

July 22, 2016  
Company name Rakuten, Inc.  
Representative Hiroshi Mikitani  
Chairman and CEO  
(Stock Code: 4755  
Tokyo Stock Exchange First Section)

## Announcement of Company Split and Merger of Wholly-Owned Subsidiary Rakuten Edy, Inc.

Rakuten, Inc. (hereafter “the Company”) announces that the company has made a resolution at its Board of Directors meeting held today about a company split of its wholly-owned subsidiary Rakuten Edy, Inc. (hereafter “Rakuten Edy”) and merger of Rakuten Edy into the Company, as outlined below. Since these are the company split and merger of a wholly-owned subsidiary, the disclosure of certain items and details has been omitted from this announcement.

### 1. Purpose of the company split and merger

For expanding payment-related businesses and accelerating development of new business creation by the company and Rakuten Edy, we aim to integrate the intangible assets such as intellectual properties, tangible assets, as well as business development function which Rakuten Edy has to the company. It is expected that this reorganization enables the company to utilize flexibly the Rakuten Edy brand and to improve the efficiency in marketing, thereby aiming to expedite new marketing and service creation by connecting effectively the internet infrastructure and membership of the company with Edy users.

As Rakuten Edy is a pre-paid e-money business for which legal registration is required, in order to maintain independence as an operator from accountability perspective, we have decided to execute a company split in which Rakuten Edy, Inc. is the transferring company and Rakuten Edy Operation, Inc. is the successor company, ahead of the merger of Rakuten, Inc. with Rakuten Edy.

### 2. Summary of the company split

#### (1) Outline of the company split

##### ① Schedule

The Board of Directors meeting for the company split	July 22, 2016
Execution of company split agreement	July 22, 2016
Effective date of the company split	October 1, 2016

##### ② Split method

An absorption-type company split in which Rakuten Edy, Inc. is the splitting company and

Rakuten Edy Operation, Inc. is the successor company.

③ Details of allotments related to the company split

Based on the conditions of this company split, there will be no related allotment of shares.

④ Deduction of capital

There will be no change in the company's capital stock.

⑤ Handling of subscription rights to shares and bonds accompanying the company split

Rakuten Edy, Inc. has not issued any subscription rights to shares and any bonds with stock acquisition right.

⑥ Rights and obligation to be succeeded

All assets, liabilities, and attendant rights to succeed the business.

⑦ Prospect of fulfillment of obligations

The company split has no impact on the successor company's ability to fulfill obligations.

(2) Overview of companies involved in the company split

Company name	Rakuten Edy, Inc. (Splitting company in absorption-type split) (As of December 31, 2015)	Rakuten Edy Operation, Inc. (Successor company in absorption-type split) (As of May 9, 2015)
Head Office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	1-14-1 Tamagawa Setagaya-ku, Tokyo
Representative	Masayuki Hosaka	Masayuki Hosaka
Main business	Prepaid e-money services	Prepaid e-money services
Shareholders' equity	1,840 million yen	75 million yen
Date of establishment	January 18, 2001	May 9, 2016
Outstanding no. of shares	100 shares	1,500 shares
Fiscal year end	December 31	December 31
Major shareholders and percentage of shares held	Rakuten, Inc. 100%	Rakuten, Inc. 100%

#### Business results

	Rakuten Edy, Inc. (Non-consolidated, JGAAP)
Fiscal year	Year ended December 31, 2015
Total equity attributable to owners of the parent company (million yen)	3,758
Total assets (million yen)	44,414
Total equity attributable to owners of the parent company per share (yen)	37,585,413.18
Revenues (million yen)	6,367
Operating income (million yen)	534
Income before income tax (million yen)	542
Net income attributable to owners of the parent company (million yen)	473
Net income attributable to owners of the parent company per share (yen)	4,736,518.63

(Note) No business results of Rakuten Edy Operation, Inc. as it was established in May 2016.

Business name of Rakuten Edy Operation, Inc. will be changed to Rakuten Edy, Inc. after this company split and merger.

#### (3) Overview of the business unit to be split

##### ① Business to be split

Pre-paid e-money business which splitting company operated

##### ② Business results of division to be split

Sales of year ended December 2015 : 6,367 million yen

##### ③ Assets and liabilities to be split (As of December 31, 2015)

Assets : 42,660 million yen

Liabilities : 40,386 million yen

(Note) Items and the book value are estimated as of now and may differ.

#### (4) Impact on business results

No material impact on Rakuten Group consolidated financial results is anticipated as a result of the completion of the company split.

### 3. Summary of the merger

#### (1) Outline of the merger

##### ① Schedule

Merger resolution by the Board of Directors	July 22, 2016
Merger contract date	July 22, 2016
Effective date of the merger	October 1, 2016

(Note) According to simplified merger rules in Company Law article 796 clause 3, the Company is proceeding with the merger without receiving approval at the Annual General Shareholders Meeting.

##### ② Merger method

The Company shall be the surviving company under absorption-type merger, and Rakuten Edy, Inc. shall be dissolved.

##### ③ Merger ratio

Since this will be a merger of a wholly-owned subsidiary, there will be no issuance of new shares, no increase in shareholder's equity, and no payment for the merger.

##### ④ Handling of share options and bonds with the dissolved company

Rakuten Edy, Inc. has not issued any share options and any bonds with stock acquisition right.

#### (2) Overview of companies in merger

Company name	Rakuten, Inc. (Company surviving absorption type merger) (as of December 31, 2015)	Rakuten Edy, Inc. (Company absorbed in absorption type merger) (as of December 31, 2015)
Head office	1-14-1 Tamagawa, Setagaya-ku, Tokyo	1-14-1 Tamagawa, Setagaya-ku, Tokyo
Representative	Hiroshi Mikitani	Masayuki Hosaka
Main business	Internet services	Prepaid e-money services
Shareholders' equity	203,587 million yen	1,840 million yen
Date of establishment	February 7, 1997	January 18, 2001
Outstanding no. of shares	1,430,373,900 shares	100 shares
Fiscal year end	December 31	December 31
Major shareholders and percentage of shares held	Crimson Group, LLC. 15.8% Hiroshi Mikitani 12.3% (as of December 31, 2015)	Rakuten, Inc. 100%

#### Business results

	Rakuten, Inc. (Consolidated, IFRS)
Fiscal year	Year ended December 31, 2015
Total equity attributable to owners of the parent company (million yen)	662,044
Total assets (million yen)	4,269,953
Total equity attributable to owners of the parent company per share (yen)	464.80
Revenues (million yen)	713,555
Operating income (million yen)	94,689
Income before income tax (million yen)	91,987
Net income attributable to owners of the parent company (million yen)	44,436
Net income attributable to owners of the parent company per share (yen)	32.33

	Rakuten, Edy, Inc. (Non-consolidated, JGAAP)
Fiscal year	Year ended December 31, 2015
Total equity attributable to owners of the parent company (million yen)	3,758
Total assets (million yen)	44,414
Total equity attributable to owners of the parent company per share (yen)	37,585,413.18
Revenues (million yen)	6,367
Operating income (million yen)	534
Income before income tax (million yen)	542
Net income attributable to owners of the parent company (million yen)	473
Net income attributable to owners of the parent company per share (yen)	4,736,518.63

#### (4) Post-merger details

Following this merger, there are no changes to the business name, head office, title and name of representative, main business, shareholders equity and fiscal year end of the Company.

#### (5) Impact on business results

No material impact on Rakuten Group consolidated financial results since this is a merger of a wholly-owned subsidiary.