Rakuten Group
Federation Strategy

June 30, 2010
Rakuten, Inc.

This presentation includes forward-looking statements relating to our future plans, targets, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management targets included in this presentation are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management strive to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its targets. The Company is under no obligation – and expressly disclaims any such obligation – to update or alter its forward-looking statements.

To become No.1 Internet Service Company in the World

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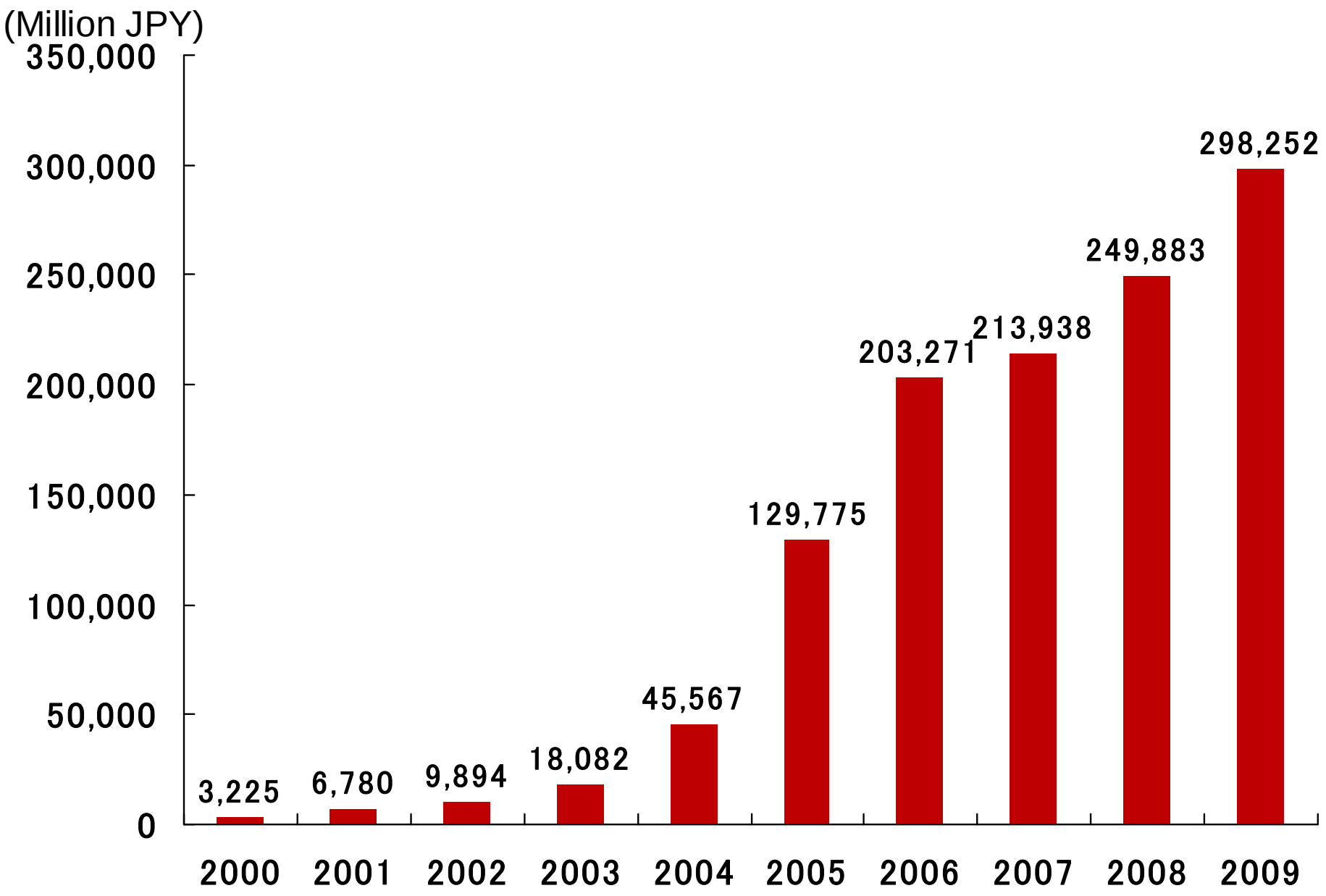
Rakuten Group Consolidated Sales



