

September 9, 2014

Company name Rakuten, Inc.  
Representative Hiroshi Mikitani  
Chairman and CEO  
(Stock Code: 4755  
Tokyo Stock Exchange First Section)

## Announcement of 100% Acquisition of Ebates Inc.

At a Board of Directors meeting held today, Rakuten, Inc. (hereinafter the “Company”) resolved to acquire Ebates Inc. (hereinafter “Ebates”), provider of the leading membership-based online cash-back site in the US. The Company will acquire Ebates for a total consideration of \$1 billion in cash, and will hold 100% of Ebates outstanding voting stock.

### 1. Purpose of acquisition

Ebates, founded in 1999, is a pioneer and major provider of a membership-based online cash-back site and offers a robust platform that drives e-Commerce for retailers. Ebates has over 2,600 enterprises across a variety of retail formats and product genres in its network, including major e-Commerce sites, other retailers with significant e-Commerce operations, and online travel agencies. It also has 2.5 million loyal active members with increasing shopping activity per member. In FY2013, Ebates generated \$2.2 billion of gross merchandise value (GMV), net revenue of \$167.4 million, and operating income of \$13.7 million.

Since the acquisition of LinkShare in 2005, Rakuten Group has successfully expanded businesses in e-Commerce, advertising and related areas through long-standing mutual respect with Ebates. It is a natural fit for the Company to acquire a key player like Ebates, in order to develop a unique and innovative e-Commerce platform, by integrating our existing business assets and technologies of the Rakuten Group with Ebates.

Since its foundation, the Company has developed a B2B2C online shopping mall together with our merchants under the concept of “Empowerment”. Our business is membership-based, and members are able to enjoy a range of services including e-Commerce, travel, digital content, and financial services, through common log-in IDs and the Rakuten Super Points program which forms the core of our “Rakuten Ecosystem”. With participation of Ebates, Rakuten Group aims to create the world’s largest product line-up ranging from niche to luxury products, and to allow consumers to enjoy points rewards and cash-back upon purchase of products over various partner sites through Ebates.

The Company believes in the affinity of a membership business between Ebates and Rakuten’s business model. The combination of the two companies will give birth to an attractive and innovative membership-based marketplace for consumers featuring a point program at the core. Through this acquisition, we aim to jump ahead with our global e-Commerce strategy and lead the global e-Commerce industry.

## 2. Overview of Ebates

(1)	Name	Ebates Inc.		
(2)	Address	160 Spear Street, Suite 1900, San Francisco, California 94105 United States		
(3)	Name and title of representative	Kevin H. Johnson, CEO		
(4)	Nature of business	e-Commerce related services		
(5)	Capital stock	US\$ 76,219 thousand as of December 31, 2013		
(6)	Founded	April 13, 1999		
(7)	Major shareholders and their holdings	August Capital: 27.3% Foundation Capital Management: 26.9% Canaan Partners: 22.3%		
(8)	Relations between Rakuten Group and Ebates	Capital	None	
		Personnel	None	
		Business	LinkShare Corporation, subsidiary of Rakuten, Inc. has a business relationship	
(9)	Ebates consolidated business results and financial position for past three years (Unit thousand US\$ (excluding net assets per share, net income per share, and dividend per share))			
	Fiscal Year	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2013
	Net assets	17,971	66,400	76,890
	Total assets	51,454	115,378	144,676
	Net assets per share (Diluted base)	0.69	2.21	2.37
	Revenues	73,940	121,776	167,389
	Operating income	9,133	13,678	13,668
	Net income	5,069	8,223	7,815
	Net income per share (Diluted base)	0.19	0.27	0.24
	Dividends per share (Diluted base)	0.00	0.00	0.00

### 3. Details of Company Whose Shares will be Acquired

The outline of the major existing shareholders from whom the company will acquire shares is listed below. Before the transaction, the aggregated total ownership of such shareholders is approximately 77%. The acquisition of the remaining ownership by the other existing shareholders including employees of Ebates is planned simultaneously.

#### (1) August Capital

(1) Name	August Capital III, L.P. August Capital V Special Opportunities, L.P.	
(2) Address	2480 Sand Hill Road Suite 101, Menlo Park, CA 94025, United States	
(3) Form of legal establishment	Limited Partnership formed in the State of Delaware, US Limited Partnership formed in the State of Delaware, US	
(4) Purpose of establishment	Venture Capital mainly investing in high-tech industry	
(5) Date of establishment	January, 2000 / December, 2008	
(6) Aggregate capital	Not disclosed due to confidentiality obligations	
(7) Fund members, % of fund, description of members	Not disclosed due to confidentiality obligations	
(8) Description of operating entity	Name	August Capital Management III / V. L.L.C
	Address	California, United States
	Name and title of representative	Not disclosed due to confidentiality obligations
	Business Description	Venture capital investment or management
	Stated capital	Not disclosed due to confidentiality obligations
(9) Description of agent in Japan	No agent in Japan	
(10) Relations between Rakuten Group and the relevant fund	Relations between Rakuten Group and the relevant fund	There is no capital, personnel or business relationship between the Rakuten Group and the fund to be specified
	Relations between Rakuten Group and the executive partner	There is no capital, personnel or business relationship between the Rakuten Group and the executive partner to be specified

