

## Closure of e-commerce service through Lekutian in China

Rakuten, Inc. ('Rakuten'), at a Board of Directors meeting held today, passed a resolution to end e-commerce services under the 'Lekutian' name held in partnership with Baidu, Inc. ('Baidu') in China. The details are as follows.

### **1. Reasoning and background to Lekutian service closure**

As referenced in our press release dated January 27, 2010: "Expansion into E-Commerce Business in China under a joint venture between Rakuten and Baidu", we established a joint venture with Baidu, the top Chinese language Internet search provider. In October 2010, Rakuten and Baidu launched an Internet shopping mall for the Chinese domestic market under the 'Lekutian' name.

However, in the face of intensified competition in the Chinese e-commerce industry, Lekutian did not perform in line with our expectations. Following careful deliberation, both Rakuten and Baidu determined that closing Lekutian was in the best interest of all stakeholders.

### **2. Timing of Lekutian service closure**

'Lekutian' will close e-commerce services by the end of May 2012 (planned).

### **3. Future Prospects**

As part of the closure of e-commerce service through Lekutian in China, Rakuten will account for fixed and other assets, and subsidiary shares in our Q1 2012 accounts. We believe this will have a negligible impact on our financial performance, as the level of cumulative investment was ultimately less than what was originally planned.

This decision does not affect Rakuten Group companies operating in China, including travel-related services 'Tabimado', 'www.etpass.com' and other local travel reservation sites, as well as Rakuten Network Science and Technology Co., Ltd, our development center in Beijing. In line with Rakuten's global strategy, the company will continue to evaluate e-commerce opportunities in China that map to its plans for aggressive growth.

Rakuten, Inc. and its group companies do not disclose earnings forecasts as its business operations include Internet services businesses characterized by high uncertainty, and financial-related businesses such as securities businesses whose results heavily depend on highly volatile markets.