September 18, 2014

Company name Rakuten, Inc.

Representative Hiroshi Mikitani
Chairman and CEO

(Stock Code: 4755
Tokyo Stock Exchange First Section)

Issuance of Subscription Rights to Shares as Stock Options

Pursuant to "Issuance of Subscription Rights to Shares as Stock Options", approved at the 17th Annual General Shareholders' Meeting held on March 28, 2014, Rakuten Inc. (the "Company") was authorized to issue the following Subscription Rights to Shares as stock options to Employees and Directors of the Company's subsidiaries on October 1, 2014 at a meeting of the Board of Directors of the Company held on September 18, 2014.

1. Reason for issuing the Subscription Rights to Shares on especially favorable conditions

Since the value of the Subscription Rights to Shares is linked with the Company's stock price, granting Subscription Rights to Shares will make the Company's medium- to long-term performance be reflected in the compensation of executives and employees, whereby shareholders and the executives and employees of the Group can share equal benefits. Therefore, granting Subscription Rights to Shares makes it possible to further enhance motivation and morale towards higher performance among executives and employees of the Group, and to recruit and retain talented staff. For the purpose of increasing corporate value of the Group, stock option plans are implemented for the executives and employees of the Group.
In addition, since the exercise period of Subscription Rights to Shares starts on the day at least three years from the date of issuance of Subscription Rights to Shares, Subscription Rights to Shares function as an incentive for higher performance and higher stock price for the medium-to long-term up to the start of the exercise period.

2. Outline of the issuance of the Subscription Rights to Shares

(1) Total number of units and persons to whom Subscription Rights to Shares will be allotted

Director of the subsidiaries: 1 in total 1,355 units in total
Employees of subsidiaries: 11 in total 89 units in total

(2) Class and number of shares to be issued upon exercise of Subscription Rights to Shares

Common stock of the Company: 144,400 shares

However, if the Company splits its common stock (including allotment of its common stock without compensation; hereinafter the same shall apply) or consolidates its common stock, the number of shares to be issued upon exercise of each unit of such Subscription Rights to Shares shall be adjusted according to the following formula; provided that such adjustment shall be made only to those remain unexercised or uncanceled at the time of such adjustment and; provided, further, that if any fraction less than one share arises as a result of such adjustment, such fraction shall be discarded.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, if the Company carries out a merger, a company split, share exchange, share transfer etc. that makes it necessary to adjust the number of shares, the number of shares shall be adjusted within a reasonable range, taking into account the conditions of the merger, company split, share exchange, share transfer etc.

(3) Total number of Subscription Rights to Shares: 1,444 units

One hundred shares shall be issued for each Subscription Right to Shares, provided however that in the event of any adjustment in the number of shares stipulated in (2) above, the number of shares to be issued for the Subscription Right to Shares shall be adjusted likewise.

(4) Cash payment for Subscription Rights to Shares

No cash payment is required for Subscription Rights to Shares.

(5) Value of the assets to be contributed upon exercise of Subscription Rights to Shares

The Price for one Subscription Right to Shares shall be one yen.

(6) Exercise period of Subscription Rights to Shares

From March 29, 2018 to March 27, 2024

If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(7) Conditions for exercise of Subscription Rights to Shares

(i) Those who received the allotment of the issue of Subscription Rights to Shares shall remain Directors, Executive Officers, Company Auditors or employees of the Company, or its subsidiaries or affiliates at the time of exercising such rights, provided however that exceptional treatment may be allowed in this regard by the Board of Directors in consideration of circumstances.

(ii) Subscription Rights to Shares shall not be inherited, provided however that exceptional treatment may be allowed in this regard by the Board of Directors of the Company in consideration of circumstances.

(iii) Subscription Rights to Shares shall not be offered for pledge or disposed of in any other way.

(iv) The Holders of Subscription Rights to Shares have duties to pay all taxes (including but not limited to income tax, social security contributions, pensions, and employment insurance premium) specified by laws and regulations in relation to Stock options and shares. In the case where the Company and its subsidiaries and affiliates is obliged to levy income tax, etc., the relevant company obliged to levy income tax, etc. shall be able to levy tax from such Holders of Subscription Rights to Shares by the methods listed below.

a) Receipt by Cash
b) Appropriation of shares owned by the Holders of Subscription Rights to Shares
c) Deduction from salaries, bonuses, etc. of the Holders of Subscription Rights to Shares
d) Other methods specified by the Company

(8) Matters concerning increase in capital stock and capital reserve by issuing of shares (including transferred treasury stock in lieu of issuance of shares; hereinafter the same shall be applied) upon exercise of Subscription Rights to Shares

(i) Amount of increase in capital stock by issuing shares upon exercise of Subscription Rights to Shares shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.

