ■ Gross Booking Transaction Volume Increase +10.5%\* YoY

- While business users declined, leisure users increased
- GW Holiday demand was favorable

## ■ “TABI-IRO Luxury Stays” began



- Offering seasonal themes and styles for traveling to women
- Introducing 20 selected facilities from all over the country

## ■ Start selling “Raku-Pack: Shinkansen + Station Rental Car” Organized by Rakuten



- Travel Package (Shinkansen + Rental Car + Accommodation) organized by Rakuten Travel
- Simultaneously, selling third “View-Raku Toku Sendai”, a travel package jointly planned by JR East and Rakuten

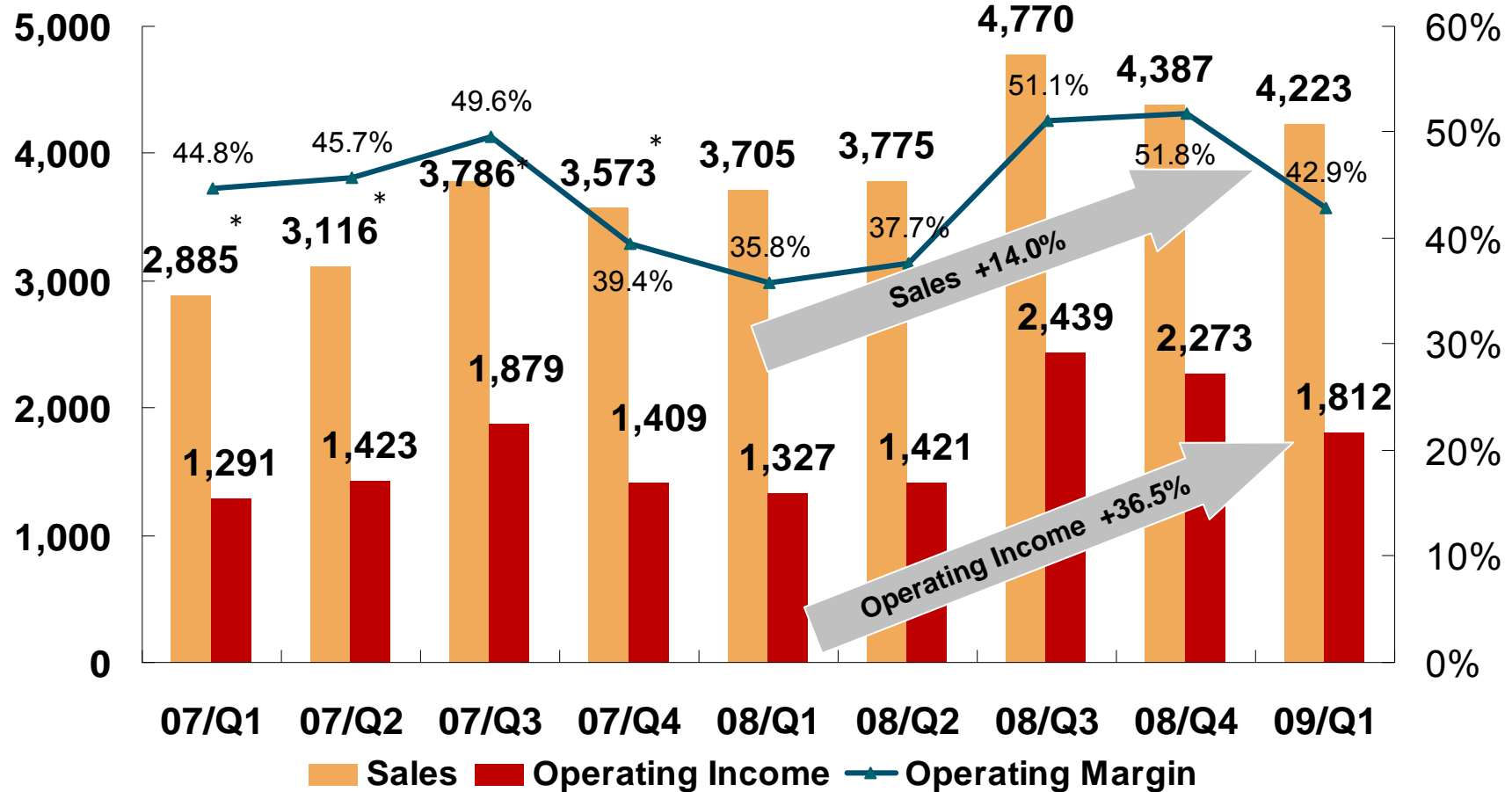
\*:After leap year adjustment. Growth before Adjustment:+9.2%

# Rakuten Travel Quarterly Results



- Sales continue to grow by +14.0%(YoY)
- Significant Operating Income improvement marking +36.5% (YoY)

(Million Yen)

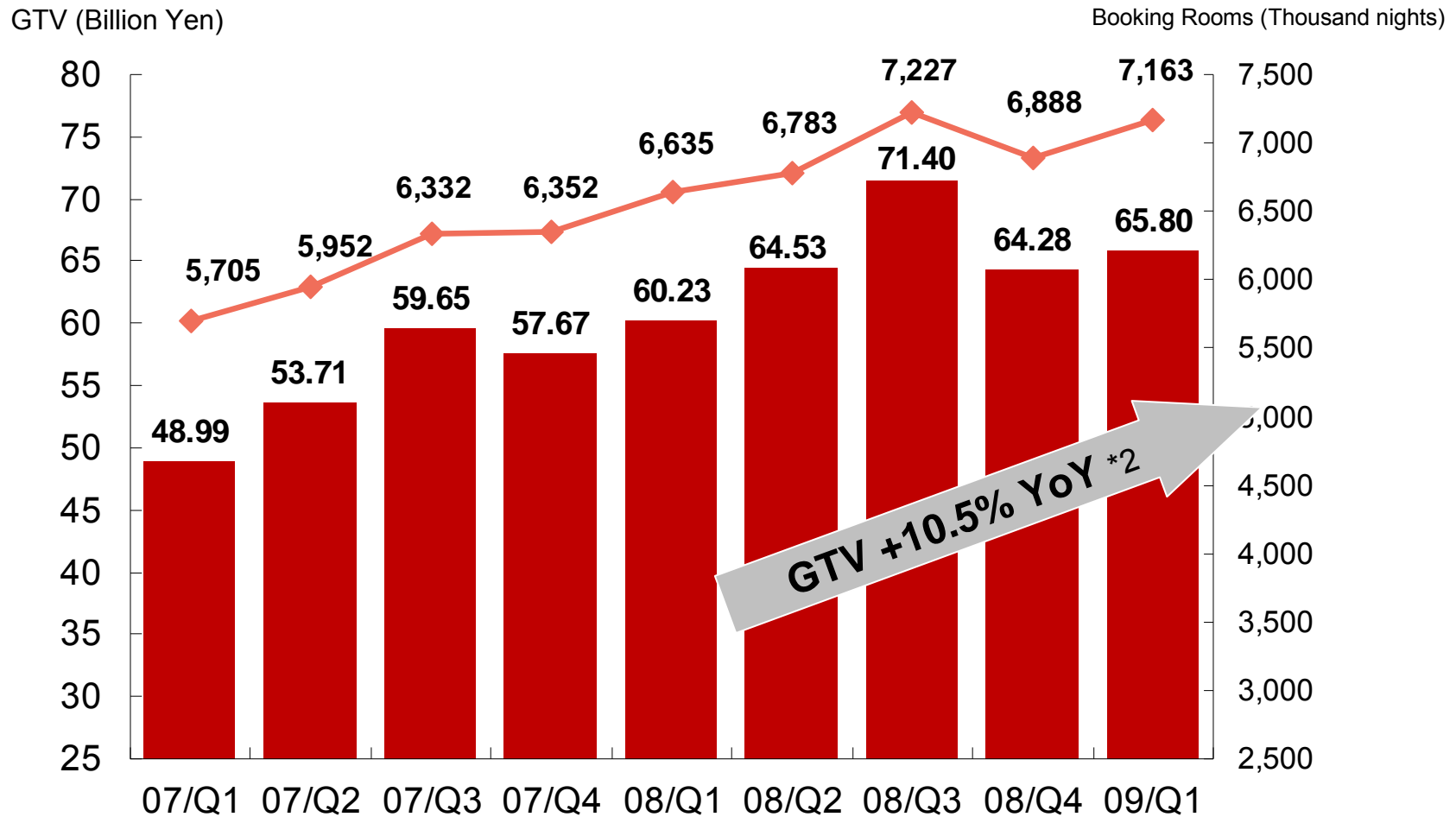


\*Original base which before Sales adjustment due to internal bookings change for Group Ads

# Rakuten Travel Gross Booking Transaction Volume



■ Continuous increase in leisure demand led to higher Travel GTV\*<sup>1</sup> (+10.5%\*<sup>2</sup> YoY)



\*1 Travel GTV = Booking base  
= Domestic / International hotel room booking, International tickets, Domestic/ International DP, Domestic Bus, Rental car service  
\*2 After leap year adjustment made. Before adjustment +9.2%

## **2** -5 Securities Business

## Rakuten Securities HD Industry Comparison (09/Q1 YoY)



- Moderate decline in Sales and Profit compared with sector peer companies
- Sales of products other than stock supporting profitability
- Cost cut effects acting favorably
- Increase in Net Income YoY (stand-alone basis)

(Unit: Million Yen)

	Rakuten Securities HD				SBI Securities	Matsui	kabu.com	Monex				
			Rakuten Securities (Non-Consolidated)									
Operating Revenue	5,154	-21%	5,048	- 23%	10,282	-17%	5,321	- 34%	3,503	- 22%	4,444	- 34%
SG&A	4,032	-10%	3,617	- 17%	7,387	- 6%	3,479	- 4%	2,125	- 7%	3,667	+7%
Ordinary Income	500	-37%	859	- 21%	1,381	- 57%	1,345	- 65%	955	- 50%	170	- 94%
Ordinary Income Margin	10%	-2P	17%	+0.5P	13%	- 13P	25%	- 22P	27%	- 15P	4%	- 36P
Net Income	515	Turn-around	986	Turn-around	809	- 48%	1,736	- 21%	528	- 56%	- 75	Turnaround

Source: Company financial report on stand alone basis excluding Matsui. For SBI Securities and Monex, numbers are calculated based on financial report.

## Rakuten Securities HD Industry Comparison (Fiscal Year ending March 2009\*, YoY)



- Decline in profit was smaller comparing to sector peer companies through the fiscal year

(Unit: Million Yen)

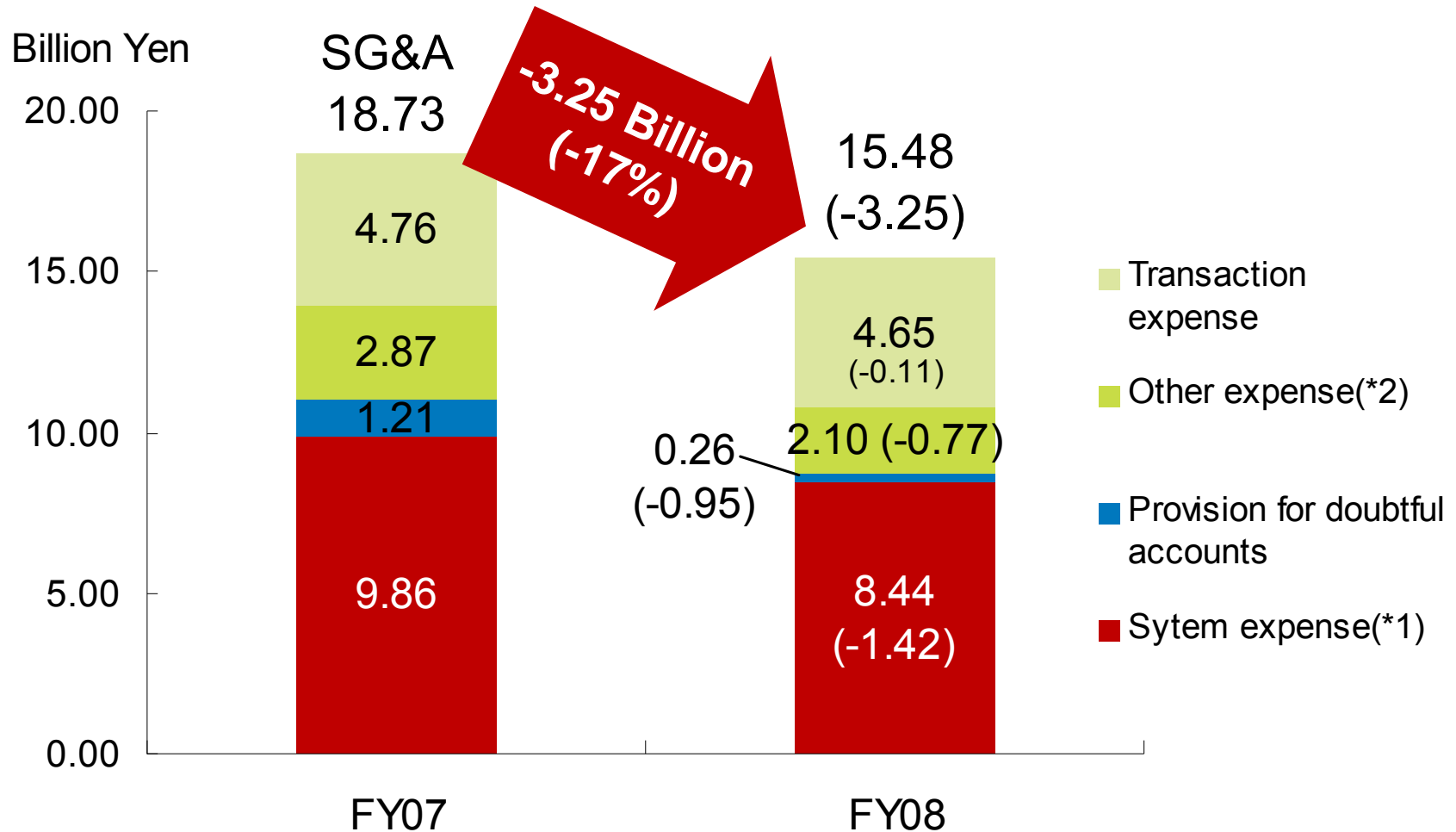
	Rakuten Securities HD				SBI Securities	Matsui	kabu.com	Monex				
			Rakuten Securities (Non-Consolidated)									
Operating Revenue	23,289	-19%	22,960	-18%	44,223	-18%	26,724	-33%	16,743	-19%	23,813	-22%
SG&A	16,614	-16%	15,482	-17%	30,717	+3%	14,521	-9%	8,964	-4%	14,958	+4%
Ordinary Income	3,758	-45%	4,944	-24%	8,257	-57%	9,998	-52%	5,996	-40%	5,091	-60%
Ordinary Income Margin	16%	-8P	22%	-2P	19%	-17P	37%	-15P	36%	-12P	21%	-20P
Net Income	-3,681	—	3,609	Turn-around	12,428	+5%	6,921	-46%	3,643	-12%	3,812	-48%