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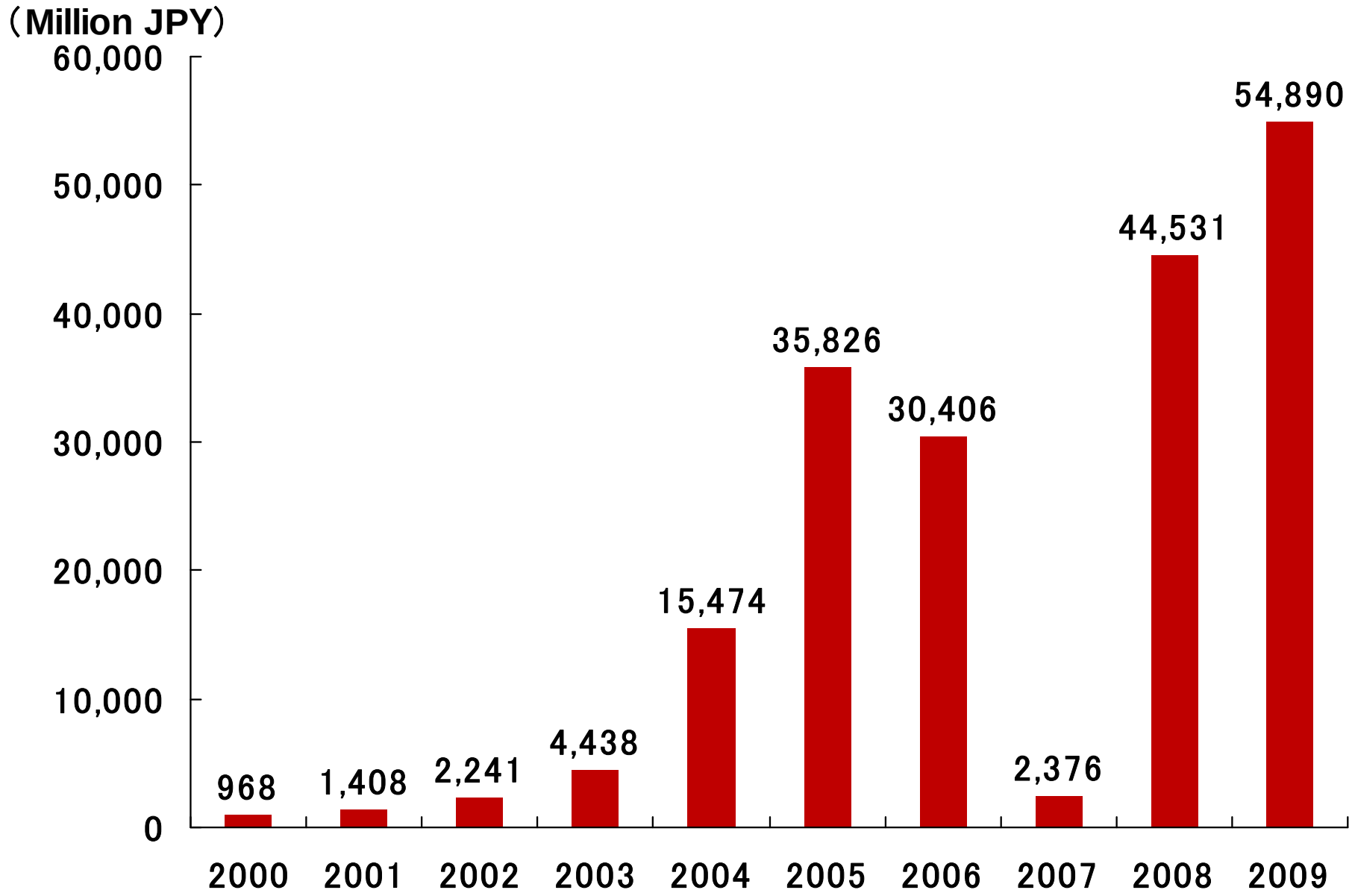
Rakuten Group Consolidated Operating Profit



※The fiscal 2007 operating income includes a one-time expense of ¥24.5 billion due to additional provisions for allowances relating to interest repayment claims at Rakuten KC Co., Ltd.

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Rakuten's Competitive Position in Japan

Rakuten

E-Commerce

1	Rakuten Ichiba
2	Amazon
3	Yahoo! Shopping
4	-
5	-

Online Travel

1	Rakuten Travel
2	Jalan.net
3	Ikyu.com
4	Nippon Travel Agency
5	-

Online Securities

1	SBI Securities
2	Rakuten Securities
3	Matsui Securities
4	MONEX BEANS
5	Kabu.com

Online Books & Media Store

1	Amazon
2	Rakuten Books / Ichiba
3	7 and Y

Online Banking

1	Rakuten Bank
2	Japan Net Banking
3	Sony Banking
4	SBI Banking

Electronic-Money

1	Edy(Rakuten)
2	Suica(JR East)
3	Pasmo

Affiliate Marketing

1	LSJ (+ Traffic Gate)
2	DeNA
3	A8.net

Search Toolbar

1	Rakuten Toolbar
2	Yahoo
3	Google

Online Golf Reservation

1	Rakuten (GORA)
2	GDO
3	E*GOLF

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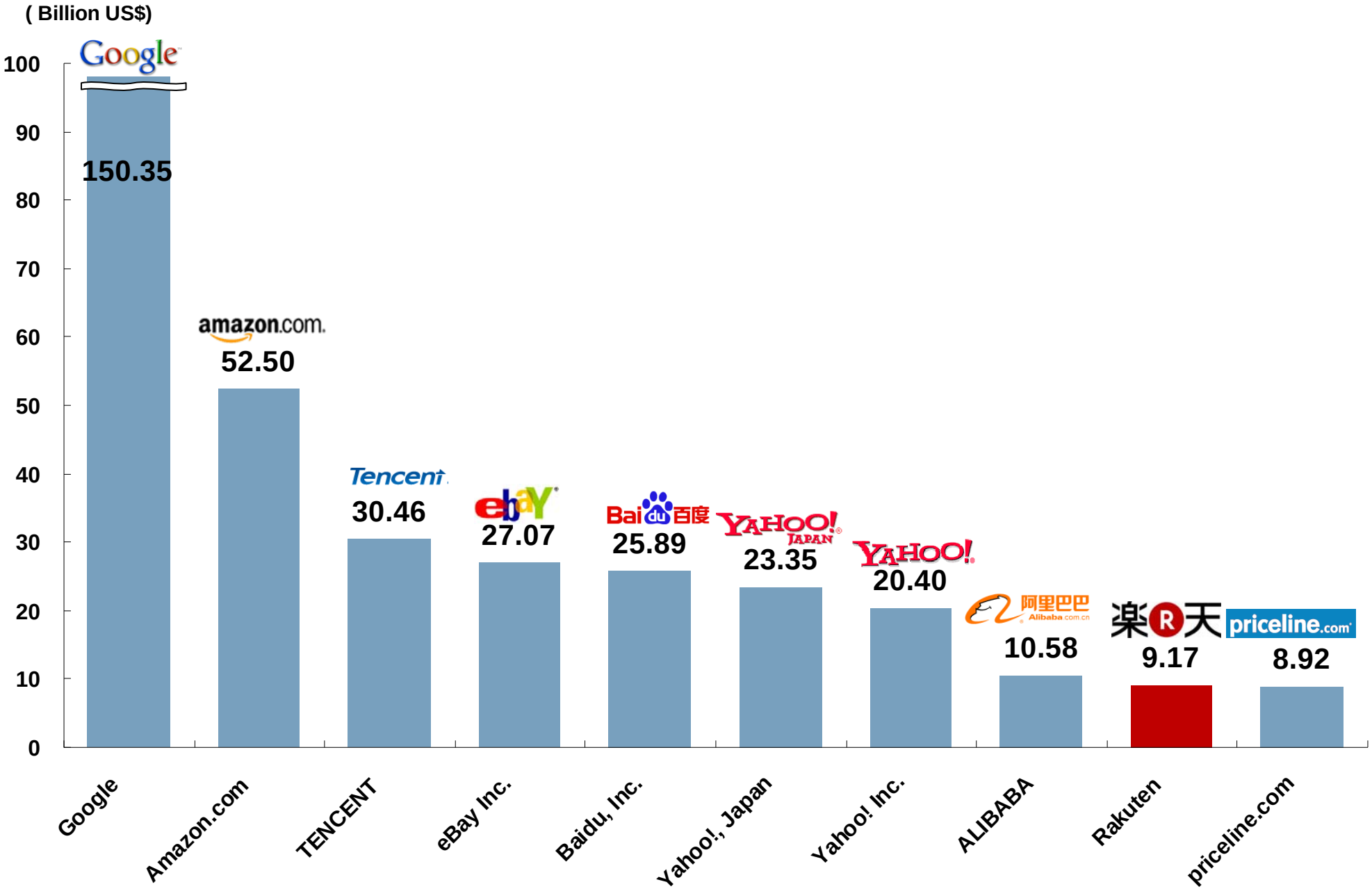
Global Internet Company Market Capitalization Ranking



