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(Stock Exchange Code 4587)
September 5, 2017

To Shareholders with Voting Rights:

Kiichi Kubota
Representative Director, President
PeptiDream Inc.
3-25-23 Tonomachi, Kawasaki-ku,
Kawasaki City, Kanagawa

**NOTICE OF
THE 11th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 11th Ordinary General Meeting of Shareholders of PeptiDream Inc. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing using the enclosed Voting Rights Exercise Form. In such case, please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by the close of business (5:30 p.m.) on Tuesday, September 26, 2017, Japan time.

- 1. Date and Time:** Wednesday, September 27, 2017 at 10:00 a.m. Japan time
- 2. Place:** Tempyo Hall, 3F Grand Prince Hotel New Takanawa,
3-13-1 Takanawa, Minato-ku, Tokyo
(Please note that the venue for the Ordinary General Meeting of Shareholders has been changed as above from the previous year. The Management Briefing will be held at the same venue following the Meeting.)
- 3. Agenda:**
 - Matters to be reported:** The Business Report and Financial Statements for the Company’s 11th Fiscal Year (July 1, 2016 - June 30, 2017)
 - Proposals to be resolved:**
 - Proposal 1:** Partial Amendment to the Articles of Incorporation
 - Proposal 2:** Election of 5 Directors (Excluding Directors Appointed as Audit and Supervisory Committee Members)
 - Proposal 3:** Election of 3 Directors Appointed as Audit and Supervisory Committee Members
- 4. Other matters** Of the documents to be provided concurrently with this Notice of the Ordinary General Meeting of Shareholders, “6. Structures to Ensure Proper Execution of Business Operations and Operational Status of the Structures” as discussed in the Business Report and Notes to Financial Statements are not included in this Notice but are presented on the Company’s website (<http://www.peptidream.com/ir/> *Japanese only) in accordance with the laws and regulations, and Article 17 of the Company’s Articles of Incorporation. The Business Report and Financial Statements audited by Audit and Supervisory Committee and Accounting Auditor are the documents accompanying this Notice, and Notes to Financial Statements which is presented on the Company’s website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment

The Company proposes to add Article 21 to allow election of several Representative Directors and Article 22 to allow appointment of a Chairman as Director with special titles, in an effort to establish a management structure capable of responding to changes in the business environment in a timely manner.

2. Contents of the amendments

Contents of the amendments are as follows.

(The amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER III. GENERAL MEETING OF SHAREHOLDERS	CHAPTER III. GENERAL MEETING OF SHAREHOLDERS
Article 11 (Omitted) Article 12	Article 11 (Unchanged) Article 12
(Convocation of Meetings and Chairman)	(Convocation of Meetings and Chairman)
Article 13 Unless otherwise provided by laws and regulations, <u>the Chief Executive Officer of the Company</u> shall convene the General Meeting of Shareholders and act as Chairman thereof.	Article 13 Unless otherwise provided by laws and regulations, <u>the Representative Director of the Company, previously determined by the Board of Directors,</u> shall convene the General Meeting of Shareholders and act as Chairman thereof.
2. In the event that <u>the Chief Executive Officer of the Company</u> is unable to act, another Director, determined in accordance with an order of priority previously determined by the Board of Directors, shall convene the General Meeting of Shareholders and act as Chairman thereof.	2. In the event that <u>the position of the Representative Director of the Company in the provisions of preceding Paragraph is vacant or the Representative Director</u> is unable to act, another Director, determined in accordance with an order of priority previously determined by the Board of Directors, shall convene the General Meeting of Shareholders and act as Chairman thereof.
Article 14 (Omitted) Article 20	Article 14 (Unchanged) Article 20
(Representative Director)	(Representative Director)
Article 21 <u>The Company shall have one Representative Director, who shall be determined by resolution of the Board of Directors.</u>	Article 21 <u>The Board of Directors shall, by its resolution, select Representative Directors from among the Directors (excluding Directors appointed as Audit and Supervisory Committee Members).</u>
2. (Omitted)	2. (Unchanged)

