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## **Notification of Partial Revision of Articles of Incorporation**

Dear Shareholders,

At the meeting of its Board of Directors on February 12, 2016, RaQualia Pharma, Inc. (the “Company”) resolved to propose a partial revision of Articles of Incorporation at the upcoming 8th Ordinary Regular General Meeting of Shareholders. In this regard, the Company hereby notifies its shareholders of the following.

### 1. Purpose of changes to the Articles of Incorporation

- (1) The “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) was enforced effective from May 1, 2015. A committees system (including an audit committee and other committees) was thereupon adopted as a new design for governing bodies in accordance with the Act. As a result, the Board of Directors of RaQualia Pharma, Inc. (the Company) decided to transfer the Company’s status from that of a company with statutory auditors to that of a company with a committees system (including an audit committee and other committees) in order to enhance its corporate governance practices by strengthening the supervisory function of its Board of Directors. The Company will revise its Articles of Incorporation by developing new provisions for audit committee and other committees and directors serving as a member thereof, and by deleting provisions concerning auditors and the Board of Auditors, as necessary for its transition to a company with a committees system (including an audit committee and other committees).
- (2) The categories of directors and officers who may enter into liability limitation agreements has changed pursuant to the revisions of the Companies Act. Accordingly, in order to continuously attract persons fully qualified to serve as directors, the Company intends to revise relevant provisions of its Articles of Incorporation as proposed in Article 30, Paragraph 2 so that the Company would be able to enter into liability limitation agreements with directors other than executive directors and the like. These revisions have already obtained the consent of each auditor.
- (3) The Company will add Article 39 to the Articles of Incorporation to the effect that the distributions of surplus can be made by the resolution of the Board of Directors so that capital and dividend

policies can be implemented flexibly, and deletes the current Article 8 as its provisions partly overlap those of Article 39.

(4) The Company makes other necessary revisions to the wording and expressions of other articles, where required, to conform to the relevant revisions mentioned above.

2. Revisions to the Articles of Incorporation

The revisions to the Articles of Incorporation are as indicated in the attachment.

3. Schedule

Date of the General Meeting of Shareholders to be held for the purpose of revising the Articles of Incorporation: March 30, 2016

Date on which the revisions take effect: March 30, 2016

Attachment: Revisions to the Articles of Incorporation

(Revised parts are underlined.)

Current Articles	Proposed Revisions
Articles 1 to 2 (Provisions are omitted)	Articles 1 to 2 (Same as the current articles)
<p>Article 3 Location of Head Office The Company shall have its head office in <u>Nakamura-ku</u>, Nagoya-shi, Aichi, Japan.</p>	<p>Article 3 Location of Head Office The Company shall have its head office in Nagoya-shi, Aichi, Japan.</p>
<p>Article 4 Governing Bodies The Company shall set up, in addition to the shareholders' meetings and directors, the following organs: (1) Board of Directors (2) Auditors (3) <u>Board of Auditors</u> (4) <u>Accounting Auditors</u></p>	<p>Article 4 Governing Bodies The Company shall set up, in addition to the shareholders' meetings and directors, the following organs: (1) Board of Directors (2) <u>Audit and other committees</u> (Deleted) (3) <u>Accounting Auditors</u></p>
Article 5 to 7 (Provisions are omitted)	Article 5 to 7 (Same as the current provisions)
<p><u>Article 8 Acquisition of Own Shares</u> <u>The Company may, by a resolution of the Board of Directors, acquire its own shares pursuant to Article 165, Paragraph 2 of the Companies Act.</u></p>	(Deleted)
Article 9 to 19 (Provisions are omitted)	Article 8 to 18 (Same as the current provisions)
<p><u>Article 20</u> Number of Directors The number of Directors of the Company shall not exceed seven (7).</p> <p>(Newly established)</p>	<p>Article 1920 Number of Directors</p> <ol style="list-style-type: none"> <li>1. The number of Directors of the Company <u>(excluding Directors who serve as a member of the audit committee and other committees)</u> shall not exceed seven (7).</li> <li>2. <u>The number of directors of the company who are members of the Company's audit and other committees shall not exceed five (5).</u></li> </ol>
<p><u>Article 21</u> Method of Election of Directors The Director shall be elected by a resolution of a shareholders' meeting. The Director shall be elected by a resolution by a majority of voting rights of the shareholders present at the meeting where the shareholders holding a minimum of one-third of voting rights of</p>	<p><u>Article 20</u> Method of Election of Directors The categories of directors shall <u>be divided into two categories: directors who serve as a member of the audit committee and other committees and directors not serving as members,</u> and directors elected by resolution of a shareholders' meeting. 2. (Same as current provisions)</p>