Stock price as of June 28, 2010 US$1=¥88.8 US$1=HK$7.783

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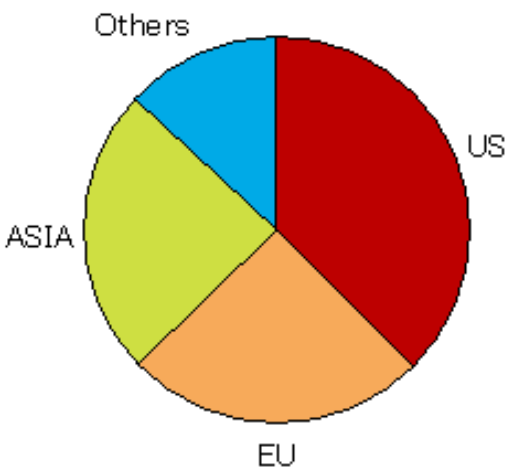
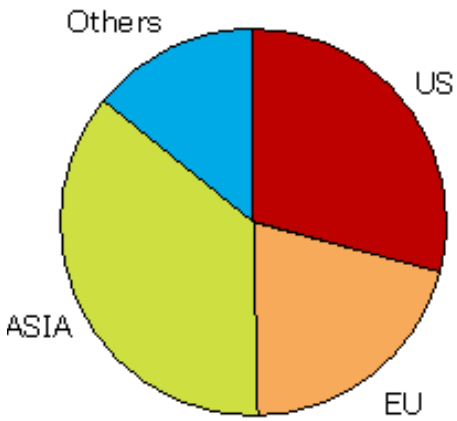
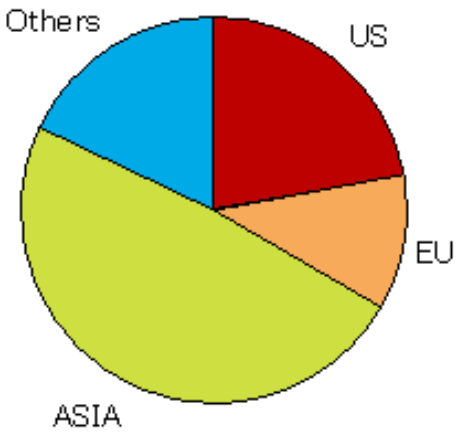
Forecast: Global GDP Share by Region

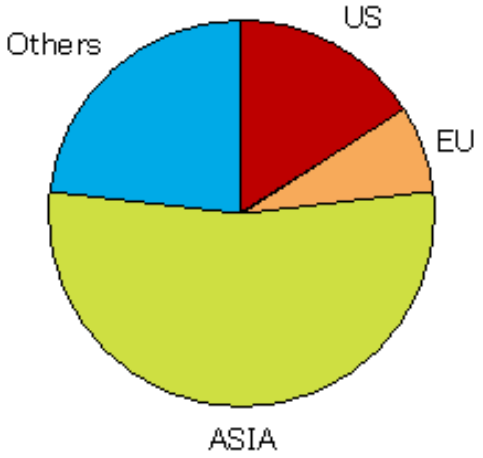
The global GDP share of Asia is forecasted to grow from 24% in 2006 to 53% in 2050