Current Articles of Incorporation	Proposed Amendments
<p>(Directors with Special Titles)</p> <p>Article 22 <u>In addition to the provisions of the preceding Article, the Company, by resolution of the Board of Directors, may select several Senior Executive Vice Presidents and Senior Vice Presidents from among the Directors.</u></p>	<p>(Directors with Special Titles)</p> <p>Article 22 <u>The Board of Directors, by its resolution, may select one Chairman, one Chief Executive Officer and several Senior Executive Vice Presidents and Senior Vice Presidents from among the Directors (excluding Directors appointed as Audit and Supervisory Committee Members).</u></p>
<p>(Convocation of the Meeting of the Board of Directors and Chairman)</p> <p>Article 23 Unless otherwise provided by laws and regulations, <u>the Chief Executive Officer of the Company</u> shall convene the meeting of the Board of Directors and act as Chairman thereof.</p> <p>2. In the event that the position of <u>the Chief Executive Officer of the Company</u> is vacant or <u>the Chief Executive Officer</u> is unable to act, another Director, determined in accordance with an order of priority previously determined by the Board of Directors, shall convene the meeting of the Board of Directors and act as Chairman thereof.</p>	<p>(Convocation of the Meeting of the Board of Directors and Chairman)</p> <p>Article 23 Unless otherwise provided by laws and regulations, <u>the Representative Director of the Company, previously determined by the Board of Directors,</u> shall convene the meeting of the Board of Directors and act as Chairman thereof.</p> <p>2. In the event that the position of <u>the Representative Director of the Company in the provisions of preceding Paragraph</u> is vacant or <u>the Representative Director</u> is unable to act, another Director, determined in accordance with an order of priority previously determined by the Board of Directors, shall convene the meeting of the Board of Directors and act as Chairman thereof.</p>
<p>Article 24 (Omitted) Article 39</p>	<p>Article 24 (Unchanged) Article 39</p>

Proposal 2: Election of 5 Directors (Excluding Directors Appointed as Audit and Supervisory Committee Members)

The terms of office of all 5 Directors (excluding Directors appointed as Audit and Supervisory Committee Members; hereinafter the same shall apply to this Proposal) will expire at the end of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the election of 5 Directors.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Kiichi Kubota (April 10, 1953)	<p>April 1976 Joined NISSAN MOTOR CO., LTD.</p> <p>July 1978 Joined Special Reference Laboratories, Inc. (current SRL, Inc.)</p> <p>November 2000 Founding Senior Managing Director of JGS, Inc.</p> <p>April 2001 Chief Executive Officer of JGS, Inc.</p> <p>July 2006 Founding President of the Company (to present)</p> <p>September 2017 Founding President of PeptiStar Inc. (to present)</p>	12,786,400
2	Patrick C. Reid (January 14, 1975)	<p>August 2003 NRSA Post-doctoral Fellow of Dartmouth Medical School</p> <p>April 2004 Project Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo</p> <p>January 2005 Visiting Associate Professor of Center for Collaborative Research, the University of Tokyo</p> <p>April 2006 Project Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo</p> <p>January 2007 Joined the Company</p> <p>August 2008 Director of the Company</p> <p>May 2012 Director and General Manager of Scientific Department of the Company</p> <p>September 2012 Senior Vice President and General Manager of Scientific Department of the Company</p> <p>July 2014 Senior Vice President, Head of Research & Development of the Company (to present)</p>	5,200,000
3	Yoshiyuki Sekine (August 18, 1975)	<p>April 1998 Joined The Yasuda Mutual Life Insurance Company (current Meiji Yasuda Life Insurance Company)</p> <p>February 2003 Joined Treasure Factory Co., LTD.</p> <p>June 2003 General Manager of Financial and Accounting Department of Treasure Factory Co., LTD.</p> <p>January 2004 General Manager of General Affairs Department of Treasure Factory Co., LTD.</p> <p>May 2012 General Manager of General Affairs Department on joining the Company</p> <p>September 2012 Director and Vice President, Head of Business Administration of the Company (to present)</p>	91,400