<p>the shareholders who are entitled to exercise their voting rights at such shareholders' meeting are present.</p> <p>No cumulative voting shall be used for the election of Directors</p>	<p>3. (Same as current provisions)</p>
<p><u>Article 22 Term of Office</u></p> <p>1. The term of office of the Directors shall be until the close of the annual shareholders' meeting pertaining to the last fiscal year ending within <u>two (2) years</u> following their election.</p> <p style="text-align: center;">(Newly established)</p> <p>2. <u>The term of office of any Directors elected to fill a newly created office or a vacancy shall be until the term of the Directors currently in office expires.</u></p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p><u>Article 21 Term of Office</u></p> <p>1. The term of office of the Directors <u>(excluding Directors who serve as a member of the audit committee and other committees)</u> shall be until the close of the annual shareholders' meeting pertaining to the last fiscal year ending within <u>one (1) year</u> following their election.</p> <p>2. <u>The term of office of the Directors who serve as a member of audit and other committees shall be until the close of the annual shareholders' meeting pertaining to the last fiscal year ending within two (2) years following their election.</u></p> <p style="text-align: center;">(Deleted)</p> <p>3. <u>The term of office of a Director who becomes a member of the audit committee and other committees by election as a candidate to fill a vacancy created by the retirement of any other Director during the latter's term of office shall expire upon the expiration of the term of office of the other directors currently in office.</u></p> <p>4. <u>The effective period of the resolutions concerning a Directors who serve as a member of the audit committee and other committees elected in accordance with Article 329, Paragraph 3 of the Companies Act to fill the vacancy of other Directors shall be until the start of the shareholders' meeting pertaining to the last fiscal year ending within two (2) years following their election.</u></p>

<p>Article 23 to 24 (Provisions are omitted)</p> <p><u>Article 25</u> Notice for Convening Meeting of Board of Directors</p> <p>1. A notice to convene a meeting of the Board of Directors shall be dispatched to each Director <u>and Auditor</u> at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in case of emergency.</p> <p>2. A meeting of the Board of Directors may be held without taking the aforesaid procedures to convene if the consent of all Directors <u>and Auditors</u> is obtained.</p>	<p>Article 22 to 23 (Same as the current provisions)</p> <p><u>Article 24</u> Notice for Convening Meeting of Board of Directors</p> <p>1. A notice to convene a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in case of emergency.</p> <p>2. A meeting of the Board of Directors may be held without taking the aforesaid procedures to convene if the consent of all Directors is obtained.</p>
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Current Articles	Proposed Revisions
<p>(Newly established)</p> <p>Article 26 (Provisions are omitted)</p> <p>Article 27 Minutes of Meeting of Board of Directors</p> <p>The summary of the proceedings of a meeting of the Board of Directors and the results thereof and other matters as prescribed by laws and ordinances shall be stated or recorded in the minutes and the Directors <u>and Auditors</u> present shall affix their seals and signatures or electronic signatures thereto.</p> <p>Article 28 (Provisions are omitted)</p>	<p><u>Article 25 Delegation of Significant Decision-Making in Execution of Business</u>  <u>The Board of Directors may delegate all or a part of decision-making in operations to be made by the Board of Directors to relevant Directors in Accordance with Article 399-13, Paragraph 6 of the Companies Act (excluding matters specified in the items of paragraph 5 of the same article)</u></p> <p>Article 26 (Same as the current provisions)</p> <p>Article 27 Minutes of Meeting of Board of Directors</p> <p>The summary of the proceedings of a meeting of the Board of Directors and the results thereof and other matters as prescribed by laws and ordinances shall be stated or recorded in the minutes and the Directors present shall affix their seals and signatures or electronic signatures thereto.</p> <p>Article 28 (Same as the current provisions)</p>