2006	2020	2035	2050
Japan 12%	Japan 8%	Japan 5%	Japan 3%









$48T → **$155T**

Data Source: More Than An Acronym (March 2007), Goldman Sachs

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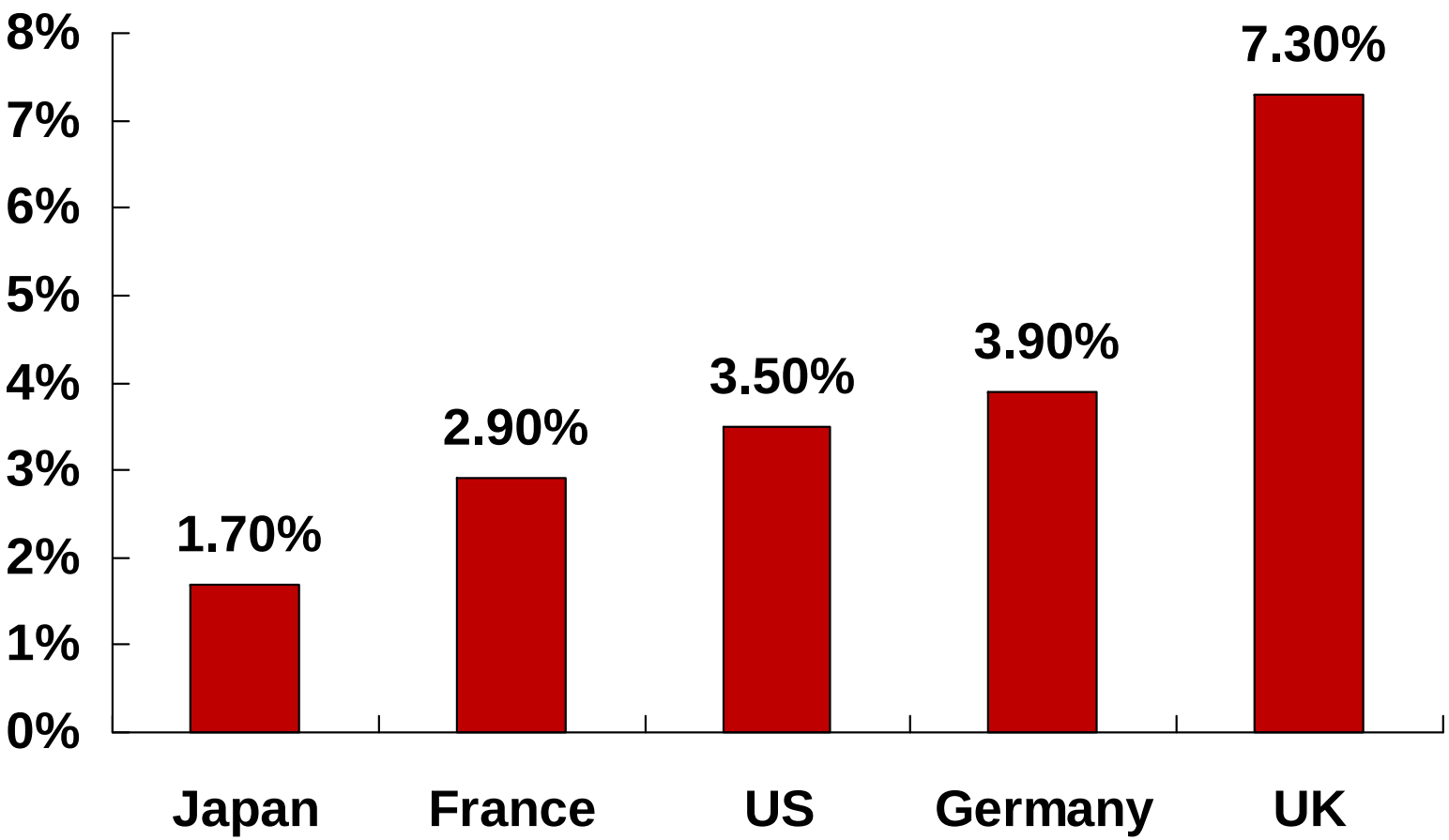
E-commerce Penetration Rate Comparison



•Online retail, excluding online services

Source

Japan, : “Study of e-commerce market for FY2008” by Ministry of Economics, Trade and Industry, Japan

U.S. Retail market: “Estimates of Monthly Retail and Food Services Sales by Kind of Business: 2009” by U.S. Commerce Department

U.S. E-commerce market : “U.S. E-Commerce Spending in Q4 2009” by comScore

U.K., Germany and France : EuroMoniter International (estimation for 2009)

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Future Plan:
Goal of 27 countries, 20 trillion yen, 70%

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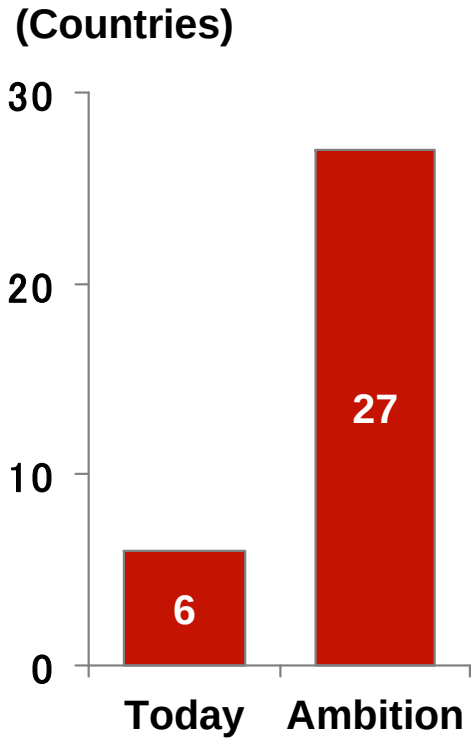
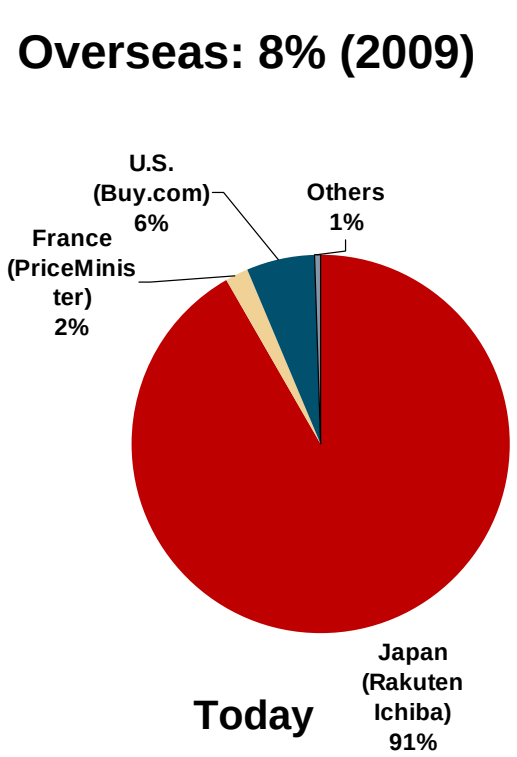
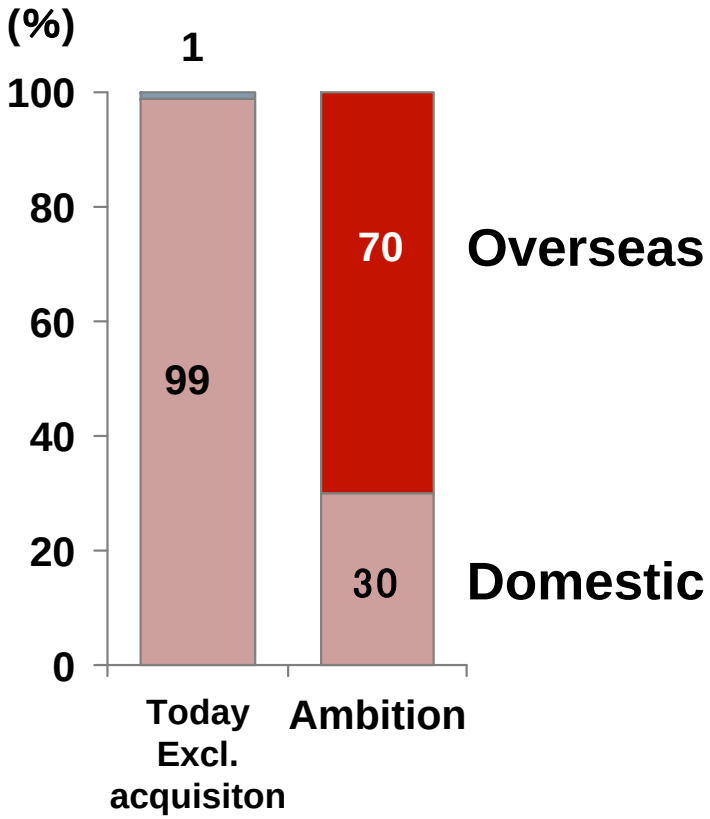
Operating Countries