\* Fiscal years of Rakuten Securities, Inc are from April 1 to March 31 and different from Rakuten Group from January 1 to December 31

Source: Company financial report on stand alone basis excluding Matsui.

# Progress in Cost Cutting

## ■ Progress in cost cutting -3.25Billion Yen, -17% (YoY)



\*1 Real-estate and lease expenses +office and outsourcing expenses+ depreciation expenses

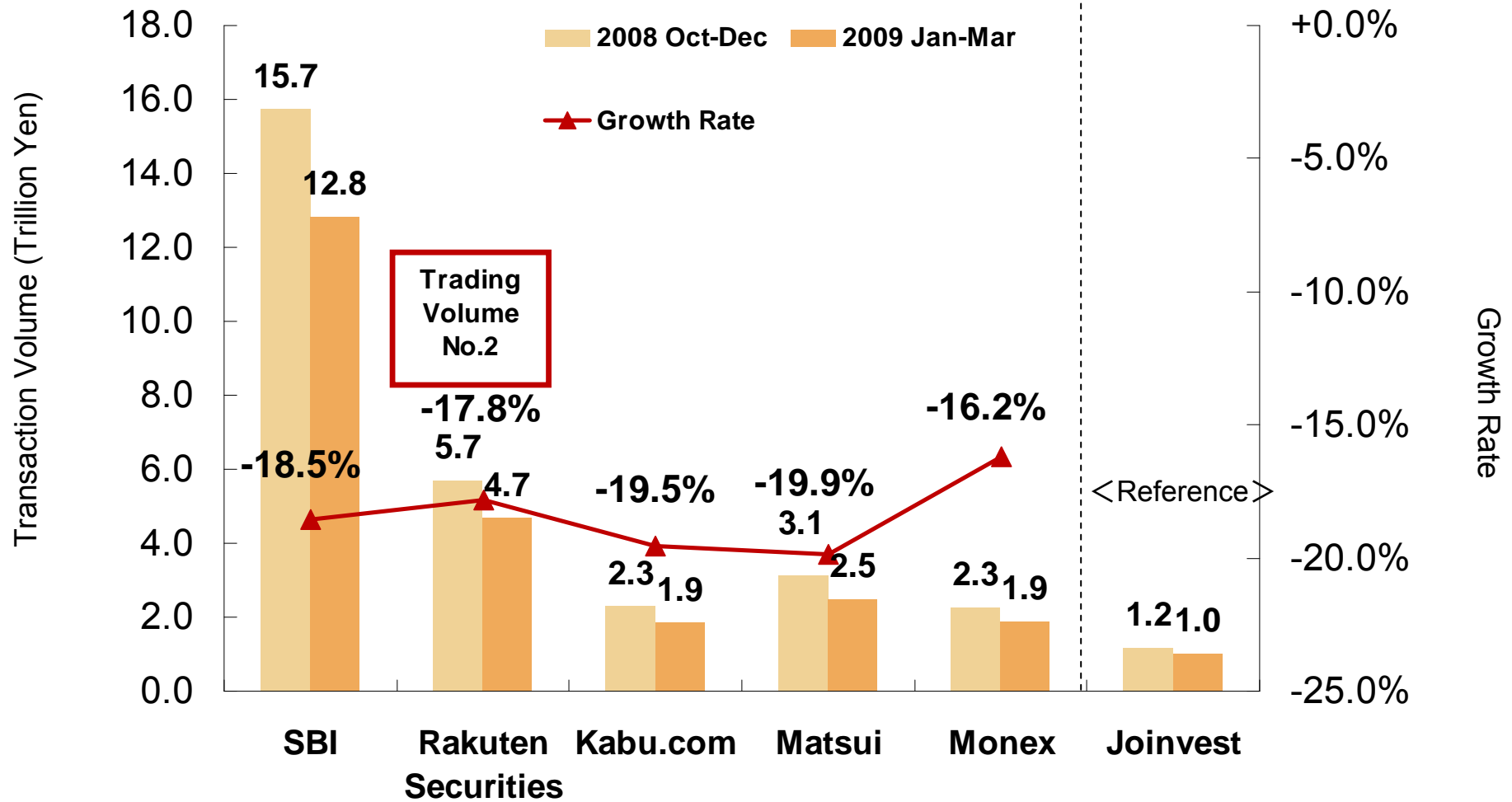
\*2 Personnel + tax and dues +other expenses