<p>Article 29 Remunerations, etc. Remuneration, bonuses, and other financial benefits of the Directors given by the Company in consideration of the performance of their duties shall be determined by a resolution of the shareholders' meeting.</p> <p>Article 30 Directors' Exemption from Liability</p> <ol style="list-style-type: none"> <li>1. In accordance with the provision of Article 426, Paragraph 1, of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt any Director from liability under Article 423, Paragraph 1, of the Companies Act to the extent permitted by laws and ordinances.</li> <li>2. In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into an agreement with <u>any outside directors</u> that limits the liability for compensation under Article 423, Paragraph 1, of the Companies Act to the amount provided for by laws and ordinances.</li> </ol>	<p>Article 29 Remunerations, etc. Remuneration, bonuses, and other financial benefits of the Directors awarded by the Company in consideration of the performance of their duties shall be determined by a resolution of the shareholders' meeting <u>by separating Directors who serve as members of the audit committee and other committees from other Directors.</u></p> <p>Article 30 Directors' Exemption from Liability</p> <ol style="list-style-type: none"> <li>1. Same as the current provisions</li> <li>2. In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into an agreement with <u>any Directors</u> (excluding Directors concurrently serving as executive directors) to limit their liability for compensation under Article 423, Paragraph 1, of the Companies Act to the amount provided for by laws and ordinances.</li> </ol>
<p><u>Chapter 5 Auditors and Board of Auditors</u></p> <p><u>Article 31 Number of Auditors</u> <u>The number of Auditors of the Company shall not exceed five (5).</u></p> <p><u>Article 32 Method of Election of Auditors</u> <u>The Auditor shall be elected by a resolution of a shareholders' meeting.</u></p> <p><u>Article 33 Term of Office</u></p> <ol style="list-style-type: none"> <li>1. <u>The term of office of the Auditors shall be until the close of the annual shareholders' meeting pertaining to the last fiscal year ending within four (4) years following their election.</u></li> </ol>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

<p>1. <u>The term of office of an Auditor elected to fill a vacancy of another Auditor who has retired before his/her term of office expires shall be the same as the remaining term of office of such retired Auditor.</u></p>	(Deleted)
<p><u>Article 34 Effect of Resolution Regarding Election of Substitute Auditors</u>  <u>A resolution regarding the election of a substitute auditor shall remain effective until the commencement of the annual shareholders' meeting pertaining to the last fiscal year ending within four (4) years following his/her election.</u></p>	(Deleted)
<p><u>Article 35 Standing Auditors</u>  <u>The Board of Directors shall by its resolution appoint one or more Standing Auditors.</u></p>	(Deleted)
<p><u>Article 36 Notice for Convening Meeting of Board of Auditors</u></p> <p>1. <u>A notice to convene a meeting of the Board of Auditors shall be dispatched to each Auditor at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in case of emergency.</u></p> <p>2. <u>A meeting of the Board of Auditors may be held without taking the aforesaid procedures to convene if the consent of all Auditors is obtained.</u></p>	(Deleted)
<p><u>Article 37 Method of Board of Auditors' Resolution</u>  <u>Unless otherwise provided for by laws and ordinances, a resolution of the Board of Auditors shall be adopted by a majority of the Auditors.</u></p>	(Deleted)
<p><u>Article 38 Minutes of Meeting of Board of Auditors</u>  <u>The summary of the proceedings of a meeting of the Board of Directors and the results thereof</u></p>	(Deleted)

and other matters as prescribed by laws and ordinances shall be stated or recorded in the minutes and the Auditors present shall affix their seals and signatures or electronic signatures thereto.

Article 39 Regulations of Board of Auditors  
Matters relating to the Board of Auditors shall be governed by the regulations of the Board of Auditors prescribed by the Board of Auditors in addition to by laws and ordinances, and these Articles of Incorporation.

(Deleted)

Article 40 Remunerations, etc.  
Remuneration, bonuses, and other financial benefits of the Auditors given by the Company in consideration of the performance of their duties shall be determined by a resolution of the shareholders' meeting.