GMS (BtoC EC)



% of GTV from Overseas



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Three Strategic Directions

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1. Omni-directional Expansion → Set up businesses in each region

- ✓ Prioritize entry regions and countries
- ✓ SPEED, SPEED, SPEED

2. Regional Head Office → Expansion within each region

- ✓ Regional Head Office: First footprint → Entry into surrounding countries

3. Rakuten Ichiba → Other business segments

- ✓ First Rakuten Ichiba, then expand to Rakuten Travel, financial services and others

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New Strategic Options

Rakuten

Deploy three different models according to each region's/country's situation

楽天

BtoBtoC Model
- Shop training, regional contribution model

PRICEMINISTER
l'Achat - Vente Garanti

Safety/Security CtoC Model
- Escrow, fake product compensation

→ Effective for growth markets, transactions between individuals

+

Buy.com

First-Party Sales
- Seller guaranteed product quality

→ Effective for emerging markets

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Current Global Presence of Rakuten Group

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- Shopping mall business
- Travel business
- Performance marketing business

Shopping mall business

楽天 ICHIBA — Taiwan･･･Taipei

Buy.com — US･･･California

TARAD.com — Thailand･･･Bangkok

Indonesia･･･Jakarta

乐酷天 Rakuten & Baidu 百度 — China･･･Beijing

PRICEMINISTER l'Achat - Vente Garanti — France･･･Paris

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Global BtoC EC Market

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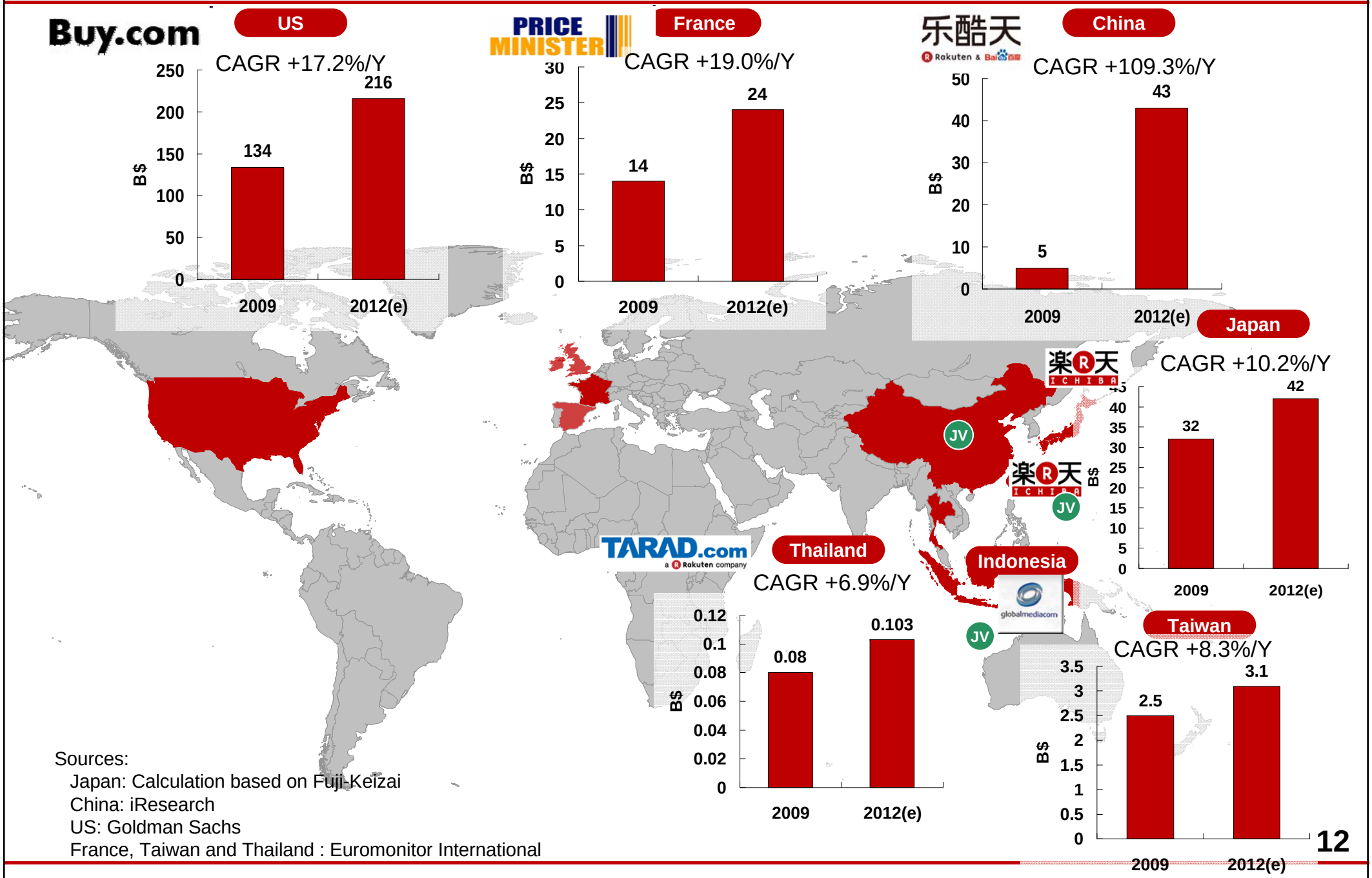