(2) Foundation Capital Management

(1) Name	Foundation Capital II, L.P. Foundation Capital II Principals Fund, LLC Foundation Capital II Entrepreneurs Fund, LLC	
(2) Address	250 Middlefield Road, Menlo Park, CA 94025, United States	
(3) Form of legal establishment	Limited Partnership formed in the State of Delaware, US Limited Liability Company formed in the State of Delaware, US Limited Liability Company formed in the State of Delaware, US	
(4) Purpose of establishment	Venture Capital mainly investing in high-tech industry	
(5) Date of establishment	February,1998 / March, 1998 / June, 1998	
(6) Aggregate capital	Not disclosed due to confidentiality obligations	
(7) Fund members, % of fund, description of members	Not disclosed due to confidentiality obligations	
(8) Description of operating entity	Name	Foundation Capital Management Co. II, L.L.C.
	Address	California, United States
	Name and title of representative	Not disclosed due to confidentiality obligations
	Business Description	Venture capital investment or management
	Stated capital	Not disclosed due to confidentiality obligations
(9) Description of agent in Japan	No agent in Japan	
(10) Relations between Rakuten Group and the relevant fund	Relations between Rakuten Group and the relevant fund	There is no capital, personnel or business relationship between the Rakuten Group and the fund to be specified
	Relations between Rakuten Group and the executive partner	There is no capital, personnel or business relationship between the Rakuten Group and the executive partner to be specified

## (3) Canaan Partners

(1) Name	Canaan Equity II L.P. Canaan Equity II L.P. (QP) Canaan Equity II Entrepreneurs LLC Canaan VIII L.P.	
(2) Address	2765 Sand Hill Road, Menlo Park, CA 94025, United States	
(3) Form of legal establishment	Limited Partnership formed in the State of Delaware, US Limited Partnership formed in the State of Delaware, US Limited Liability Company formed in the State of Delaware, US Limited Partnership formed in the State of Delaware, US	
(4) Purpose of establishment	Venture capital mainly investing in high-tech and healthcare industries	
(5) Date of establishment	October, 1999 / October, 1999 / October, 1999 / December, 2007	
(6) Aggregate capital	Not disclosed due to confidentiality obligations	
(7) Fund members, % of fund, description of members	Not disclosed due to confidentiality obligations	
(8) Description of operating entity	Name	Canaan Equity Partners II LLC (for Canaan Equity II L.P., Canaan Equity II L.P. (QP) and Canaan Equity II Entrepreneurs LLC) Canaan Partners VIII LLC (for Canaan VIII L.P.)
	Address	California, United States
	Name and title of representative	Not disclosed due to confidentiality obligations
	Business Description	Venture capital investment or management
	Stated capital	Not disclosed due to confidentiality obligations
(9) Description of agent in Japan	No agent in Japan	
(10) Relations between Rakuten Group and the relevant fund	Relations between Rakuten Group and the relevant fund	There is no capital, personnel or business relationship between the Rakuten Group and the fund to be specified
	Relations between Rakuten Group and the executive partner	There is no capital, personnel or business relationship between the Rakuten Group and the executive partner to be specified

4. Number of Shares to be Acquired, Acquisition Price and State of Share Ownership Before and After Acquisition

(1)	Number of shares held before transfer	0 shares (number of voting rights:0) (voting rights holding ratio:0.0%)
(2)	Number of shares to be acquired	32,852 thousand shares (Acquired shares from existing shareholders, including stock options) (number of voting rights : 32,852 thousand on fully-diluted basis)
(3)	Acquisition price	Total investment: approximately USD 1 billion (approximately JPY 105 billion) Approximately USD 10 million, including advisory expenses, compensation and other expenses, is additionally expected Note: the amounts in JPY are calculated by the currency rate on September 8, 2014 (approximately JPY105 per USD1)
(4)	Number of shares held after transfer	32,852 thousand shares (Acquired shares from existing shareholders, including stock options) (Number of voting rights : 32,852 thousand on fully-diluted basis) Newly issued shares: Not decided (Voting rights holding ratio: 100.0%)

The Company plans to utilize current cash on hand and one or more of the following to finance the acquisition; bank borrowings, commercial papers and bonds.

5. Schedule

(1)	Resolution Date of the Board of Directors' meeting	September 9, 2014
(2)	Contract Date	September 9, 2014
(3)	Closing of Transaction	October 2014 (plan)

6. Future Outlook

The potential impact on our earnings from this acquisition is at present difficult to estimate. From hereon, the Company will make a disclosure, if necessary, in a timely and appropriate manner. In addition, valuation of goodwill and intangible assets, and the time period to depreciate these intangible assets will be decided after scrutiny of these assets.