

February 26, 2016

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

Announcement Regarding Change of Representative Directors, Directors and Company Auditor

Rakuten, Inc. (hereinafter the “Company”) announces that the Board of Directors today resolved to propose the following change of Representative Directors, Directors and Company Auditor.

1. Background

The Company has decided to significantly revise the structure of the Board of Directors for the purpose of strengthening corporate governance.

The terms of office of all fifteen current Directors (of which five are Outside Directors) will expire at the conclusion of the 19th Annual General Shareholders’ Meeting to be held on March 30, 2016. Accordingly, the election of eight Directors (of which five are Outside Directors) including two new Directors will be proposed at this meeting. If this item is approved as proposed, the number of internal Directors will be reduced from ten to three and consequently the number of Representative Directors will be reduced from the current five to two. In addition, four out of five of the Outside Director candidates will be appointed Independent Directors, as specified by the regulations of the Tokyo Stock Exchange, Inc., thereby raising the percentage of Independent Directors of the Company to 50%.

Through this change, the Company will seek to further enhance the separation of the Board of Directors’ role of management decision-making and supervision from the Executive Officers’ role of executive functions, as well as promote a speedy management and enhanced supervision, targeting to maximize the shareholder value.

As for Company Auditors, all four of them including one new candidate are Outside Company Auditors, and one of them are to be appointed Independent Company Auditor, as specified by the regulations of the Tokyo Stock Exchange, Inc.

2. Change of Representative Directors (March 30, 2016)

Name	Current Title	New Title
Toru Shimada	Executive Vice President and Representative Director	Executive Vice President
Yasufumi Hirai	Executive Vice President and Representative Director	Executive Vice President
Yoshihisa Yamada	Executive Vice President and Representative Director	Executive Vice President

3. Resignation of Director (March 30, 2016)

Directors (excluding Outside Directors)

Name	Current Title	New Title
Masatada Kobayashi	Managing Executive Officer and Director	Managing Executive Officer
Akio Sugihara	Managing Executive Officer and Director	Managing Executive Officer
Kazunori Takeda	Managing Executive Officer and Director	Managing Executive Officer
Kentaro Hyakuno	Managing Executive Officer and Director	Managing Executive Officer

Outside Directors

Name	Current Title
Koichi Kusano	Director
Hiroshi Fukino	Director

4. List of Directors and Company Auditors (March 30, 2016) (Note 1)

Positions	New	Outside	Independent	Name
Chairman, President, and Representative Director				Hiroshi Mikitani
Vice Chairman and Representative Director				Masayuki Hosaka
Director				Charles B. Baxter
Director		○	○	Ken Kutaragi
Director		○	○	Jun Murai
Director		○	○	Youngme Moon
Director	○	○		Joshua G. James
Director	○	○	○	Takashi Mitachi
Company Auditor (Full-time)	○	○		Takahide Uchida
Company Auditor		○		Yoshiaki Senoo
Company Auditor		○	○	Takeo Hirata
Company Auditor		○		Katsuyuki Yamaguchi

Note 1: Appointment is planned on approval at the 19th Annual General Shareholders Meeting scheduled for March 30, 2016

5. Career summary of New Directors (March 30, 2016) (Note 1)

New Director

Name	Joshua G. James	
Date of Birth	June 28, 1973	
Career summary	October 1996 October 2009 October 2010 March 2011 March 2012 March 2015	Founder and CEO of Omniture, Inc. Senior Vice President and General Manager of Omniture Business Unit of Adobe Systems Inc. Founder and CEO of Domo, Inc. (current position) Director of the Company Member of World Economic Forum of Young Global Leaders (current position) Resigned as Director of the Company

Name	Takashi Mitachi	
Date of Birth	January 21, 1957	
Career summary	April 1979 June 1992 October 1993 January 1999 January 2005 April 2011 April 2013 January 2016	Joined Japan Airlines Co., Ltd. Received MBA from Harvard Business School Joined The Boston Consulting Group Vice President of The Boston Consulting Group Japan Co-chair of The Boston Consulting Group Board Member of Japan Association for the World Food Programme (current position) Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current position) Senior Partner & Managing Director of The Boston Consulting Group (current position)