Sources:
Japan: Calculation based on Fuji-Keizai
China: iResearch
US: Goldman Sachs
France, Taiwan and Thailand : Euromonitor International

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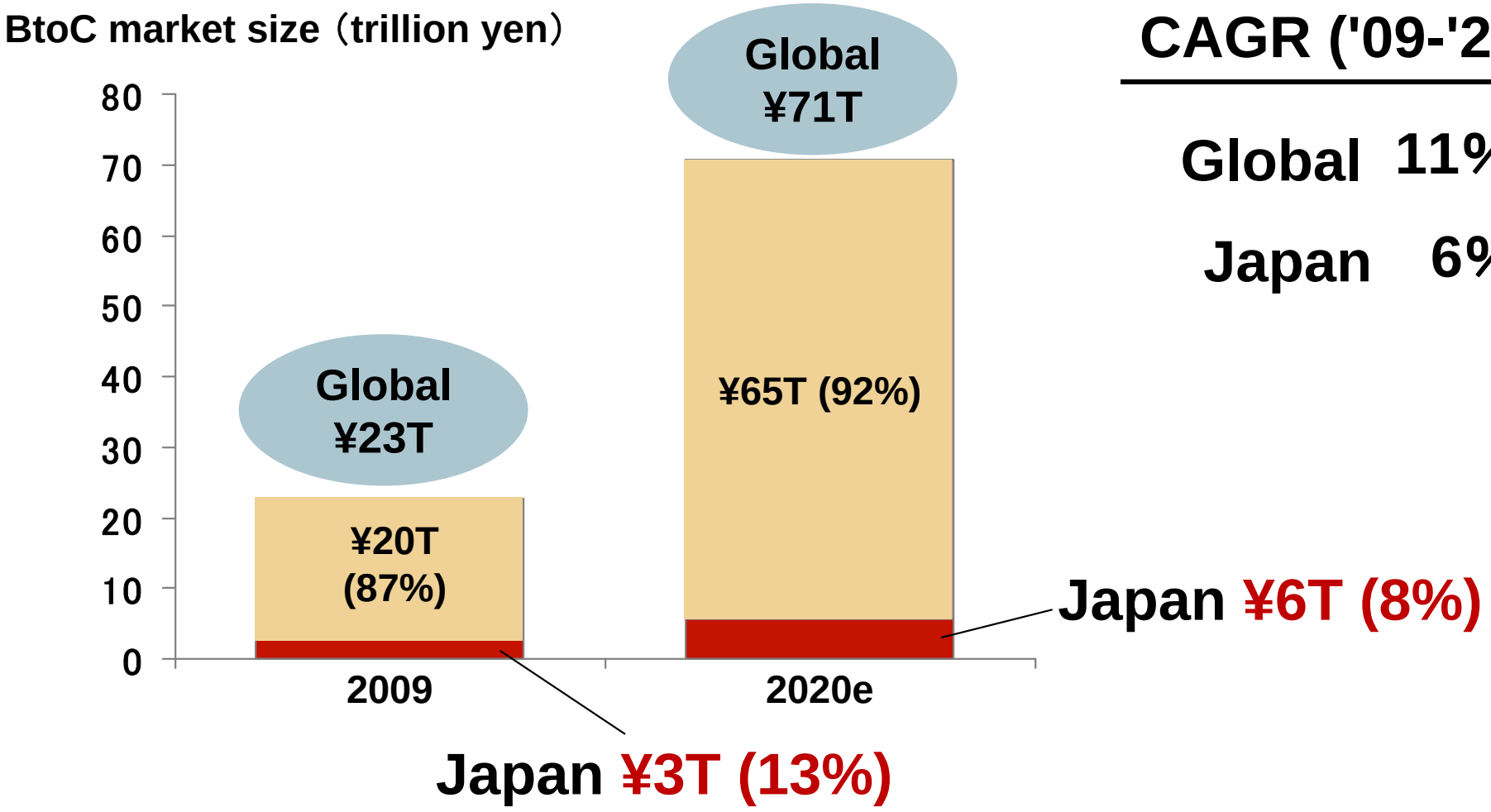
Growth of Global BtoC Market



CAGR ('09-'20e)

Global 11%/Year

Japan 6%/Year

Source: Euromonitor International

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Entry into Europe

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Convert French No.1 EC site PriceMinister S.A. into a wholly-owned subsidiary

楽R天 + PRICEMINISTER l'Achat - Vente Garanti

- Decision to enter the French EC market, which is experiencing one of the highest growth rates in the European region
- Acquire 100% of shares of France's No.1 EC site "PriceMinister" (scheduled)
- Leverage France business to strengthen the operation in UK and Spain and to expand into other European countries
- Key metrics: 12MM members and 21,000 merchants

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PriceMinister joins Rakuten

No.1 marketplace operator in France

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Entry into US

Rakuten

Convert a leading US shopping site Buy.com into a wholly-owned subsidiary

楽天 + Buy.com

- Full-scale entry into the US EC market
- Acquire 100% of shares of major US EC site “Buy.com” (scheduled)
- Combination of first party sales model and marketplace model
- Entering into a new growth stage by strengthening the marketplace business
- Key metrics: 14MM members

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Buy.com joins Rakuten

One of the largest marketplace operators in the US

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Entry into China

Rakuten

Establishment of JV with China's largest search engine company "Baidu" to enter the Chinese BtoC EC market

楽天 ▶ 乐酷天 Rakuten & Baidu 百度 ◀ Baidu 百度

- Combine the marketing power of "Baidu.com" and the technology and operational expertise of "Rakuten Ichiba"
- Strive toward being the No.1 Internet shopping mall in China
- Shareholding: Rakuten 51%, Baidu 49%; Rakuten dispatches CEO
- Service launch planned for second half of 2010, connection with Rakuten Ichiba in Japan under consideration