# Rakuten Securities Transaction Volume of Domestic Stocks



## Major 5 Online Securities Comparison

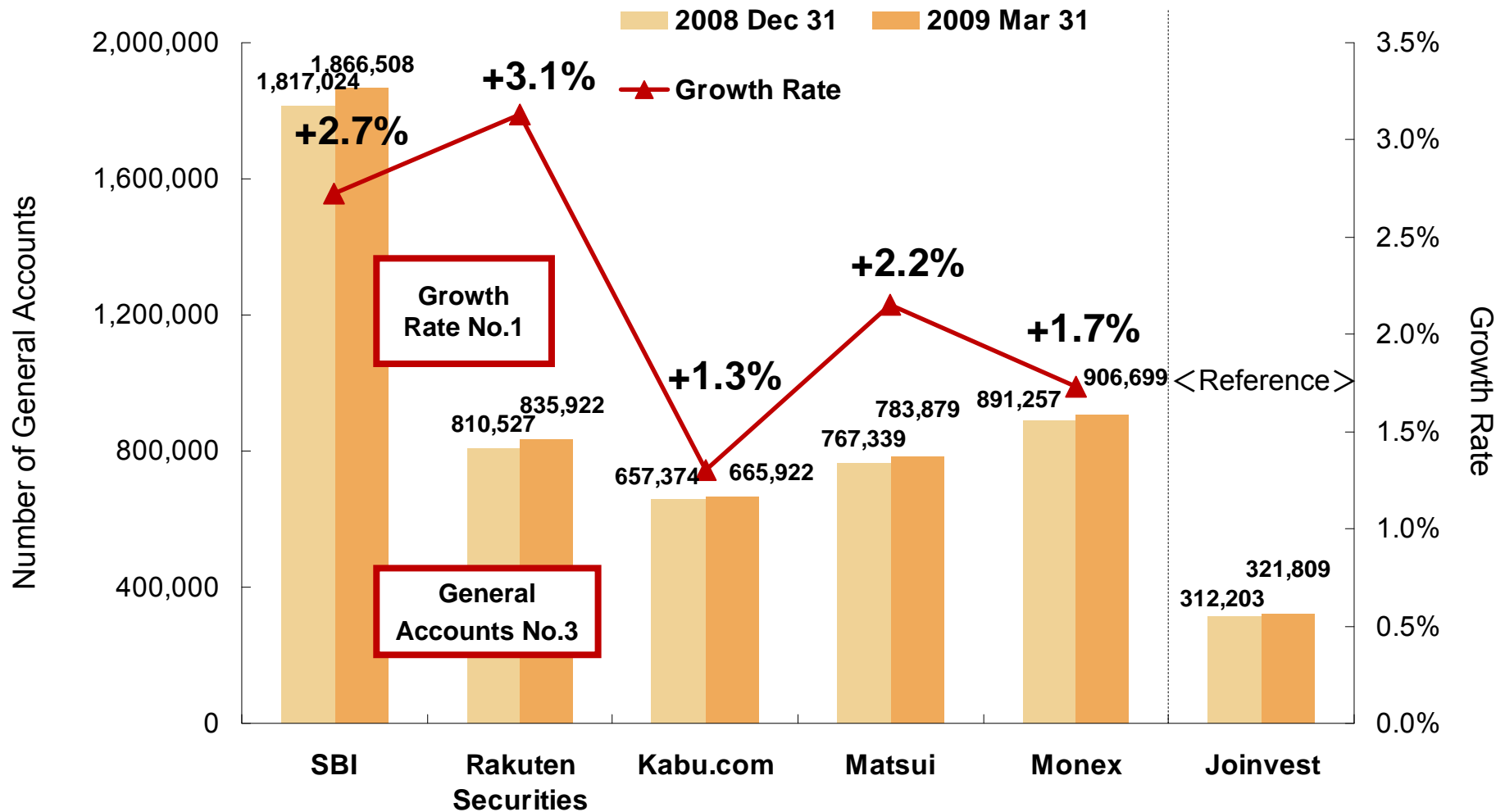


\* Source: Based on information on companies' websites

# Rakuten Securities Number of General Accounts

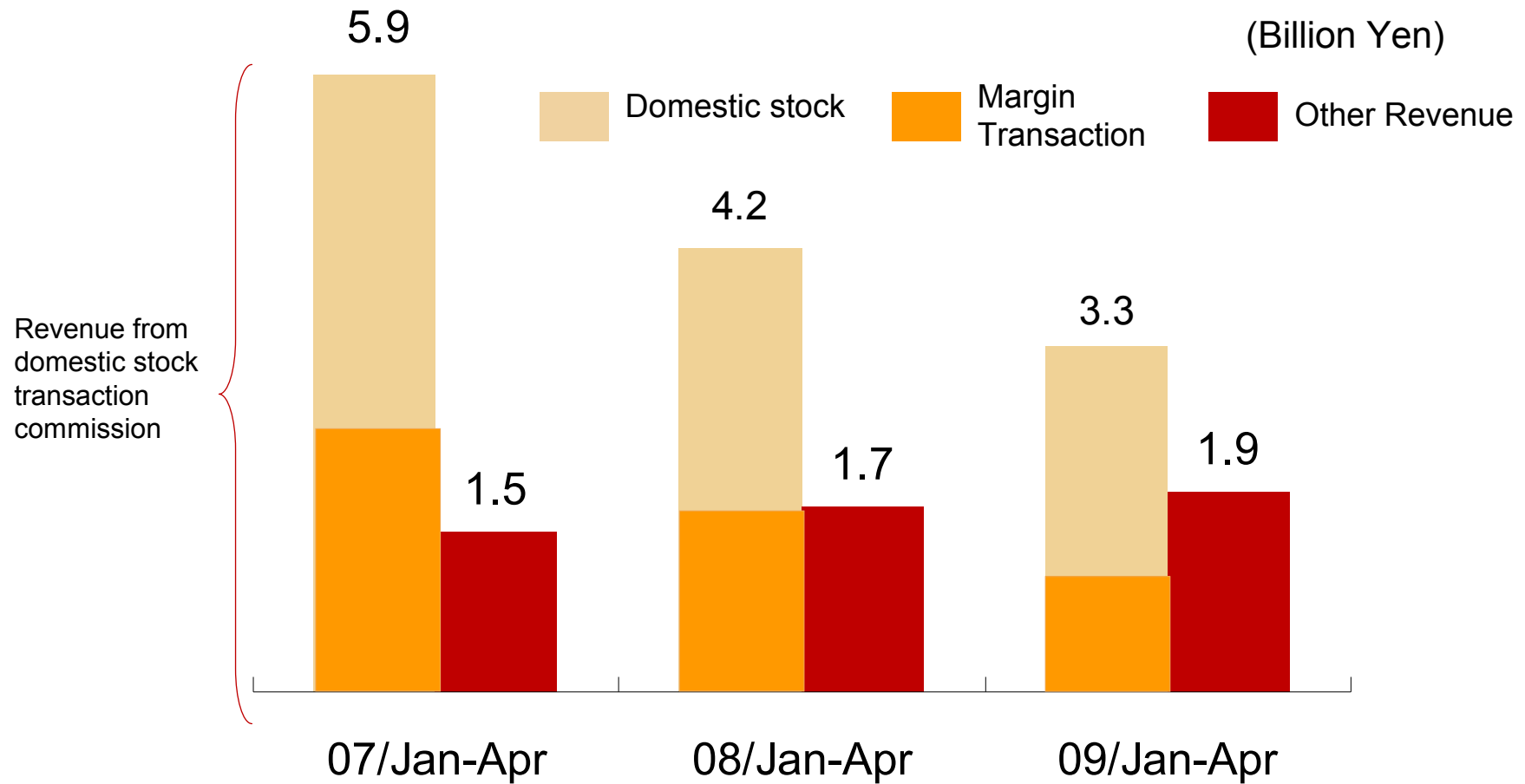


## Major 5 Online Securities Comparison

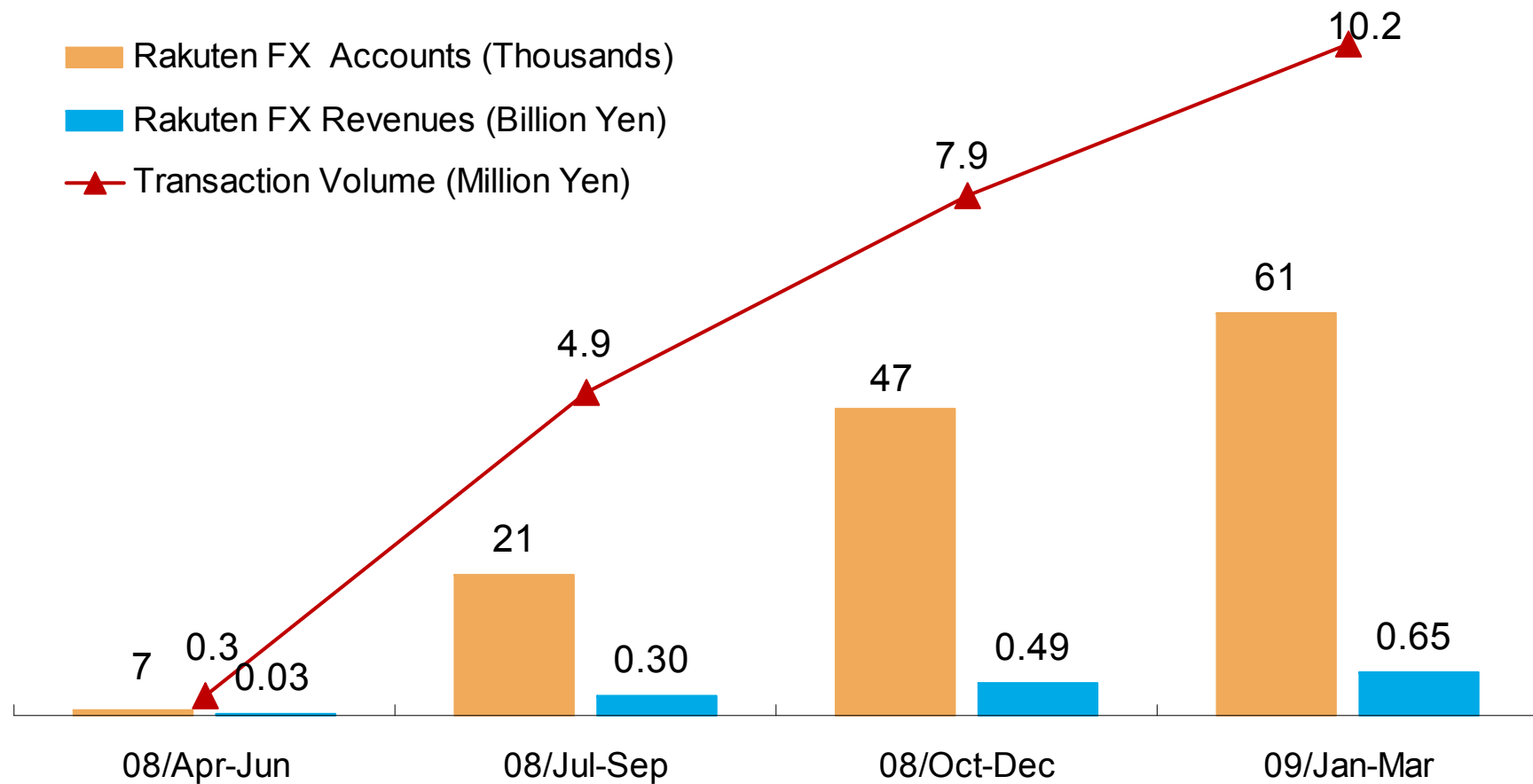


\* Source: Based on information on companies' websites

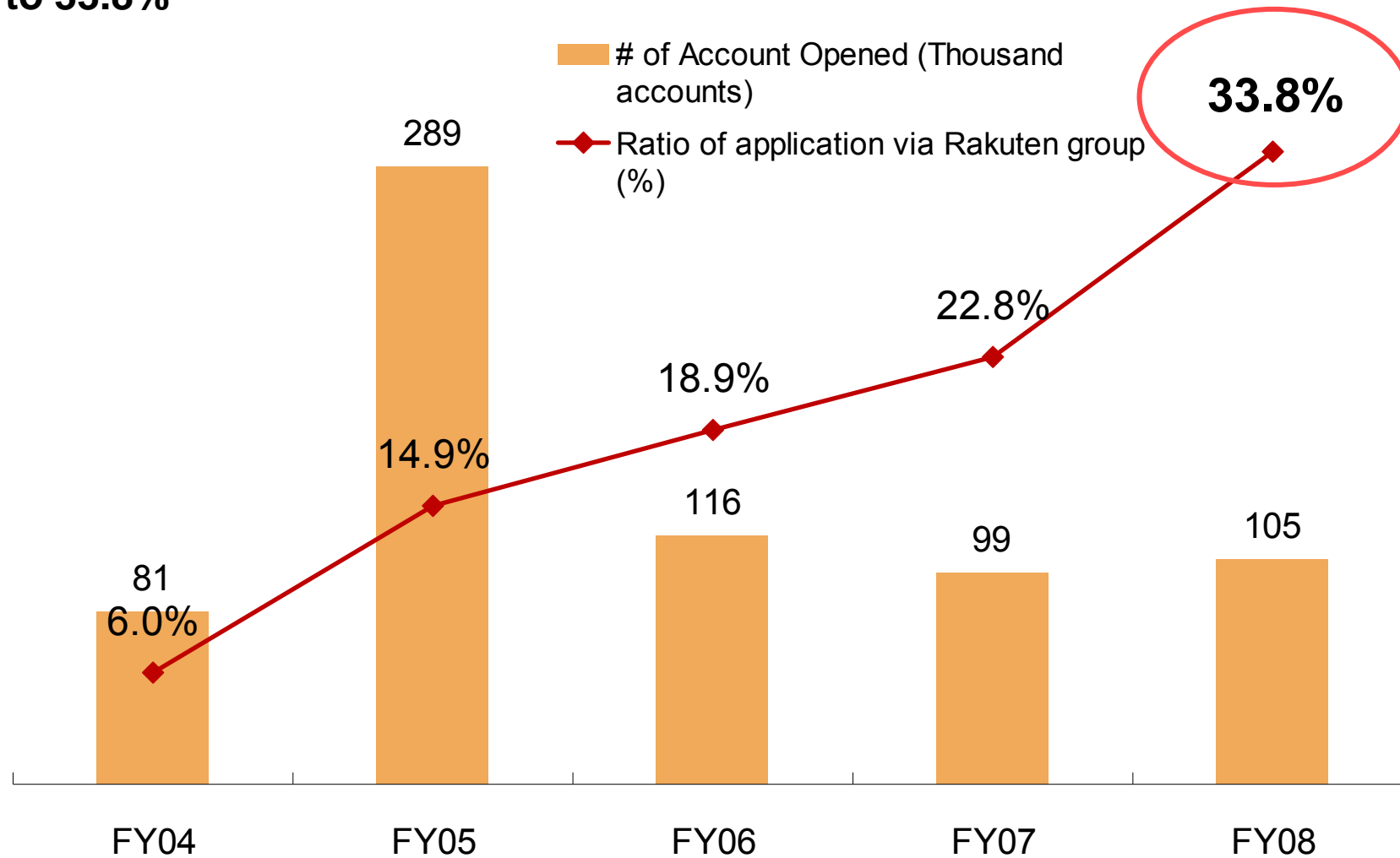
■ Other segment revenue help partly offset the decrease of domestic stock commission revenue



- Healthy growth of Rakuten FX
- Increase of accounts, revenue and trading volume



■ Portion of account opened through other sites in Rakuten group had reached to 33.8%



Note: Fiscal years of Rakuten Securities, Inc are from April 1 to March 31 and different from Rakuten Group from January 1 to December 31

# Administrative Order Against Rakuten Securities



## Business-Suspension Order\* and Business-improvement Order

- Insufficient recovery scheme toward system failures
- Despite previous two administrative orders, significant system failure recurred and the government recognized that Rakuten Securities needs efforts to operate systems stably

## System Improvement Plan

### Promotion Committee

**System Stabilization Promotion Committee and System Stabilization Promotion Department**  
Organized with external experts and who have power to direct actions are executing Kaizen (improvement) Plan

### Reorganize Recovery System

- **Reviewing Risk Management Plan**
- **Assuring effectiveness of restoration procedure plan**
- **Planning and executing system renovation project**

### Stabilize System Operation

- **Enhance operation systems and maintenance systems**
- **Strengthen systems for database operation and management**
- **Audit for systems by third parties**
- **Continue internal education and quality assurance activities**

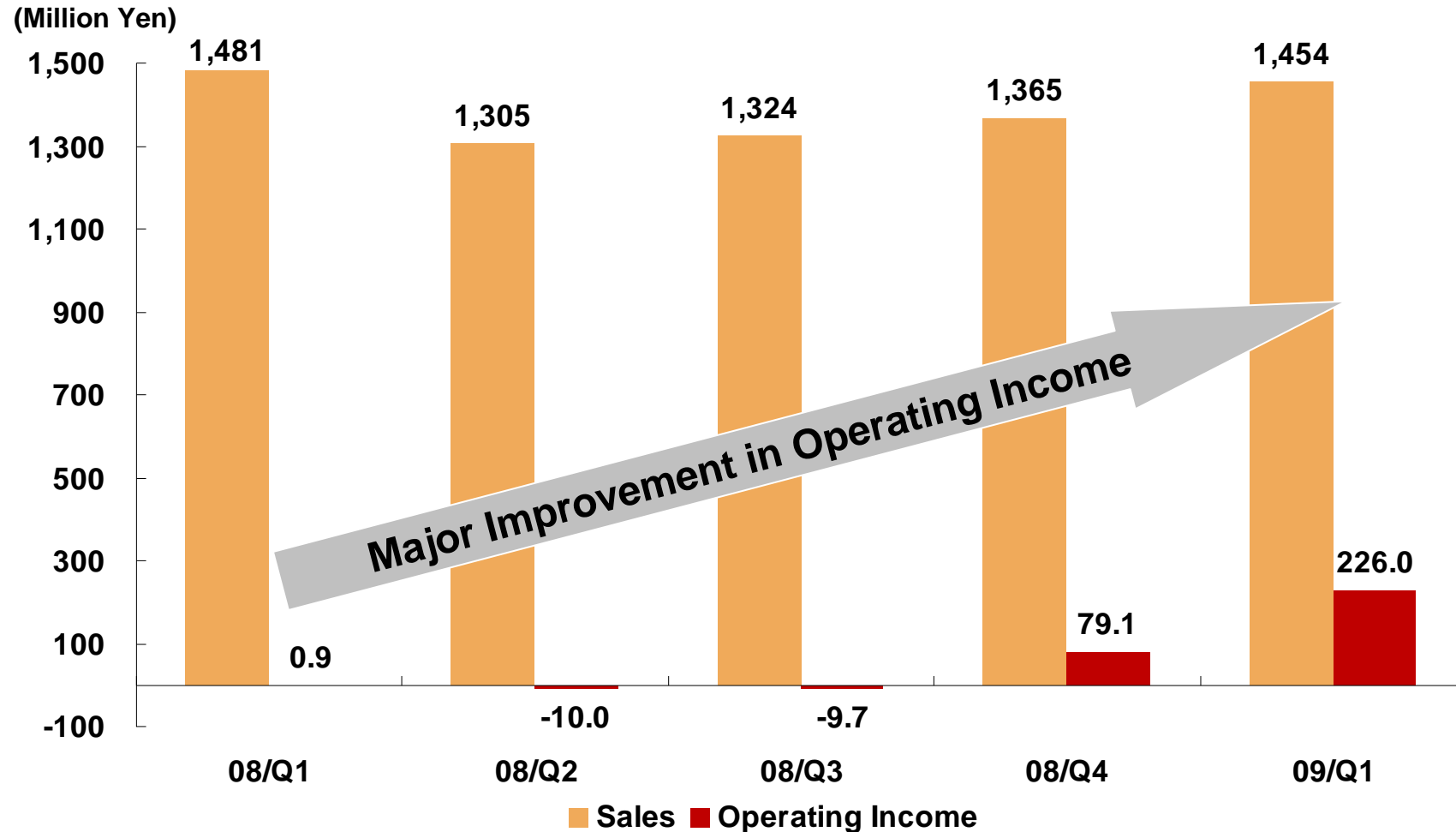
\* Business-suspension Order: For one month, during April, 2009, Rakuten Securities was prohibited from launching new service with developing systems. This penalty would not significantly impact on Rakuten's financial performance

