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Notification Concerning a Reduction of Capital Stock and Legal Capital Surplus and a Disposal of Retained Earnings

Dear Shareholders,

At the meeting of its Board of Directors on February 12, 2016, RaQualia Pharma, Inc. (the "Company") resolved to propose a reduction of capital stock and legal capital surplus and a disposal of retained earnings at the upcoming 8th Ordinary Regular General Meeting of Shareholders. In this regard, the Company hereby notifies its shareholders of the following.

1. Purposes of the reduction of capital stock and legal capital surplus and the disposal of retained earnings

   To compensate for the current deficit in retained earnings, to ensure that the financial viability of the Company will be maintained, and to achieve the Company's policy of returning profits to shareholders through future distributions of surplus, acquisition of its own shares, etc.

2. Procedures for reducing the amount of capital stock

   (1) Amount of capital stock to be reduced
   The capital stock will be reduced from ¥9,806,225,500 to ¥2,237,588,172 (reduction of ¥7,568,637,328).

   (2) Method of reducing the capital stock
   The capital stock will be reduced without compensation. The reduction of capital stock will entail no change of the number of issued shares outstanding, which will be transferred to other capital surplus.

3. Procedures for reducing the amount of legal capital surplus

   (1) Amount of legal capital surplus to be reduced
   The legal capital surplus will be reduced from ¥5,090,225,500 to ¥2,237,171 (reduction of ¥2,852,637,329).
   (2) Method of reducing the legal capital surplus
   The capital surplus will be reduced by transferring the reduced amount to other capital surplus.

4. Procedures for reducing the retained earnings

   When the abovementioned reductions take effect, in accordance with Article 452 of the Companies Act, the Company will transfer the full amount of other capital surplus of

¥10,421,274,657 to the retained earnings brought forward, which will be used to compensate for the deficit in the retained earnings brought forward.

(1) Line item of the surplus to be reduced and its amount
Retained earnings brought forward ¥10,421,274,657

(2) Line item of the surplus to be increased and its amount
Other capital surplus ¥10,421,274,657

5. Schedule
(1) Date of the resolution by the Board of Directors:
February 12, 2016
(2) Date of the resolution by the Ordinary Meeting of Shareholders:
March 30, 2016 (expected)
(3) Date of announcement for making objections by creditors:
March 31, 2016 (expected)
(4) Final date on which creditors may make objections:
Late April 2016 (expected)
(5) Date when the aforementioned transactions take effect:
May 1, 2016 (expected)

6. Future outlook

These transactions relate to a transfer among items in “Net Assets” and gives rise to no changes of the value of the Company’s net assets. There will be no effects on the performance results of the Company.

These transactions will be subject to the approval of the Ordinary General Meeting of Shareholders expected to be held on March 30, 2016.