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JV RakuBai incorporated

Mikitani and Baidu CEO Robin Li

乐酷天

Rakuten & Baidu 百度

URL : www.rakuten.com.cn

乐 (Le)	= Happy（楽）
酷 (Ku)	= Cool
天 (Tian)	= Day

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Entry into Taiwan

Rakuten

Establishment of JV with Service Conglomerate Company PCSC

楽天 ▶ 楽天 ICHIBA ◀ 统一企業

- Selected the growing Taiwanese market for the first EC expansion
- JV with Taiwan's No.1 retail company "PCSC", with Rakuten holding 51% and PCSC 49%
- Launched Rakuten Ichiba Taiwan in May 2008 and achieved six times GMS growth YoY in Q1 of 2009
- Currently, Taiwan Rakuten Ichiba is No.2 in terms of unique users. Cross-border transactions will be strengthened

※PCSC: President Chain Store Corporation

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Rakuten Ichiba Taiwan

Growing Steadily

Press Conference in Taiwan

Rakuten Ichiba Taiwan Conference

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Entry into Thailand

Rakuten

Entered the Thai EC market by investing in Thai's No. 1 Internet shopping site

楽天 + TARAD.com a Rakuten company

- Broke into the ASEAN region with the entry into Thailand
- Acquired 67% of Thailand's No.1 Internet shopping site "Tarad.com"
- Key metrics: 160,000 merchants, 1.4MM products, 2MM members
- Transferred know-how and culture of "Rakuten Ichiba" and launched "Premium mall" in February 2010

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Entry into Indonesia

Rakuten

Agreed to establish JV with Indonesia's No.1 media company Global Mediacom

※logo under consideration

- Second move into the ASEAN region by entering Indonesia, which has the largest population in the region and a promising growth outlook
- JV with Indonesia's No.1 multimedia company "Global Mediacom" (GMC), with Rakuten holding 51% and GMC 49%
- Convert the audience of Global Mediacom's TV, radio, newspaper and magazines into our Internet users
- Plan to launch service in the second half of 2010 and to develop Indonesia's EC market

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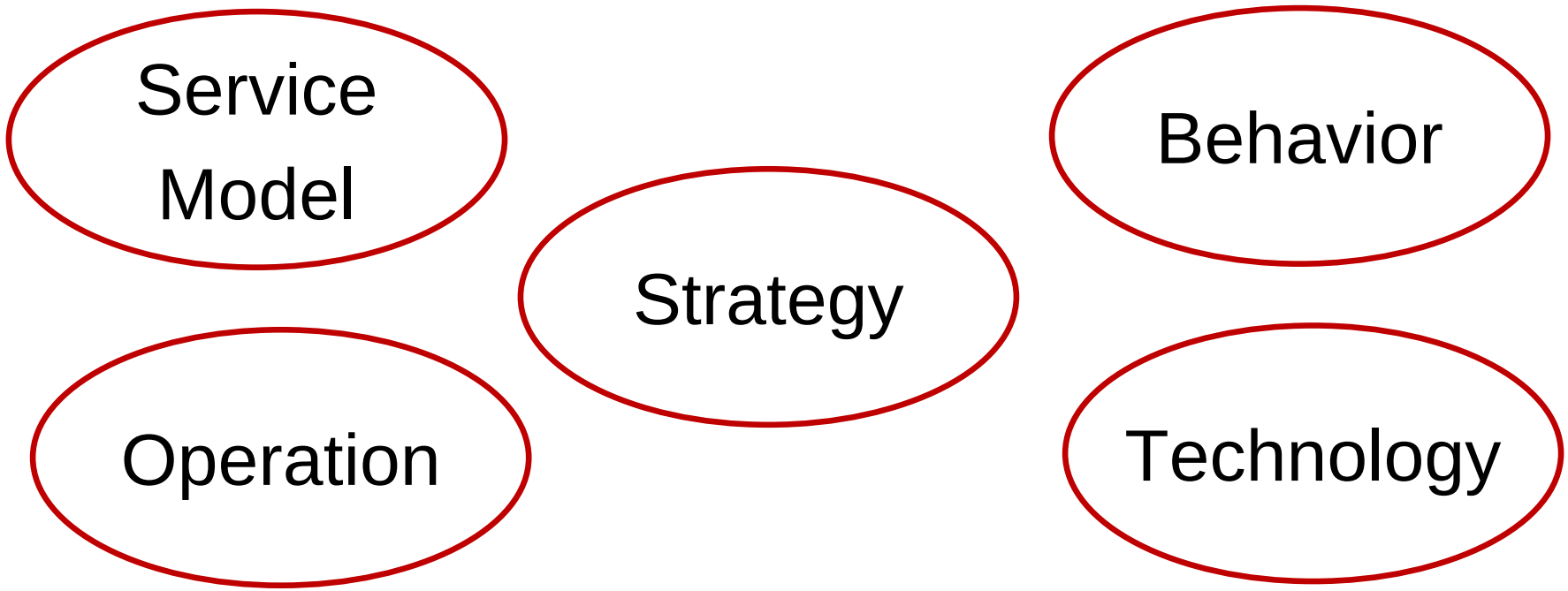