## **2** -6 Infoseek Business, Advertising Business

# Infoseek Business and Advertising Business<sup>\*1</sup> Quarterly Results



- Pay-for-performance advertising sales remain steady.  
Successful cost reductions contributed to turnaround into profit



\*1. Infoseek BU, Advertising BU, Rakuten's Talent Business

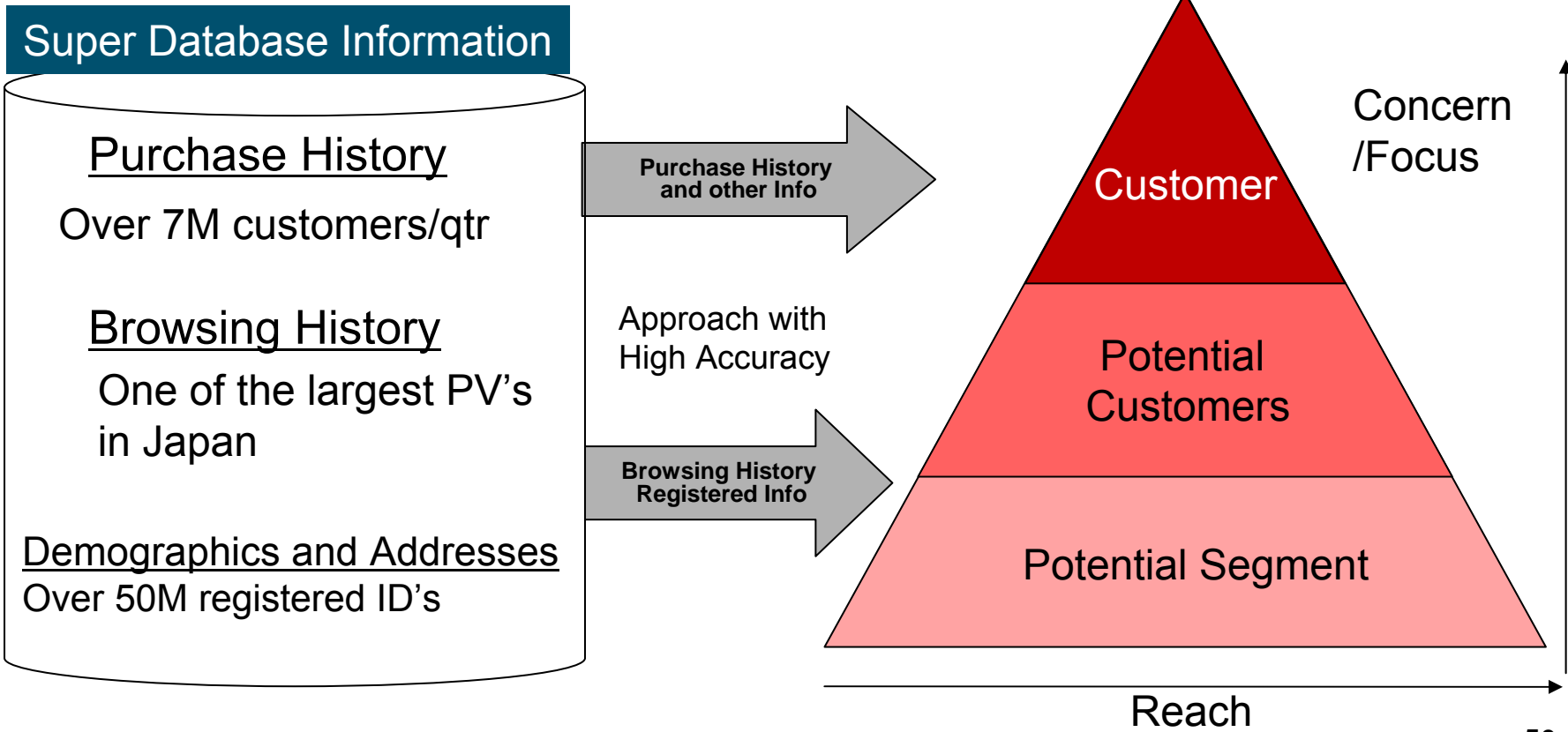


# Japan's Largest Database Gives Birth to Added-Value Advertising



Japan's Largest Database will enable to improve advertising accuracy and increase in conversion ratio

Unit price of advertising improvement and margin improvement



## **2** -7 Professional Sports Business

- Revenue in FY09/Q1 declined due to the delayed season opening (2 games in March '08 vs. Season opening in April '09)
- Introduction of high-priced season ticket seats and variable priced seats for the first time in the Japanese industry

(Million Yen)

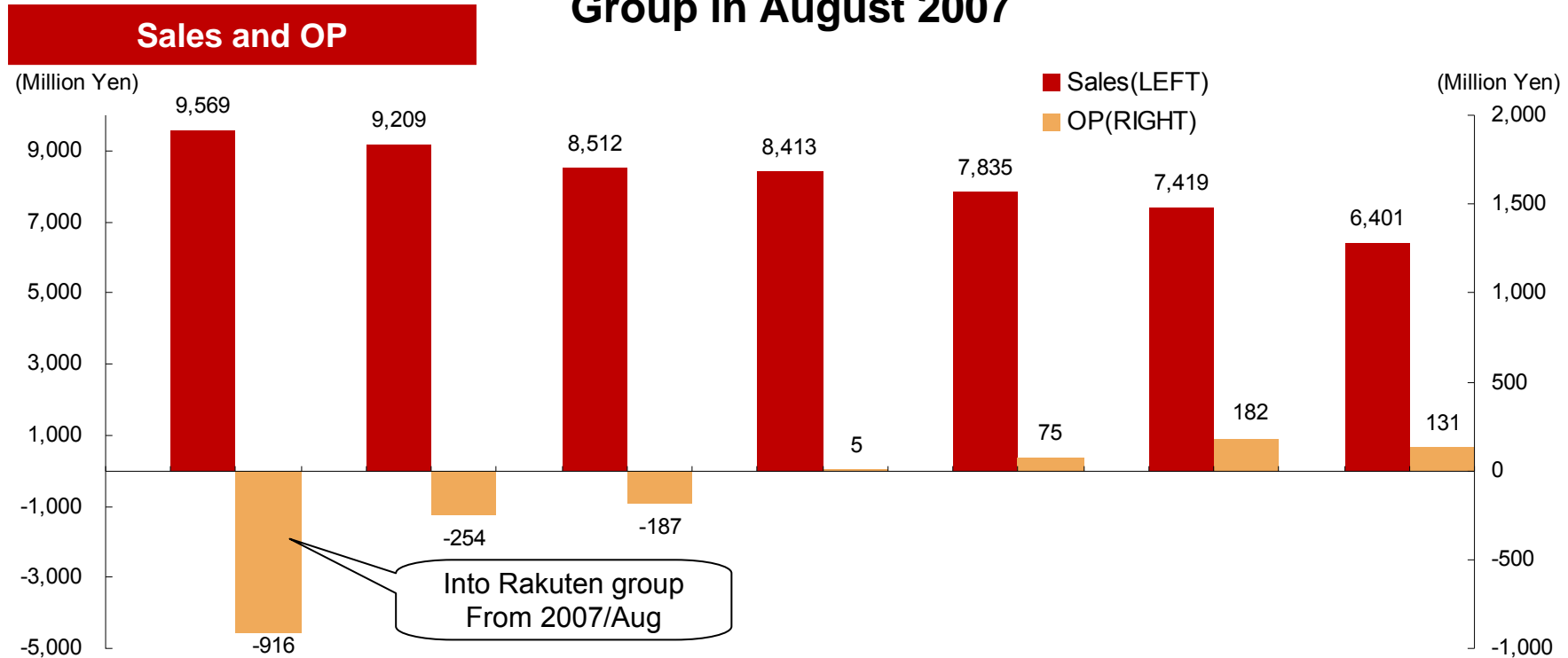
Rakuten Baseball, Inc (Individual)	FY08/Q1	FY09/Q1	Difference(%)
Revenue	955	742	- 22.3%
Operating Expenses	2,032	1,883	- 7.3%
Operating income	-1,077	-1,141	-

Consolidated (Incl. Rakuten Sport Properties,)	FY08/Q1	FY09/Q1	Difference(%)
Revenue	1,174	924	- 21.3%
Operating Expenses	2,246	2,084	- 7.2%
Operating income	-1,072	-1,160	-

## **2** -8 Telecommunication Business

# Fusion Communications (Non-consolidated) Rakuten

## ■ Performance improved with a restructuring plan after joining Rakuten Group in August 2007



(Million Yen)	07/Q3	07/Q4	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1
Operating Expense	10,485	9,462	8,699	8,408	7,761	7,238	6,270
Variable costs	5,398	5,160	4,611	4,296	4,046	3,792	3,279
Fixed costs	4,252	3,529	3,354	3,384	3,023	2,767	2,331
SG&A	835	774	734	728	692	678	660

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## Launch of “Rakuten Mobile for Business” Services



- Started “Rakuten Mobile for Business” Services on April 15 2009
- Realized the fixed-line level service fees for mobile communication



“Rakuten Mobile for Business” Services are designed for corporate users with a concept to provide mobile communication at the cost level of fixed line. The services will be provided through Fusion Communications and its agents.

- Monthly fixed fees of ¥2,310
- Free calls to Rakuten Mobile, Fusion IP-Phone and Willcom PHS
- Monthly packet fees from ¥0 up to ¥2,800 (¥0.084/packet)
- Two Windows Mobile based smart phones and four other mobile phones offered

# Balance Sheets & Cash Flow Statements

■ Further reduction of debt of non-consolidated



■ Plan to reduce debt drastically for past M&A and lending to Rakuten KC

■ Reduction of borrowings from outside financial institution on a group-wide basis



■ Already reduced borrowings of Rakuten Credit from outside financial institution

■ Improvement of interest-bearing-debt / EBITDA ratio



■ Company-wide interest-bearing-debt / EBITDA ratio decreased drastically

■ Improved the ratio excluding financial businesses the end of Dec. 2008

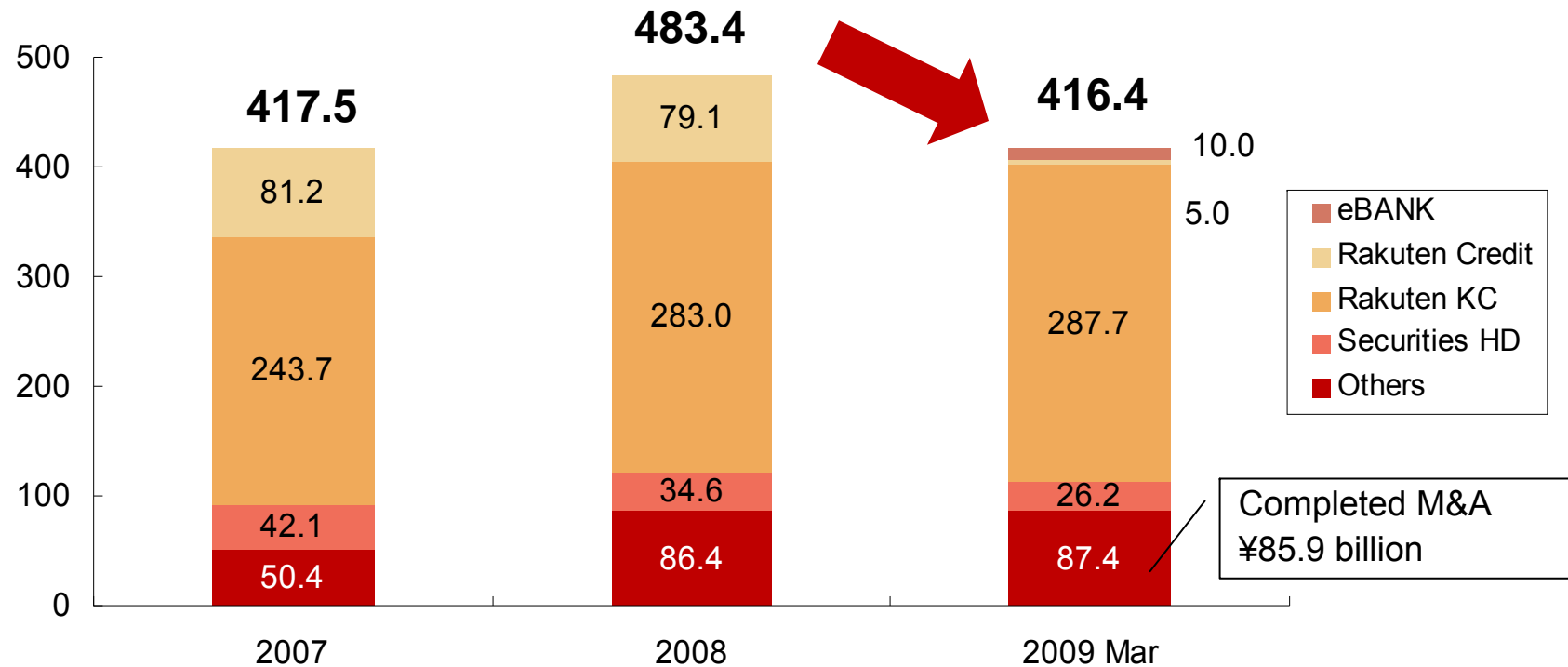


# Reduction of borrowings from Outside Financial Institutions

- Reduced group-wide borrowings from outside financial institutions by rebuilding portfolio of financial business units
- Forecast drastic reduction of borrowings excluding financial businesses