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Keiichi Masuya (April 2, 1969)	<p>April 1998 Joined Mitsubishi Chemical Corporation</p> <p>September 2001 Joined Novartis Pharma K.K.</p> <p>April 2006 Joined Novartis International AG</p> <p>November 2008 Head of PPI Drug Discovery and Novartis Leading Scientist of Novartis Pharma AG</p> <p>July 2014 General Manager of Scientific Department of the Company</p> <p>September 2015 Director and Vice President, Head of Chemistry of the Company (to present)</p>	21,600
5	Hiroaki Suga (February 21, 1963)	<p>September 1994 General Hospital Postdoctoral Fellow of Harvard Medical School/Massachusetts</p> <p>September 1997 Assistant Professor of University at Buffalo, State University of New York</p> <p>September 2002 Associate Professor of University at Buffalo, State University of New York</p> <p>April 2003 Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo</p> <p>January 2005 Professor of Research Center for Advanced Science and Technology, the University of Tokyo</p> <p>July 2006 Founding Director of the Company (to present)</p> <p>April 2010 Professor of School of Science, the University of Tokyo (to present)</p>	10,725,904

(Notes)

1. Among the candidates for Directors, Mr. Kiichi Kubota concurrently serves as the President of PeptiStar Inc. (an affiliate of the Company), which has business transactions with the Company, and the Company plans to guarantee its debts. None of the other candidates has special interest in the Company.
2. Mr. Kubota is the founder of the Company and has been leading its management with his strong leadership and executive ability based on his management skills and extensive experience and performance. In light of this, the Company believes that Mr. Kubota is capable of successfully fulfilling his duties as Director, with respect to the decision-making process of the Board of Directors.
3. Mr. Patrick C. Reid joined the Company shortly after its foundation and has been leading research and development operations. He is assuming the responsibility of management as a Director of the Company and has deep insight and ability. In light of this, the Company believes that Mr. Reid is capable of successfully fulfilling his duties as Director, with respect to the decision-making process of the Board of Directors.
4. Mr. Yoshiyuki Sekine oversees operations related to the Company's business management. He has extensive experience in all aspects of management and a high level of insight. In light of this, the Company believes that Mr. Sekine is capable of successfully fulfilling his duties as Director, with respect to the decision-making process of the Board of Directors.
5. Mr. Keiichi Masuya has a wealth of operational experience in the Scientific Department of the Company and deep insight in the field. In light of this, the Company believes that Mr. Masuya is capable of successfully fulfilling his duties as Director, with respect to the decision-making process of the Board of Directors.
6. Professor Hiroaki Suga is a candidate for Outside Director.
7. Professor Suga studies and is principally engaged in the nonstandard macrocyclic peptide drug discovery and the development of an artificial ribozyme at the School of Science, the University of Tokyo, and has valuable insight in these fields. For the past eleven years, as Director of the Company, Professor Suga has appropriately expressed his opinions from a fair and objective standpoint. In light of this, the Company believes that Professor Suga is capable of successfully fulfilling his duties as Outside Director, with respect to the decision-making process of the Board of Directors.
8. At the conclusion of this Ordinary General Meeting of Shareholders, Professor Suga's term of office as the Company's Outside Director will be eleven years and two months.
9. Professor Suga has assumed the position of an executor of business at the University of Tokyo, which is a business entity in a special relationship with the Company. He has also served as the executor of business of the University in the past five years. Further, Professor Suga has received salaries and compensations from the University in the past two years and he is expected to continue this in future.
10. The Company has entered into an agreement with Professor Suga to limit his liability for damages pursuant to provisions prescribed in Paragraph 1, Article 427 of the Companies Act. Subject to the re-election of Professor Suga in original form, the Company intends to extend the agreement with him. The overview of this agreement is that the maximum amount of the liability shall be 1.00 million yen or the minimum liability amount stipulated by Paragraph 1, Article 425 of the Companies Act, whichever is greater.

Proposal 3: Election of 3 Directors Appointed as Audit and Supervisory Committee Members