Rakuten Shugi

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Rakuten's Success model

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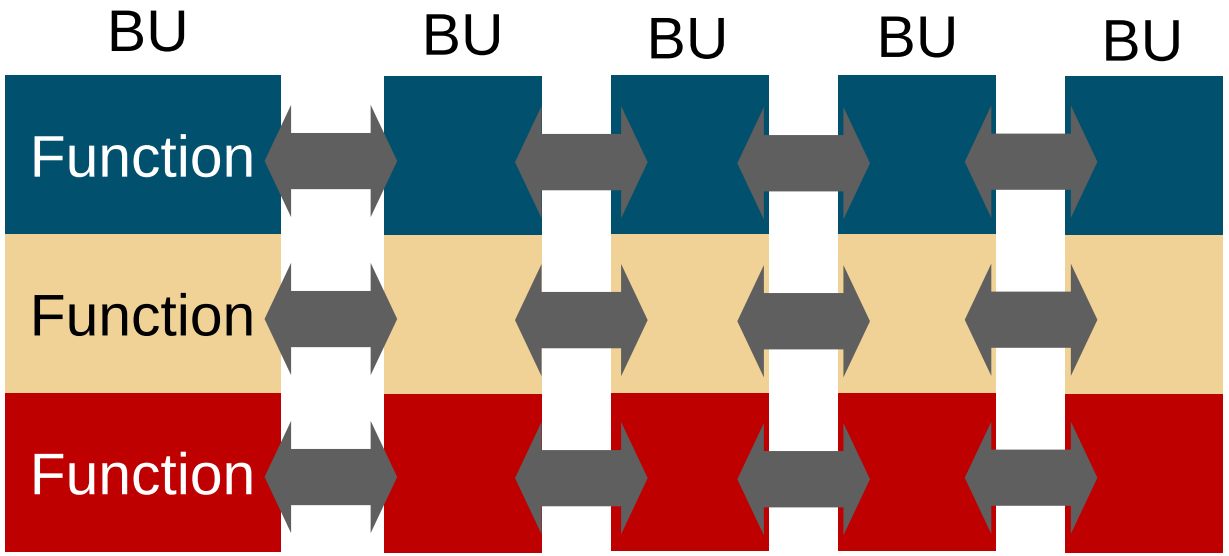
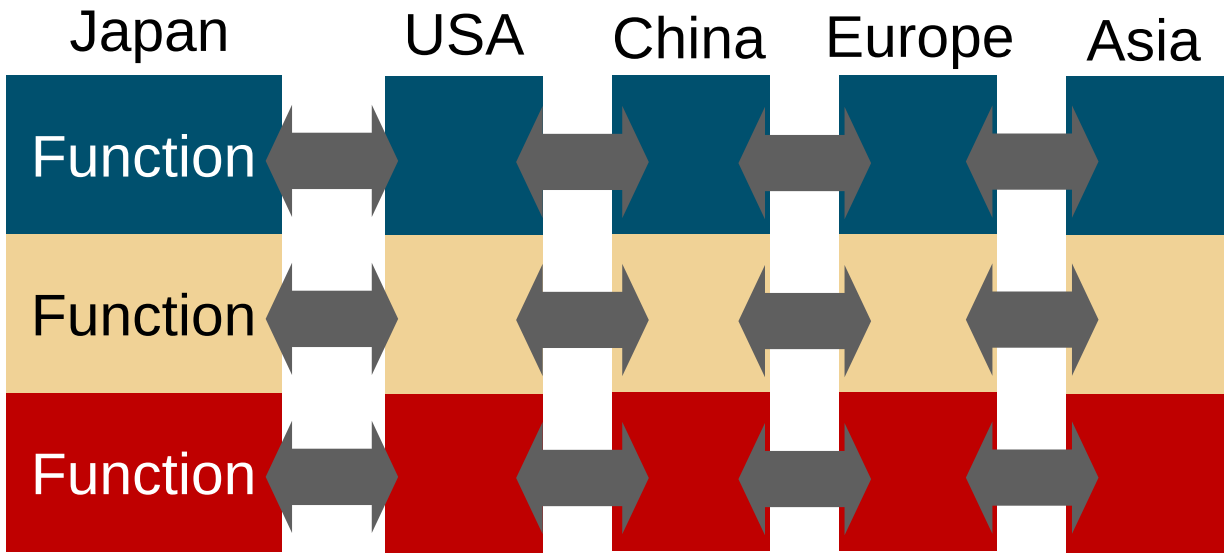
Domestic

Transfer Know-how
Between BUs



International

Transfer Know-how
Between Countries



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English-nization Points

- Employees need to be able to communicate in English by the end of 2012
- Exceed the internationalization efforts of fast growing global companies
- Internationalize HR
- Internationalize system development

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Common Language: English + Program

Rakuten

1. All Board Meetings in English
2. All Senior Mgmt Meetings in English
3. Weekly Company-wide Monday Meetings in English
4. Internal documents written in English (step-by-step approach)

⋮

Program Posters all over the HQ

English will be the 1st Common Language in Rakuten Group by 2012

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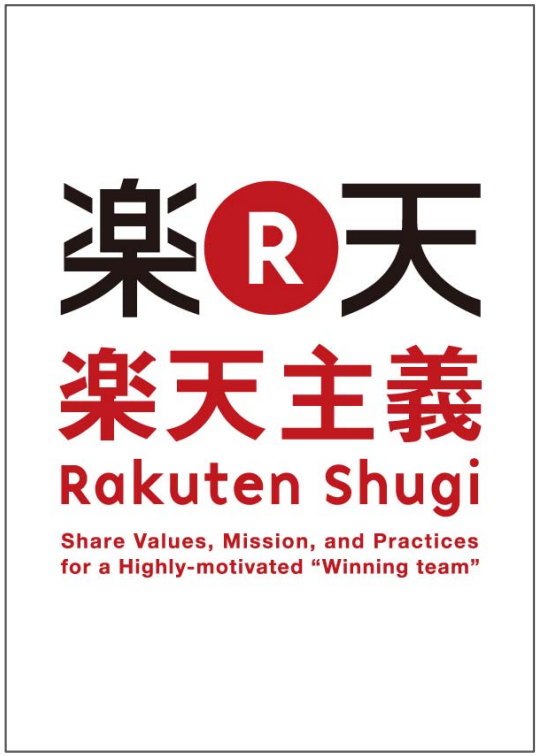
Strict Adoption of Rakuten Shugi

- **Sharing Rakuten's corporate values (Brand Concept, Five Principles for Success)**
- **Fostering venture mind and "Get-things-done" mindset of employees**

【 Japanese 】

【 Chinese 】

【 English 】



※Traditional Chinese

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Materialize Global HR Management

Rakuten

1. Develop & Acquire Seasoned Executives

- ✓ Acquire talented staffs also through M&A
- ✓ Retain them with strategic and competitive compensation packages
- ✓ Dispatch middle management to implement Rakuten Shugi and transfer Rakuten DNA

2. Recruiting Local Young Talents

- ✓ Global HR Team physically visit overseas for recruiting
- ✓ HR recruit three times more top talents locally in China & India
- ✓ Headhunt local young talents for the next generation management
- ✓ Plan to hire 68 foreign graduates, that is equivalent to around 20% of total number of new graduates recruitment in 2011

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