**Debt from Outside Financial Institutions by Objectives**

(Billion Yen)

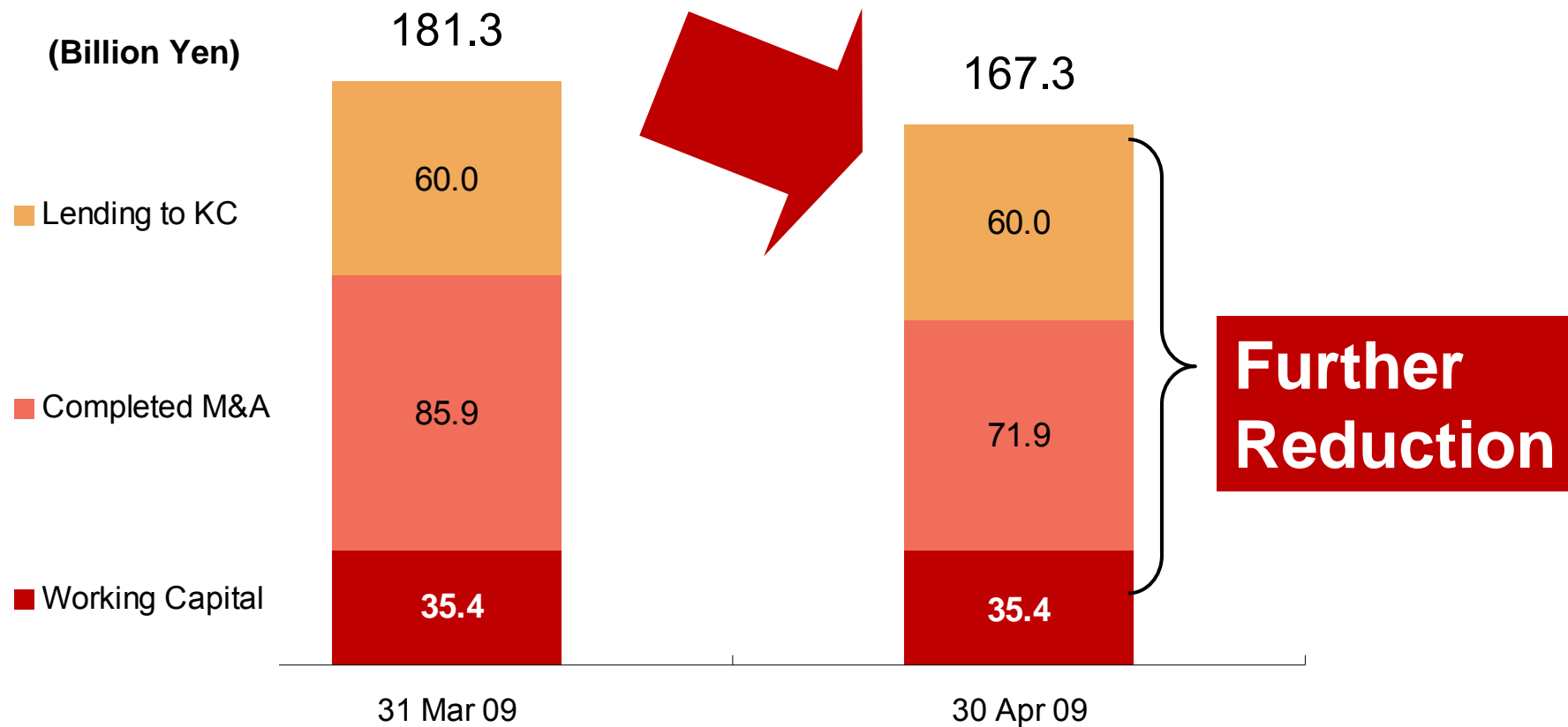


\*Debt from outside financial institutions = bond + CP + short-term debt + long-term debt

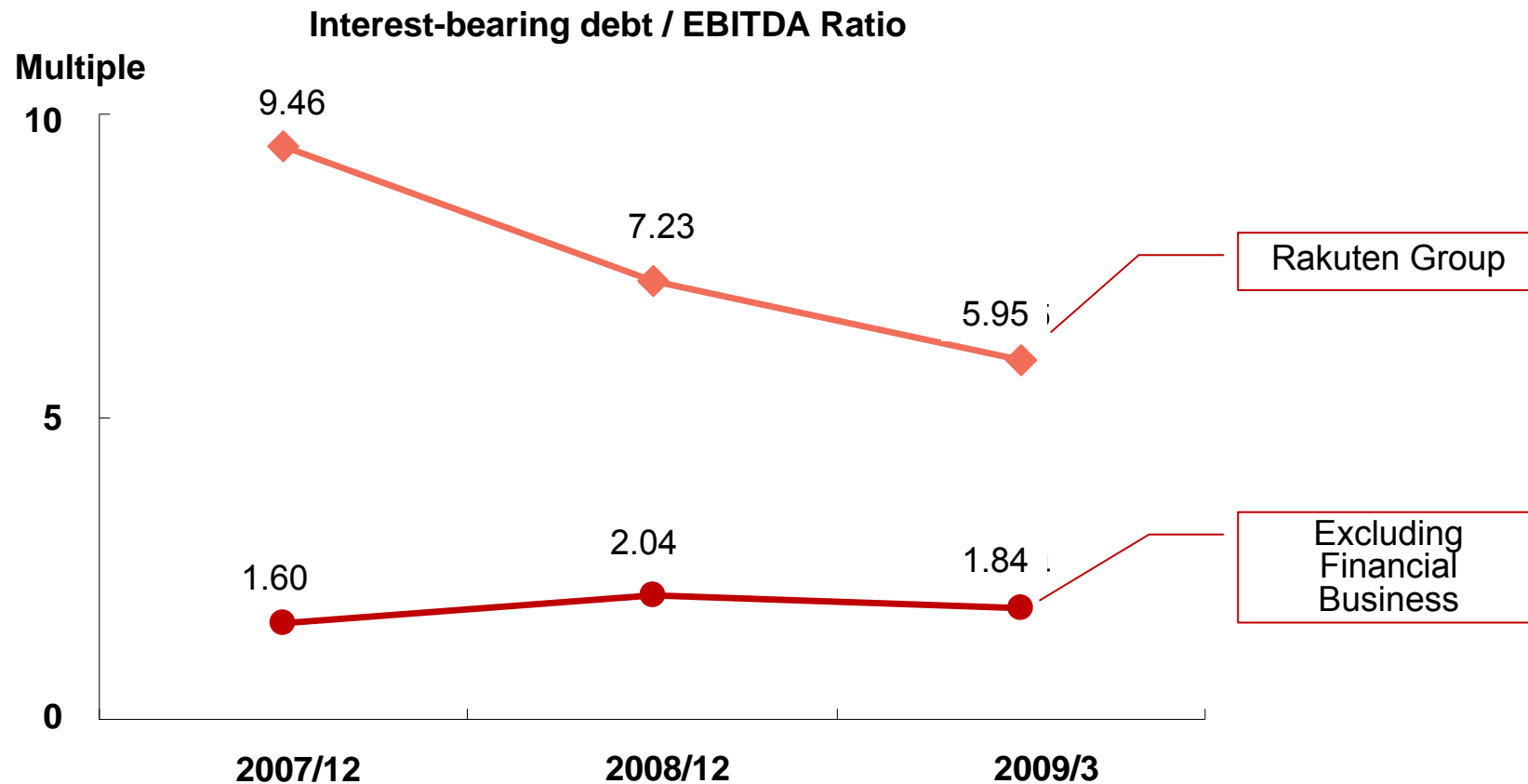
\*Excluding deposit of eBANK and bridge loan from eBANK to Rakuten credit in the end of March,2009

- Noticable progress has been made in reducing debt levels
- Repayment sources are operating cash-flow, securitization of loan assets (Rakuten KC), cash from sale of stock , etc.

Debt balance of Rakuten, Inc. by usage



■ Interest-bearing debt / EBITDA is continuously improving



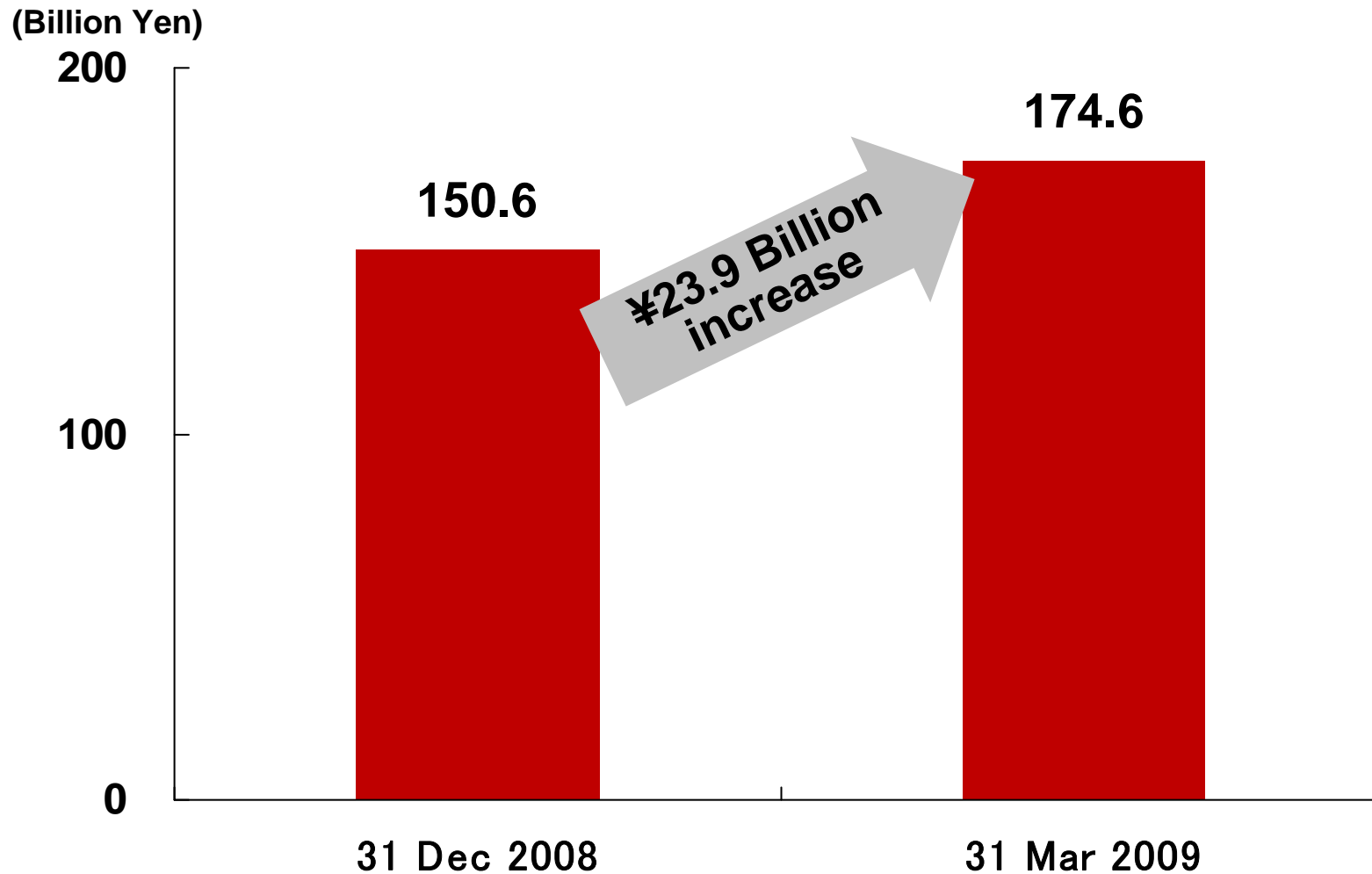
\*1: EBITDA: trailing twelve

\*2: one-time expense for loss on interest repayment claims of 24.52 billion Yen are in EBITDA for 2007

## Shareholders' Equity Enlargement



- Increase in EBIT and deferred tax assets led to net income of ¥25.2 billion
- As a result, shareholders' equity grew by ¥23.9 billion



 **Appendix**

# Statement of Cash Flows



- Operating CF into the black in Q1, prospect positive operating cash flows for FY2009 by utilizing deferred tax assets