New Company Auditor

Name	Takahide Uchida	
Date of Birth	October 21, 1954	
Career summary	April 1977 May 1983 April 2001 June 2003 April 2006 April 2010	Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation) Received a master's degree from The Wharton School of the University of Pennsylvania Manager of Otsuka Corporate Sales Department of Sumitomo Mitsui Banking Cooperation Director of Training Institute of Human Resource Department of Sumitomo Mitsui Banking Corporation Managing Director of Daiwa SB Investments Ltd. Senior Managing Director of Daiwa SB Investments Ltd.

Note 1: Appointment is planned on approval at the 19th Annual General Shareholders Meeting scheduled for March 30, 2016

6. Approach towards the Board of Directors

(Measures to Enhance the Effectiveness of Corporate Governance)

The Group, aiming to maximize corporate value, has been implementing various measures by making rigorous corporate governance its highest priority.

The Company has supervised management through a Board of Company Auditors comprised exclusively of Outside Company Auditors. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System by which the Board has retained the responsibility for management decision-making and supervision, while Executive Officers have been made responsible for the executive functions.

The Company's Board of Directors, led by the Outside Directors and Outside Company Auditors who are highly independent experts of a variety of fields, supervises the execution of duties from an objective perspective and enhances the effectiveness of corporate governance by engaging in frank and multilateral discussions on management.

In an effort to prompt further constructive and animated discussions on management strategies, the Company plans to revise the items to be discussed, the actual discussions and the frequency of the Board of Directors' meetings starting from April 2016.

(Selection of Candidates for Directors)

The Company, based on its corporate philosophy, selects candidates for Directors who embody such corporate philosophy at a high level and who are expected to contribute to further development of the Group. Additionally, by making the term of office of each Director one year, the Company upholds the basic policy of seeking the judgment of its shareholders in selecting its Directors each year.

In particular, the Company selects persons who have extensive experience, professional knowledge, and are able to play a leading role in areas such as IT, the financial industry, corporate management, the legal profession, finance and accounting, public administration, and consulting, and who are capable of appropriately guiding and supervising the business execution of the Group.

If this item on the election of Directors is approved as proposed by the 19th Annual General Shareholders' Meeting, eight Directors will be appointed, which the Company believes to be an appropriate size in order to conduct management decision-making and supervision. Additionally, the Company places emphasis on the diversity of its Directors. To this end it has appointed one woman and three foreign nationals as Directors among its eight Directors, and one woman and two foreign nationals among its five Outside Directors.

(Independence of Independent Directors and Independent Company Auditors)

With the aim of ensuring a high level of transparency and strong management supervision, thereby increasing the corporate value, the Company, in selecting its Independent Directors and Independent Company Auditors, determines persons who, in principle, do not fall under any of the following criteria to be independent.

- a. Executive of the parent company or a fellow subsidiary of the Company (*1)
- b. A party whose major client is the Company or an executive thereof or a major client (*2) of the Company or an executive thereof
- c. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as Directors or Company Auditors
- d. A person or party who has recently fallen under any of a) through c) above (*3)

- e. A close relative of a person who falls under any of a) through d) above, or a close relative of an executive of the Company or its subsidiary (including those who were executives until recently) (including a close relative of non-executive Director or accounting advisor of the Company or its subsidiary, in the case where Outside Company Auditor is appointed as an Independent Company Auditor)

*1: An executive as stipulated in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act, which includes employees in addition to executive Directors, and does not include Company Auditors.

*2: Refers to cases in which, using the transaction amount with the Company as the criterion, the sum of the Company's total purchase amount accounts for 1% or more of the total amount of sales, general and administrative expenses.

*3: Cases which are considered, in effect, equivalent to the present condition, such as where a party or person fell under any of a) through c) at the time the contents of the proposal of the General Shareholders' Meeting are determined for the election of such Independent Directors or Independent Company Auditors as Outside Directors or Outside Company Auditors.