(Deleted)

Article 41 Auditors' Exemption from Liability

1. In accordance with the provision of Article 426, Paragraph 1, of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt any Auditor from liability under Article 423, Paragraph 1, of the Companies Act to the extent permitted by laws and ordinances.

(Deleted)

3. In accordance with the provision of Article 427, Paragraph 1, of the Companies Act, the Company may enter into an agreement with any outside auditors that limits the liability for compensation under Article 423, Paragraph 1, of the Companies Act to the amount provided for by laws and ordinances.

(Deleted)

(Newly established)

Chapter 5 Audit Committee and Other Committees

(Newly established)

Article 31 Notice for Convening Meetings of the Audit Committee and Other Committees

1. A notice to convene a meeting of the audit committee and other committees shall be dispatched to each member of audit

<p>(Newly established)</p>	<p><u>committee and other committees at least three (3) days before the date of the meeting; provided, however, that this period may be shortened in case of emergency.</u></p> <p>2. <u>A meeting of the Board of Auditors may be held without taking the aforesaid procedures to convene if the consent of all members of audit and other committees is obtained.</u></p>
<p>(Newly established)</p>	<p><u>Article 32 Method of Resolution by the Audit Committee and Other Committees</u></p> <p><u>A resolution of the audit committee and other committees shall be adopted when a majority of the members of the audit committee or other committee are present and a majority of the members present vote in favor of the resolution.</u></p>
<p>(Newly established)</p>	<p><u>Article 33 Minutes of Meetings of the Audit Committee and Other Committees</u></p> <p><u>A summary of the proceedings of a meeting of the audit committee and other committees, the results of such a meeting, and other matters prescribed by laws and ordinances shall be stated or recorded in a minutes, and the members of the audit committee or other committee present shall affix their seals and signatures or electronic signatures thereto.</u></p>
<p>(Newly established)</p>	<p><u>Article 34 Regulations of Audit and Other Committees</u></p> <p><u>Matters relating to the audit committee and other committees shall be governed by the regulations of the audit committee and other committees prescribed by the audit and other committees, in addition to laws and ordinances and these Articles of Incorporation.</u></p>
<p><u>Articles 42 to 45 (Provisions are omitted)</u></p>	<p><u>Articles 35 to 38 (Same as the current provisions)</u></p>
<p>(Newly established)</p>	<p><u>Article 39 Organ to Determine the Distributions of Surplus</u></p> <p><u>Unless otherwise specified by laws and</u></p>

<p><u>Article 46 Record Date for Dividend Distribution</u> The record date for year-end dividend distribution of the Company shall be December 31 of each year.</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>3. <u>In addition to the provision of the preceding paragraph, the Company may distribute a dividend of surplus based on other record date determined from time to time by the Company.</u></p>	<p><u>regulations, the Company will provide for matters specified in the items of Article 459, Paragraph 1 of the Companies Act relating to dividend distributions of surplus, etc. by a resolution of the Board of Directors, instead of a resolution of the shareholders' meeting.</u></p> <p><u>Article 40 Record Date for Dividend Distribution (Same as the current provisions)</u></p> <p>2. <u>The record date for the distribution of interim dividends shall be June 30 of each year.</u></p> <p>1. <u>In addition to the provisions of the preceding two paragraphs, the Company may distribute dividends of surplus based on other record dates determined from time to time by the Company.</u></p> <p>(Deleted)</p>
<p><u>Article 47 Interim Dividend</u> <u>The Company may, by a resolution of the Board of Directors, distribute interim dividends, the record date for which shall be June 30 of each applicable year.</u></p> <p>Article 48 (Provisions are omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 41 (Same as the current provisions)</u></p> <p><u>Supplementary Provisions</u></p> <p><u>Article 1 Transitional Provisions for Exemption from the Responsibilities of Auditors</u> <u>The Company may exempt auditors from their liability for the damages concerning the auditor's acts as prescribed in Article 423, Paragraph 1 of the Companies Act before the completion of the 8<sup>th</sup> Ordinary General Meeting of Shareholders by a resolution of the Board of Directors.</u></p>