2009 Jan-Mar		Summary of Cash Flow Statement		(Billion Yen)
		Income before income taxes and minority interest	7.2	<b>Operating Cash Flows: +2.9 billion Yen</b> <b>Non- financial business operating activities: +3.6 billion Yen</b> Stable positive cash flows by contribution of E-Commerce business profit despite payment of corporate tax for previous year <b>Financial business operating activities: -0.7 billion Yen</b> Reduction of negative cash flows by contribution of eBANK
		Depreciation and amortization	2.7	
		Other	4.3	
		Corporate tax etc	-10.7	
		<b>Non- financial business operating activities (approx)</b>	<b>3.6</b>	
		Income before income taxes and minority interest	-0.9	
		Depreciation and amortization	1.9	
		Operating cash flows in banking business	13.2	
		Operating cash flows in securities business	0.5	
		Other operating cash flows in financial businesses	-15.5	
		<b>Financial business operating activities (approx)</b>	<b>-0.7</b>	
<b>Cash Flows from operating activities</b>			<b>2.9</b>	
		Purchase, sales and redemption of investment securities for banking business	120.5	<b>Investment Cash Flows: 114.9 billion Yen</b> Sales and redemption of JGBs, etc. at eBANK
		Others	-5.6	
<b>Cash Flows from investment activities</b>			<b>114.9</b>	
		Non- financial business financing cash flows (approx)	11.6	<b>Financing Cash Flows: -78.8 billion Yen</b> Repayment of debt at Rakuten Credit
		Financial business financing cash flows (approx)	-90.5	
<b>Cash Flows from financing activities</b>			<b>-78.8</b>	
<b>Cash and cash equivalents at beginning of the period</b>			<b>81.2</b>	
<b>Effect of change of the scope of consolidation on cash and cash equivalents</b>			<b>35.0</b>	
<b>Cash and cash equivalents at end of the period</b>			<b>155.3</b>	

\*Figure of Financial business and Non- financial business excluding internal elimination

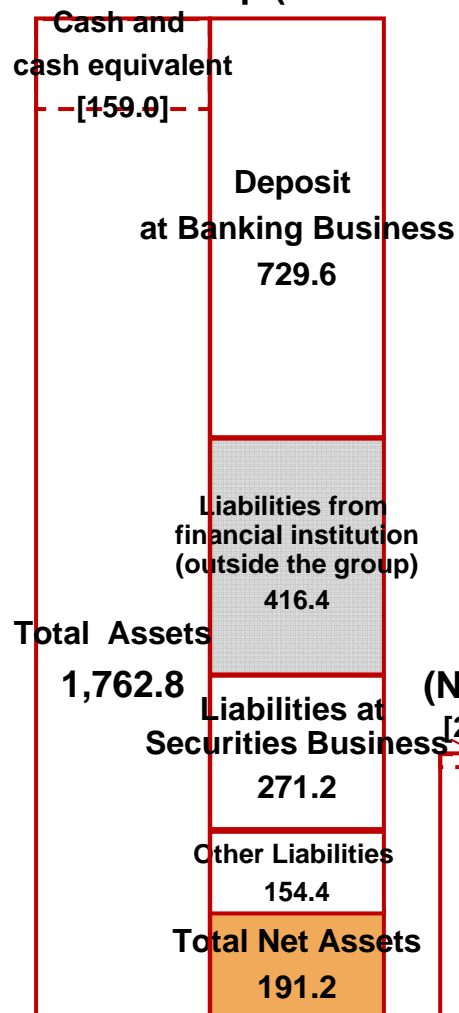
# Rakuten Group : Balance Sheets

(As the end of Mar 2009)

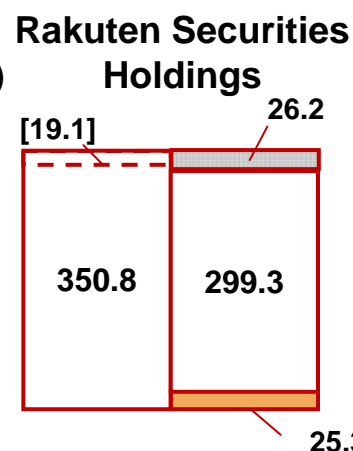
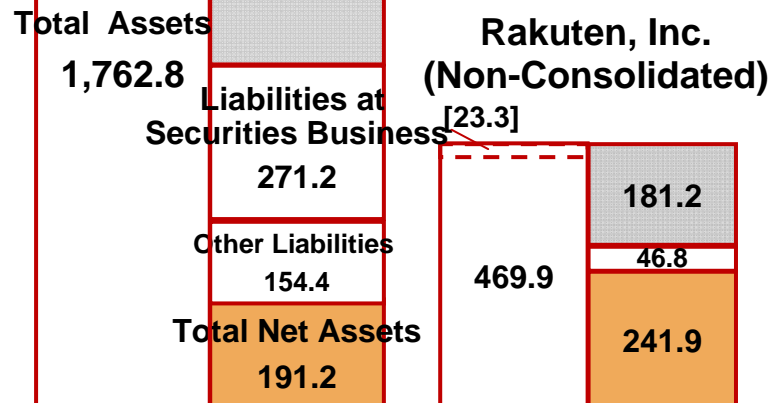
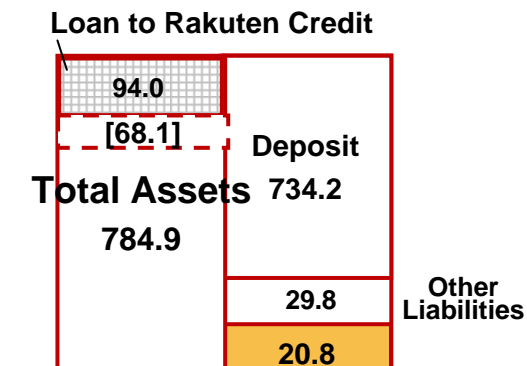


## Rakuten Group (Consolidated)

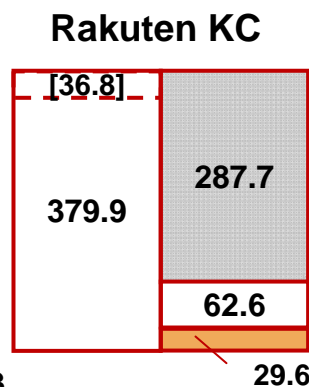
(Billion Yen)



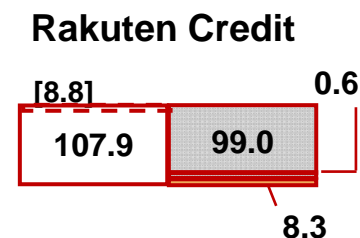
## eBANK (Consolidated)



\*70 billion yen of borrowing at Rakuten KC is from Rakuten, Inc



\*94 billion yen of borrowing at Rakuten Credit is from eBANK



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

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

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# Balance Sheets of eBank and Rakuten Credit Rakuten

- Borrowing at Rakuten Credit from eBANK was eliminated at the time of business integration on April 1, 2009

(Billion yen)

eBANK (As of Mar 31, 2009)

Loan to Rakuten credit 94.0	Deposits at Banking Business 734.2
Total Assets 784.9	
	Other Liabilities 29.8
	Net Assets 20.8

Rakuten Credit (As of Mar 31, 2009)

Total Assets 107.9 (Loan Receivables 95.7)	Borrowing 99.0 (borrowing from eBANK 94.0)	Other Liabilities 0.6
	Net Assets 8.3	

eBANK After-Integration  
(as of Apr 1, 2009)

Loan Receivables (consumer loan) 92.3	Deposits at Banking Business 734.2
Total Assets 789.9	
	Net Assets 25.8

(Business Integration)

New Rakuten Credit

Total Assets	Liabilities
	Net Assets



## Balance Sheets (Mar 31, 2009)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

<b>CURRENT ASSETS</b>	<b>104.6</b>	<b>CURRENT LIABILITIES</b>	<b>99.5</b>
Cash and cash equivalents	8.8	Short-term borrowings	99.0
Loan receivables	95.7	Other current liabilities	0.5
Other current assets	0.9	<b>LONG-TERM LIABILITIES</b>	<b>0.0</b>
Allowance for doubtful accounts	-0.9	Other current fixed liabilities	0.0
		<b>TOTAL LIABILITIES</b>	<b>99.6</b>
<b>FIXED ASSETS</b>	<b>3.2</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>8.3</b>
Property, plant and equipment	0.1	Capital stock	4.4
Intangible fixed assets	0.8	Capital surplus	3.4
Investment and other assets	2.3	Retained earnings	0.4
Allowance for doubtful accounts	-1.8	<b>VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS</b>	<b>0.0</b>
		<b>TOTAL NET ASSETS</b>	<b>8.3</b>
<b>TOTAL ASSETS</b>	<b>107.9</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>107.9</b>

**Balance Sheets (Mar 31, 2009)**

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

<b>CURRENT ASSETS</b>	<b>334.4</b>	<b>CURRENT LIABILITIES</b>	<b>180.7</b>
Cash and cash equivalents	36.8	Accounts payable; guarantee contracts	3.3
Installment accounts receivable	229.2	Short-term borrowings	133.1
Installment accounts receivable; guarantee contract	3.3	Other current liabilities	44.2
Beneficial interest in securitized assets	69.5	<b>LONG-TERM LIABILITIES</b>	<b>169.4</b>
Other current assets	28.3	Long-term borrowing	154.6
Allowance for doubtful accounts	-32.9	Allowance for loss on interest repayment	13.8
		Other long-term liabilities	0.9
		<b>TOTAL LIABILITIES</b>	<b>350.2</b>
<b>FIXED ASSETS</b>	<b>45.4</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>30.0</b>
Property, plant and equipment	12.7	Common stock	3.0
Land and buildings	12.1	Capital surplus	41.1
Other tangible fixed assets	0.6	Retained earnings	1.6
Intangible fixed assets	2.8	Treasury stock	-15.7
Investment and other assets	31.8	<b>VALUATION, TRANSLATION ADJUSTMENTS AND OTHERS</b>	<b>-0.3</b>
Allowance for doubtful accounts	-2.0	<b>TOTAL NET ASSETS</b>	<b>29.6</b>
<b>TOTAL ASSETS</b>	<b>379.9</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>379.9</b>

\*Total off-balance securitized loan receivables: 76.7 billion yen

## Balance Sheets

### (As of 31 Mar 2009)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

<b>CURRENT ASSETS</b>	<b>71.2</b>	<b>CURRENT LIABILITIES</b>	<b>116.5</b>
Cash and cash equivalents	23.3	Account payable-trade	2.1
Loan receivables	20.2	Short-term borrowings	65.8
Other current assets	27.9	accounts payable	9.4
Allowance for doubtful accounts	-0.1	Income tax payable	3.5
		advance receipt	3.9
		Reserve for points	7.3
		Other current liabilities	24.3
		<b>LONG-TERM LIABILITIES</b>	<b>111.4</b>
		<b>TOTAL LIABILITIES</b>	<b>228.0</b>
<b>FIXED ASSETS</b>	<b>402.2</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>246.0</b>
Tangible assets	5.1	Capital stock	107.5
Intangible fixed assets	10.3	Capital surplus	113.1
Investment and other assets	386.7	Retained earnings	25.4
(Allowance for doubtful accounts)	-0.6	Tresure Stock	0.0
(Loss on investment)	-2.0	<b>VALUATION, TRANSLATION</b>	<b>-0.9</b>
		ADJUSTMENTS AND OTHERS	-0.9
		<b>TOTAL NET ASSETS</b>	<b>245.4</b>
<b>TOTAL ASSETS</b>	<b>473.5</b>	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>473.5</b>

## Income Statements

### (As of 31 Mar 2009)

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

<b>Sales</b>	25.0
<b>Cost of Slaes</b>	4.9
Gross Profit	20.1
<b>Operating Expense</b>	11.8
Personal costs	4.4
Advertising and sales promotion	3.0
Depreciation	1.1
Communication and maintainanc	0.9
Outsourcing	1.4
Others	0.7
<b>Operating Profit</b>	8.3
<b>Non-Operating Profit</b>	0.8
<b>Non-Operating Expense</b>	0.8
<b>Ordinary Profit</b>	8.2
<b>Extraordinary profit</b>	0.1
<b>Extraordinary loss</b>	0.7
Net income before tax	7.7
Income tax-deferred	3.5
Tax adjustment	-21.1
<b>Net Income</b>	<b>25.4</b>

E-Commerce	Credit Card*5	Travel
Rakuten Ichiba*2	Rakuten KC	Travel
Business Services *2	Banking	Securities
Golf *2	Banking (e-BANK) *5	Securities
Auto *2	Personal Finance (Rakuten Credit)	Investment
Delivery *2	Banking ( Alliance with TTB ) *7	Mortgage
Package Media (Download *4)		Insurance
Media Rental	Portal and Media	Professional Sports
Auction	Infoseek	Professional Sports
Dining	Advertising	
Ticket	AD solution	Telecommunications
Performance Marketing (LinkShare)	Blog	Telecommunications (Fusion Communications)
Off-track betting	Research	
Logistics Service*2	Career Service	
Global Ichiba	Marriage*3	
Net Super Market*3	Rakuten Photo*4	
Check Out*2,4	Content*6	

\*1. Some new businesses are not included as of the end of Dec 2008

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

\*3. Consolidated since FY08 Q3

\*4. Reorganized into Package Media and others since FY08 Q1

\*5. Establish banking business due to consolidated e-BANK. Rakuten Credit, Inc. and a part of the Credit and Payment Business, were transferred to the new Bank Business in the FY09 Q1. The Credit and Payment Business became the Credit Card Business .