(ii) Amount of increase in capital reserve by issuing shares upon exercise of Subscription Rights to Shares shall be the upper limit of capital stock increase as described in (i) above less the amount of increase in capital stock set out therein.

(9) Reasons and conditions for the acquisition of Subscription Rights to Shares

(i) In case that the proposal of any merger agreement under which the Company is dissolved, or any absorption-type company split (kyushu-bunkatsu) agreement or incorporation-type company split (shinsetsu-bunkatsu) plan in which the Company will be a splitting company, or any share exchange agreement or share transfer plan in which the Company will be a wholly-owned subsidiary of another company is approved at a General Shareholders' Meeting of the Company, the Company may acquire Subscription Rights to Shares at the date specifically determined by the Board of Directors of the Company without any compensation therefor.

(ii) In case that a holder of Subscription Rights to Shares ceases to accommodate the conditions of (7) (i) above before exercising Subscription Rights to Shares, the Company may acquire such Subscription Rights to Shares at the date specifically determined by the Board of Directors of the Company without any compensation therefor.

(10) Restriction on the acquisition of Subscription Rights to Shares by transfer

Any acquisition of Subscription Rights to Shares by transfer shall require an approval of the Board of Directors of the Company by its resolution.

(11) Treatment of Subscription Rights to Shares in case of organizational restructuring of the Company

In the event the Company merges (limited to cases where the Company becomes a dissolving company), performs an absorption-type company split or an incorporation-type company split, or conducts a share exchange or a share transfer (hereinafter collectively referred to as "Organizational Restructuring"), Subscription Rights to Shares of a corporation described in Article 236, Paragraph 1, Items 8.1 through 8.5 of the Companies Act (hereinafter "Restructured Company") shall be delivered under the following conditions to each those who received the allotment of issue of Subscription Rights to Shares remaining unexercised (hereinafter "Remaining Subscription Rights to Shares") at the time when Organizational Restructuring takes effect. In this case, the Remaining Subscription Rights to Shares will lapse and the Restructured Company will issue new Subscription Rights to Shares. However, the foregoing shall apply only to cases in which the delivery of Subscription Rights to Shares of the Restructured Company according to the following conditions is stipulated in the merger agreement, the absorption-type company split agreement, the incorporation-type company split plan, the share exchange agreement or the share transfer plan.

(i) Number of Subscription Rights to Shares of the Restructured Company to be delivered

The Restructured Company shall deliver Subscription Rights to Shares, the number of which shall equal the number of Subscription Rights to Shares held by the holder of the Remaining Subscription Rights to Shares.

(ii) Class of shares of the Restructured Company to be issued upon the exercise of Subscription Rights to Shares

Shares of common stock of the Restructured Company

(iii) Number of shares of the Restructured Company to be issued upon the exercise of Subscription Rights to Shares

To be decided according to (2) and (3) above after taking into consideration the conditions etc. of the Organizational Restructuring.

(iv) Value of the assets to be contributed upon the exercise of Subscription Rights to Shares

The value of the assets to be contributed upon the exercise of each Subscription Right to Shares shall be decided according to (5) above after taking into consideration the conditions, etc. of the Organizational Restructuring.

(v) Exercise period of Subscription Rights to Shares

Starting from the later of either the first date of the exercise period of Subscription Rights to Shares as stipulated in (6) above, or the date on which the Organizational Restructuring becomes effective and ending on the expiration date for the exercise of Subscription Rights to Shares as stipulated in (6) above.

(vi) Matters concerning increase in capital stock and capital reserve to be increased by issuing of shares by the Restructured Company upon the exercise of Subscription Rights to Shares

To be determined in accordance with (8) above.

(vii) Restriction on acquisition of Subscription Rights to Shares by transfer

Acquisition of Subscription Rights to Shares by transfer shall be subject to the approval of the Board of Directors of the Company under Organizational Restructuring (or by the majority decision of directors if such company is not a company with board of directors).

(viii) Reason and conditions for acquisition of Subscription Rights to Shares

To be determined in accordance with (9) above.

(12) Rules pertaining to fractions of less than one share arising from the exercise of Subscription Rights to Shares

Fractions of less than one share in the number of shares to be delivered to holders of Subscription Rights to Shares who exercised Subscription Rights to Shares shall be discarded.

(13) Date of issuance of Subscription Rights to Shares as stock options

October 1, 2014

【Notes】

(1) Date of Board of Directors resolution for submitting the Proposal to the General Shareholders Meeting: February 20, 2014

(2) Date of General Shareholders Meeting resolution: March 28, 2014