\*6. Consolidated since FY09 Q1

\*7. Termination of alliance with TTB on Feb 2009

# Amortization of Goodwill



(Million Yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1	Companies
E-Commerce Business	527	527	542	532	537	538	542	541	542	LinkShare
Credit and Payment Business	234	234	234	234	246	245	245	245	-	Rakuten KC Group
Credit Card Business	-	-	-	-	-	-	-	-	246	Rakuten KC Group
Banking Business	-	-	-	-	-	-	-	-	175	eBANK
Portal and Media Business	17	17	17	17	16	17	17	61	44	Rakuten Research O-net
Travel Business	10	10	10	10	11	11	12	12	12	Rakuten Travel Rakuten Bus Service
Securities Business	56	76	76	80	80	80	84	95	95	Rakuten Securities Rakuten Security Holdings Rakuten Realty Management Rakuten Strategic Partners
Professional Sports Business	-	-	-	-	-	-	-	△0	△0	-
Telecommunication Business	-	-	-	(5)	(5)	(5)	(5)	(4)	(4)	Fusion Communications
<b>Consolidated</b>	<b>845</b>	<b>865</b>	<b>880</b>	<b>870</b>	<b>888</b>	<b>888</b>	<b>897</b>	<b>952</b>	<b>1,111</b>	

\* Amortization of goodwill included in SG&A items

# Rakuten Group's CAPEX



(Billion Yen)

		2007				2008				2009
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Non Consolidated	Hardware	0.20	0.56	1.68	1.06	0.55	0.14	0.19	0.25	0.14
	Software	0.56	1.04	0.79	1.46	1.38	1.16	1.11	0.93	0.63
	<b>Total</b>	<b>0.77</b>	<b>1.60</b>	<b>2.47</b>	<b>2.52</b>	<b>1.94</b>	<b>1.31</b>	<b>1.30</b>	<b>1.19</b>	<b>0.77</b>
Consolidated	Hardware	0.63	0.91	2.05	1.26	2.06	0.42	0.42	0.67	0.99
	Software	1.98	2.03	4.25	4.47	4.56	2.42	1.96	2.14	2.69
	<b>Total</b>	<b>2.61</b>	<b>2.94</b>	<b>6.30</b>	<b>6.03</b>	<b>6.62</b>	<b>2.84</b>	<b>2.39</b>	<b>2.81</b>	<b>3.68</b>

\*Operating Base

\*Excluding Professional Sports Business and Funds

## Income Statement

(Billion Yen; Amounts Less Than 0.1 Billion Omitted)

	2008 (Jan-Mar)	2008 (Oct-Dec)	2009 (Jan-Mar)
<b>Sales</b>	<b>14.0</b>	<b>14.6</b>	<b>14.2</b>
<b>Operating Expense</b>	<b>10.8</b>	<b>10.8</b>	<b>13.1</b>
SG&A	9.1	9.0	10.9
Financial Costs	1.7	1.7	2.1
<b>Operating Profit (Loss)</b>	<b>3.2</b>	<b>3.8</b>	<b>1.1</b>
Non-Operating Profit	0.0	0.0	0.0
<b>Ordinary Profit</b>	<b>3.2</b>	<b>3.8</b>	<b>1.1</b>
Extraordinary Profit (Loss)	-0.5	-3.4	-0.7
<b>Earnings Before Tax</b>	<b>2.6</b>	<b>0.3</b>	<b>0.3</b>
Provision for income taxes	0.5	2.0	-0.8
<b>Net Income (Loss)</b>	<b>2.0</b>	<b>-1.7</b>	<b>1.2</b>
<b>Ordinary Profit (Loss)</b> (before securitizing effect)	<b>4.1</b>	<b>4.6</b>	<b>1.9</b>

# Rakuten KC Composition of Revenues and Operating Expenses



(Million Yen)

(Million Yen)	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1		
					Results	% of total	YoY
<b>General services</b>	<b>2,795</b>	<b>3,186</b>	<b>3,527</b>	<b>3,988</b>	<b>4,179</b>	<b>27.9%</b>	<b>49.5%</b>
Card shopping	2,703	3,108	3,466	3,940	4,138	27.6%	53.1%
Others	91	78	61	48	41	0.3%	- 54.9%
<b>Financing</b>	<b>10,478</b>	<b>9,993</b>	<b>9,498</b>	<b>8,995</b>	<b>8,306</b>	<b>55.4%</b>	<b>- 20.7%</b>
	(9,570)	(8,961)	(8,568)	(8,196)	(7,573)	50.5%	- 20.9%
Card cash advances	6,460	6,200	5,730	5,545	5,144	34.3%	- 20.4%
	(5,797)	(5,386)	(5,028)	(4,847)	(4,502)	30.0%	- 22.3%
Loan card	3,965	3,744	3,722	3,394	3,121	20.8%	- 21.3%
	(3,719)	(3,525)	(3,493)	(3,293)	(3,031)	20.2%	- 18.5%
Other	52	48	46	55	39	0.3%	- 25.0%
<b>Installment</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0.0%</b>	<b>- 100.0%</b>
<b>Credit guarantee</b>	<b>348</b>	<b>314</b>	<b>301</b>	<b>292</b>	<b>279</b>	<b>1.9%</b>	<b>- 19.8%</b>
<b>Others</b>	<b>1,391</b>	<b>1,379</b>	<b>1,736</b>	<b>2,164</b>	<b>2,230</b>	<b>14.9%</b>	<b>60.3%</b>
<b>Financing revenues</b>	<b>-7</b>	<b>102</b>	<b>12</b>	<b>-15</b>	<b>8</b>	<b>0.1%</b>	<b>- 214.3%</b>
<b>Total revenues</b>	<b>15,006</b>	<b>14,976</b>	<b>15,077</b>	<b>15,426</b>	<b>15,005</b>	<b>100.0%</b>	<b>- 0.0%</b>
[excludes effect of securitization GAAP]	[14,098]	[13,944]	[14,147]	[14,627]	[14,271]	95.1%	1.2%

Note: Amount of revenues in brackets"( )" include effects of securitization and per income statement.

Personnel costs	1,299	1,446	1,440	1,457	1,464	11.2%	12.7%
General expenses	4,954	4,880	5,029	5,848	6,142	46.8%	24.0%
Interest expenses	1,719	1,450	1,613	1,720	2,175	16.6%	26.5%
Expenses related to doubtful accounts	2,870	3,369	3,526	1,784	3,347	25.5%	16.6%
Interest repayment expenses	0	0	0	0	0	-	-
Cash-out	0	0	0	0	0	-	-
Write-off of principals	0	0	0	0	0	-	-
<b>Total Operating expenses</b>	<b>10,843</b>	<b>11,146</b>	<b>11,609</b>	<b>10,811</b>	<b>13,129</b>	<b>100.0%</b>	<b>21.1%</b>
<b>Operating Profit</b>	<b>3,255</b>	<b>2,798</b>	<b>2,538</b>	<b>3,816</b>	<b>1,142</b>	<b>-</b>	<b>-64.9%</b>



# Rakuten KC Transaction Volume and Number of Cardholders



## Composition of Transaction Volume

(Million Yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1		
					Results	% of total	YoY change
<b>General services</b>	<b>105,487</b>	<b>116,245</b>	<b>124,414</b>	<b>139,863</b>	140,415	85.4%	33.1%
Card shopping	104,208	115,312	123,720	139,280	139,859	85.1%	34.2%
Others	1,279	932	693	583	555	0.3%	- 56.6%
<b>Financing</b>	<b>25,377</b>	<b>23,606</b>	<b>23,262</b>	<b>22,231</b>	21,147	12.9%	- 16.7%
Card cash advances	17,171	16,235	16,058	15,434	14,782	9.0%	- 13.9%
Loan card	8,206	7,371	7,203	6,796	6,364	3.9%	- 22.4%
<b>Installment</b>	<b>15</b>	<b>14</b>	<b>9</b>	<b>12</b>	11	0.0%	- 26.7%
<b>Credit guarantee</b>	<b>1,008</b>	<b>962</b>	<b>1,339</b>	<b>2,138</b>	1,189	0.7%	18.0%
<b>Others</b>	<b>1,752</b>	<b>1,697</b>	<b>1,723</b>	<b>1,397</b>	1,677	1.0%	- 4.3%
<b>Total transaction volume</b>	<b>133,641</b>	<b>142,525</b>	<b>150,749</b>	<b>165,642</b>	164,440	100.0%	23.0%

## Number of Valid Cardholders

(Thousand Persons)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1	
					Results	YoY change
Credit card	3,130	3,260	3,440	3,690	3,850	23.0%
Loan Card	420	410	400	390	380	-9.5%

## Balance of Loan Receivables

(Million Yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1		
					Results	% of total	YoY change
General services	70,112	77,947	82,123	96,038	97,522	27.5%	39.1%
Card shopping	66,033	74,604	79,459	93,884	95,755	27.0%	45.0%
Card shopping revolving payments	22,661	27,238	32,789	38,981	44,067	12.4%	94.5%
Others	4,079	3,342	2,663	2,154	1,767	0.5%	-56.7%
Financing	243,267	235,244	228,565	220,676	211,111	59.6%	-13.2%
Card cash advances	111,503	107,524	104,036	98,862	95,546	27.0%	-14.3%
(Securitized, off-balance)	(88,493)	(84,967)	(82,153)	(78,227)	(48,804)	13.8%	-44.8%
Loan card	94,023	89,414	85,163	80,359	76,353	21.5%	-18.8%
(Securitized, off-balance)	(75,271)	(70,804)	(29,076)	(27,859)	(27,912)	7.9%	-62.9%
(Securitized, on-balance)	(0)	(0)	(0)	(0)	(26,906)	7.6%	—
Others	37,741	38,305	39,365	41,453	39,210	11.1%	3.9%
Installment	1,315	1,280	1,264	1,225	1,193	0.3%	-9.3%
Credit guarantee	44,457	42,579	41,340	39,821	38,613	10.9%	-13.1%
(Off-balance guarantees)	(40,094)	(38,542)	(37,569)	(36,270)	(35,276)	10.0%	-12.0%
Other (Off-balance)	12,773	10,695	8,850	7,247	5,895	1.7%	-53.8%
Total balance (Include off-balance)	371,927	367,747	362,144	365,009	354,336	100.0%	-4.7%
Total balance (On balance)	155,294	162,737	204,495	215,403	236,447	66.7%	52.3%

## Carried over Amount of Uncollected Loans

- Efforts of collecting loan receivables at an earlier stage has resulted in a dramatic improvement on an year-on-year comparison

(Million Yen)

Aging of Loan Receivables	2008/Q1			2009/Q1			YoY		
	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
<1month into >1 month	5,424	4,482	5,107	4,324	3,952	4,585	-1,100	-530	-522
>1month into >2 months	3,246	2,995	3,079	3,036	2,908	3,115	-210	-87	36
>2 months into >3 months	3,115	2,815	2,717	2,623	2,576	2,548	-492	-239	-169
>3month into >4 months	2,796	2,633	2,509	2,522	2,305	2,324	-274	-328	-185

\*Current month's receivables: Balance of contracts for which requested payment from accounts could not be withdrawn. If unchanged after one month, this balance becomes Receivables 1.

# Allowance for Interest Repayments and Allowance for Doubtful Accounts



(Billion Yen)

Item	Comment	08/Mar	08/Jun	08/Sep	08/Dec	09/Mar
Allowance for loss on interest repayments	'Cash-Out' amount associated with interest repayments claims	18.9	17.8	16.5	15.3	13.8
	Write-offs of principal triggered by interest repayment claims	17.0	16.1	15.1	14.0	12.9
	Other allowances for doubtful accounts	25.9	25.1	24.4	22.3	22.0
Allowance for doubtful accounts Total		43.0	41.2	39.5	36.4	34.9
Allowance for loss on interest repayments + Allowance for doubtful accounts		61.9	59.0	56.0	51.7	48.7

Allowances relating to interest repayment claims

**26.8B**

2.6 years worth of annualized losses\*2

## Losses relating to interest repayment claims\*1

(Million Yen)

	08/Q1	08/Q2	08/Q3	08/Q4	09/Q1
Cash-Out	1,079	1,187	1,234	1,209	1,466
Write-offs	944	975	970	1,083	1,091
<b>Total losses relating to interest repayment claims</b>	<b>2,024</b>	<b>2,162</b>	<b>2,204</b>	<b>2,294</b>	<b>2,557</b>

\*1 Any expenses related to interest repayments were not recorded since 08/Q1, because the losses on interest repayments are reconciled with allowances

\*2 Allowances relating to interest repayment claims / losses relating to interest repayment claims in the most recent quarter x 4)

# Rakuten KC

## NPL & Expenses for Doubtful Accounts



(Million Yen)

	07/Sep	07/Dec	08/Mar	08/Jun	08/Sep	08/Dec	09/Mar
Bankrupt		43	21	18	16	15	16
De facto bankrupt		31,058	35,727	37,519	37,810	35,336	35,568
Doubtful		13,740	11,743	11,006	10,639	8,820	8,362
Special attention		7,147	6,991	6,946	6,373	5,464	6,116
Normal		287,979	275,119	271,510	267,521	273,318	266,613
<b>Subtotal</b>		<b>339,967</b>	<b>329,601</b>	<b>326,999</b>	<b>322,359</b>	<b>322,953</b>	<b>316,675</b>
Secured		6,520	6,370	6,237	6,091	5,948	5,789
<b>Total</b>		<b>346,487</b>	<b>335,971</b>	<b>333,236</b>	<b>328,450</b>	<b>328,901</b>	<b>322,464</b>
Allowance ratio		12.97%	12.80%	12.39%	12.05%	11.07%	10.85%
Allowance for doubtful accounts*1	33,144	44,933	43,004	41,282	39,583	36,403	34,980
Doubtful account write-off ratio		1.75%	1.43%	1.53%	1.59%	1.51%	1.48%
Expenses for doubtful accounts		17,844	2,871	3,370	3,526	1,784	3,347

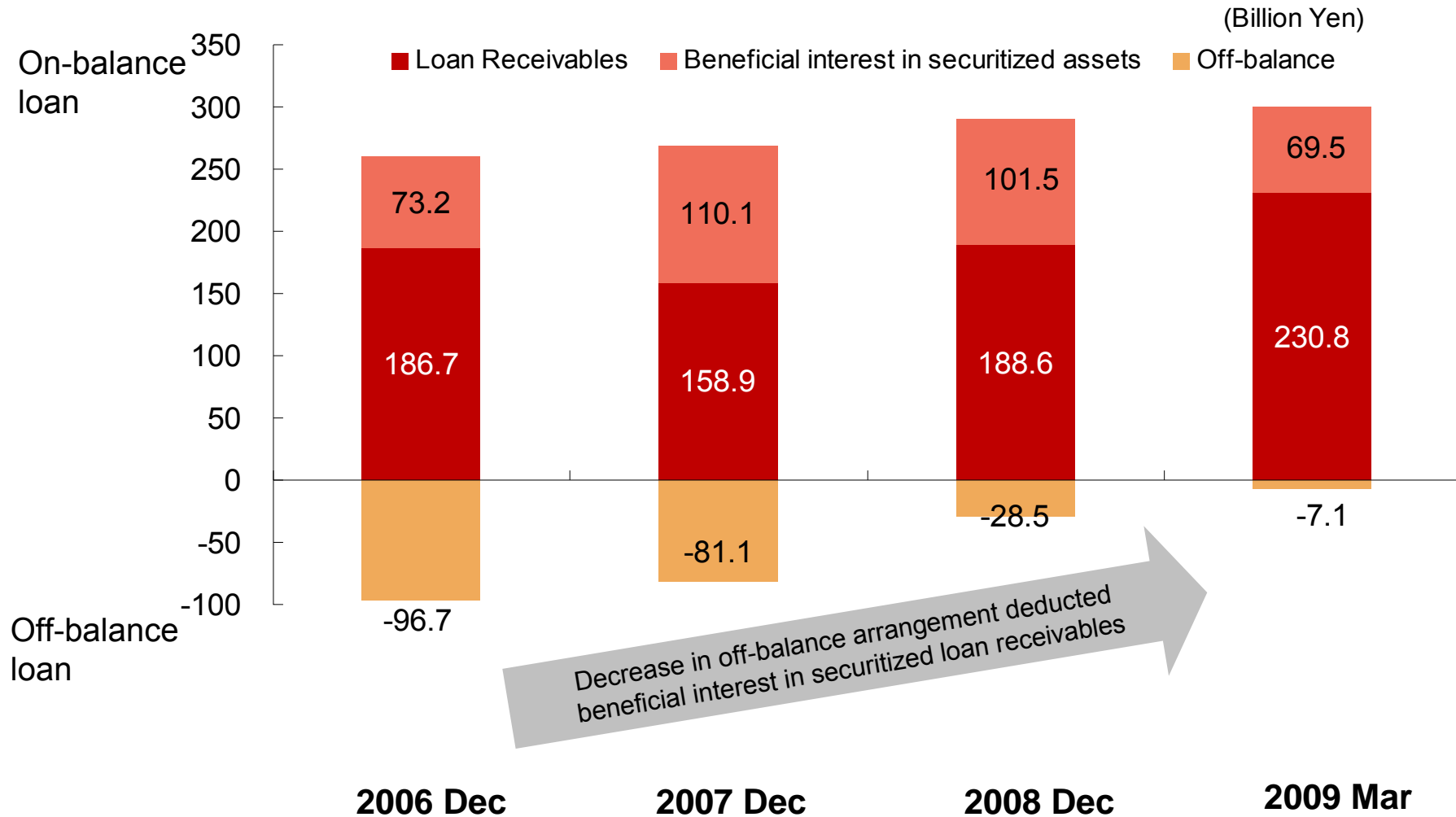
\*1: Allowance for doubtful accounts including allowance for write-offs of principal triggered by interest repayment claims of 12.9 billion yen

# Rakuten Group Securitized Asset Trend (Consolidated )



## ■ Net off-balanced loans\* by securitization decreased at Rakuten KC and Rakuten Credit, minor impact on future operating activities

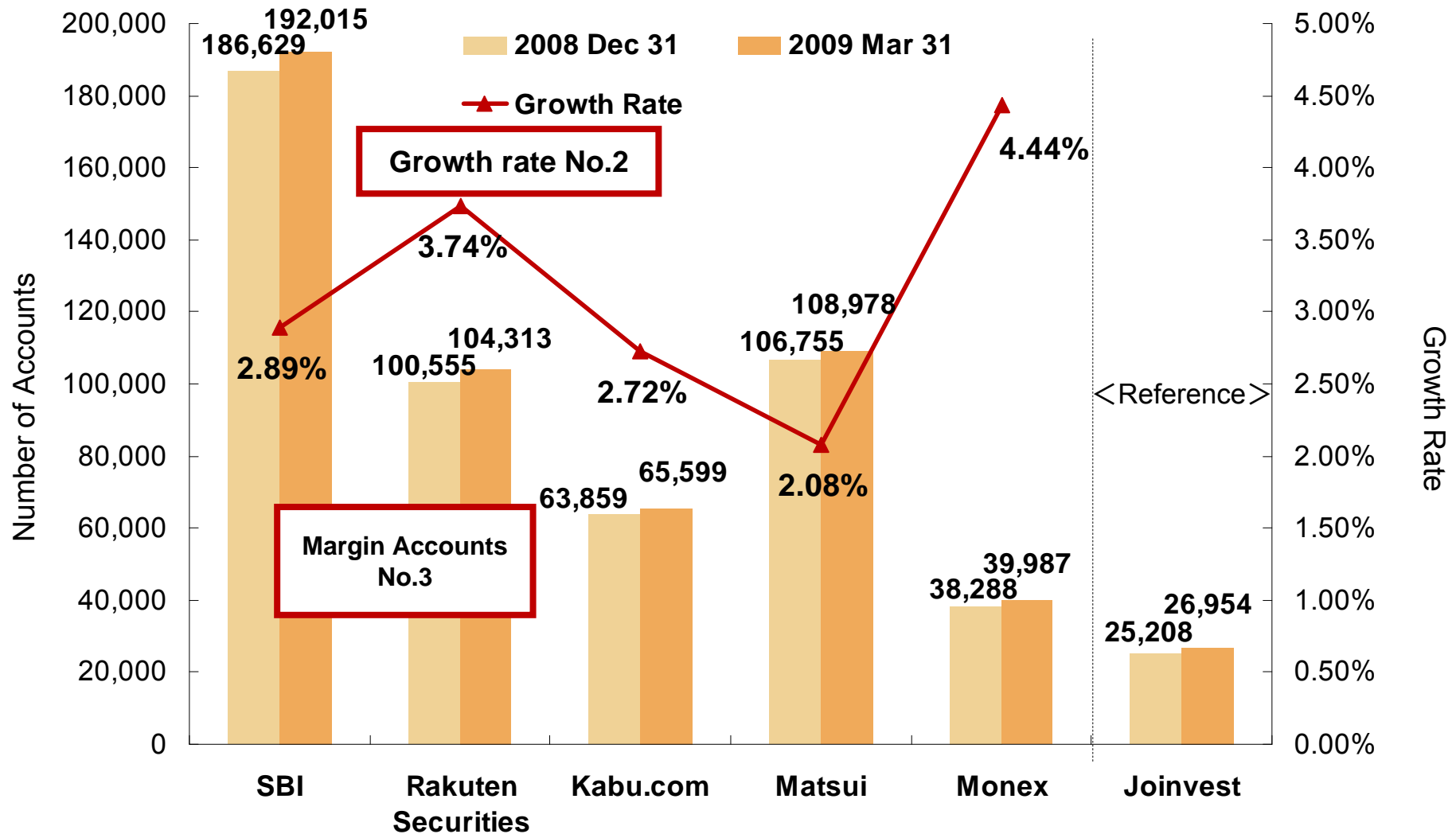
\*Off balance loan by securitization deducted beneficial interests in those assets



# Rakuten Securities: Number of Margin Accounts

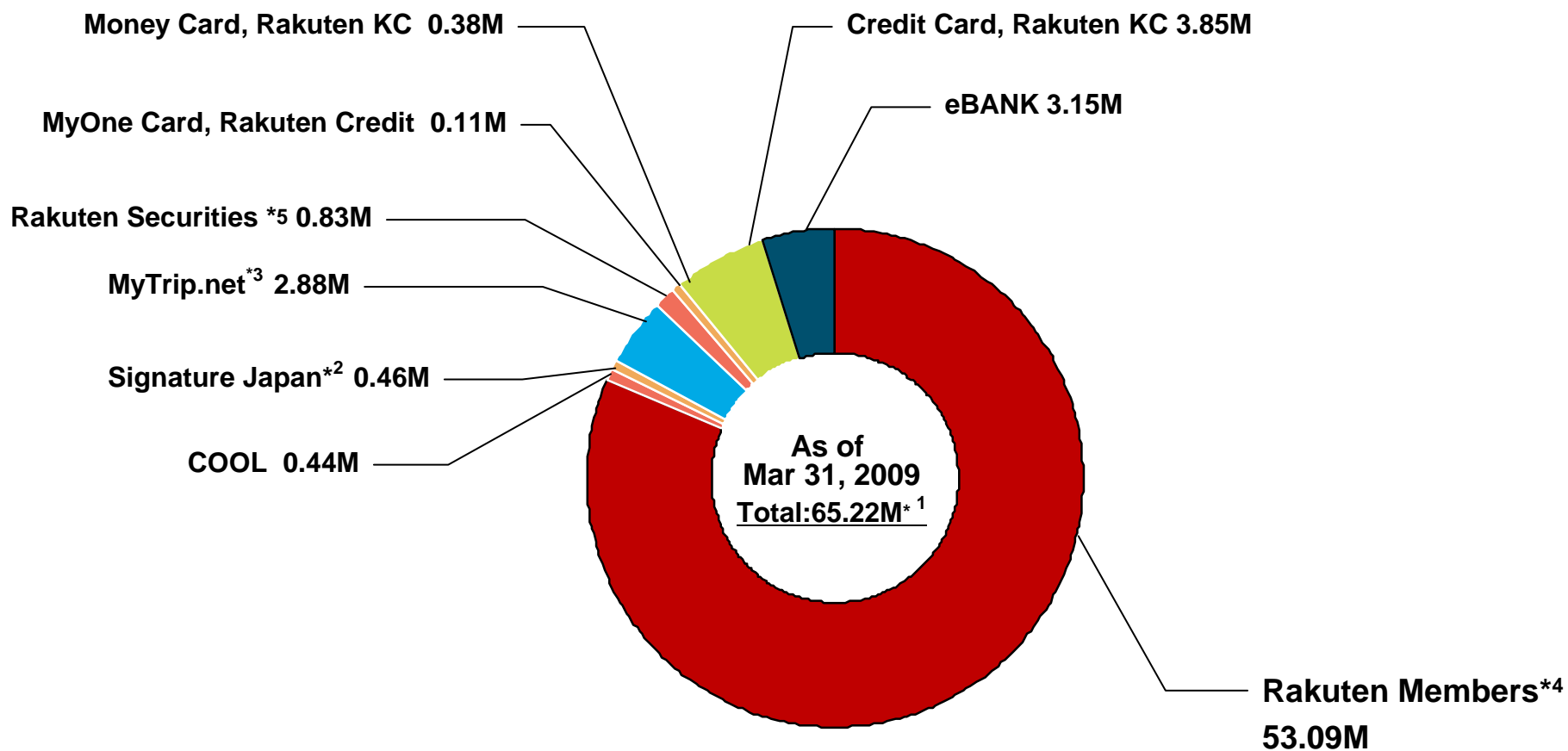


## Major 5 Online Securities Comparison



\* Source: Based on information on companies' websites

# Group Membership



\*1 Figures include members using duplicate services  
Financial related business included since FY06 Q4  
\*2 Automatically registrant card members excluded  
\*3 MyTrip.net members exclude members converted into Rakuten ID  
\*4 Ynot members converted into Rakuten ID in July 2007  
\*5 Some non-active accounts were closed at June 30<sup>th</sup>, 2008