The term of office of all 3 Directors appointed as Audit and Supervisory Committee Members will expire at the end of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the election of 3 Directors appointed as Audit and Supervisory Committee Members. The Audit and Supervisory Committee has previously given its approval for the submission of this proposal.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Michio Sasaoka (July 16, 1949)	September 1978 Postdoctoral Research Associate of Massachusetts Institute of Technology October 1980 Joined Otsuka Chemical Co., Ltd. January 1988 General Manager of Synthesis Research of Otsuka Chemical Co., Ltd. November 2003 Director of Explorative Laboratory of Otsuka Chemical Co., Ltd. March 2007 Managing Director of Otsuka Chemical Co., Ltd. August 2009 Adviser of Otsuka Chemical Co., Ltd. May 2012 Corporate Auditor of the Company September 2015 Director (Audit and Supervisory Committee Member) of the Company (to present)	220,000
2	Toshio Nagae (December 2, 1943)	April 1967 Joined Shionogi & Co., Ltd. October 1970 Joined ICI-Pharma Ltd. (current AstraZeneca K.K.) June 1981 Joined Schering-Plough K.K. (current MSD K.K.) May 1997 Joined Rhône-Poulenc-Rorer K.K. (current Sanofi K.K.) January 2000 Executive Officer of Aventis Pharma K.K. (current Sanofi K.K.) May 2003 President and Representative Director of CMIC-MPSS Co. Ltd. (current CMIC Ashfield Co., Ltd.) June 2003 Concurrently served as President and Representative Director of PCN Co., Ltd. (current Healthclick Co., Ltd.) October 2005 President and Representative Director of York Pharma K.K. January 2010 Established Pharma Business Consultant, Representative (to present) April 2014 Visiting Professor of Gifu Pharmaceutical University (to present) September 2015 Director (Audit and Supervisory Committee Member) of the Company (to present) June 2017 Director (Audit and Supervisory Committee Member) of Human Metabolome Technologies, Inc. (to present)	7,600
3	Yukinori Hanafusa (May 10, 1975) Newly elected	April 1998 Joined Aoyama Audit Corporation July 2001 Registered as a Certified Public Accountant August 2009 Founding Representative Director of Accounting Works Co., Ltd. (to present) June 2014 Corporate Auditor of Tottori Gas Co., Ltd. (to present) September 2014 Auditor of Yatani Gakuen (to present) December 2014 Corporate Auditor of Zen Inc. (to present) March 2015 Corporate Auditor of ARCLAND SERVICE CO., LTD. March 2016 Director (Audit and Supervisory Committee Member) of ARCLAND SERVICE CO., LTD. (to present)	0

(Notes)

1. None of the above candidates has special interest in the Company.
2. Mr. Michio Sasaoka, Professor Toshio Nagae and Mr. Yukinori Hanafusa are candidates for Outside Directors. The Company has selected its candidates for Independent Outside Directors based on the Independence Standards set forth by the Tokyo Stock Exchange. The Company has appointed Mr. Sasaoka and Professor Nagae as Independent Directors based on the provisions of the Tokyo Stock Exchange and filed them with the Tokyo Stock Exchange. Subject to the election of Mr. Hanafusa, he is scheduled to be appointed as Independent Director.
3. Mr. Sasaoka has extensive experience and broad perspective as an entrepreneur and provided valuable and impartial advice to the management of the Company as an Audit and Supervisory Committee Member. Therefore, the Company believes that Mr. Sasaoka is capable of successfully fulfilling his duties as Outside Director. Mr. Sasaoka is an active

Outside Director appointed as Audit and Supervisory Committee Member of the Company and his term of office as Outside Director appointed as Audit and Supervisory Committee Member will be two years at the conclusion of this Ordinary General Meeting of Shareholders.

4. Professor Nagae has extensive experience and broad perspective as an entrepreneur and provided valuable and impartial advice to the management of the Company as an Audit and Supervisory Committee Member. Therefore, the Company believes that Professor Nagae is capable of successfully fulfilling his duties as Outside Director. Professor Nagae is an active Outside Director appointed as Audit and Supervisory Committee Member of the Company and his term of office as Outside Director appointed as Audit and Supervisory Committee Member will be two years at the conclusion of this Ordinary General Meeting of Shareholders.
5. Mr. Hanafusa has extensive experience and a broad perspective as a Certified Public Accountant. The Company proposes his election as Outside Director, believing that the Company can expect him to provide appropriate opinions, from a viewpoint of ensuring legality and appropriateness of the decision-making process of the Company's business execution, as well as monitoring and supervising of the management by utilizing his experience and perspective.
6. The Company has entered into an agreement with Mr. Sasaoka and Professor Nagae to limit their liability for damages pursuant to Paragraph 1, Article 427 of the Companies Act. Subject to the approval of their re-election, the Company intends to extend the agreement with them. In addition, subject to the approval of Mr. Hanafusa's election, the Company intends to enter into the agreement with the same contents with him. The overview of this agreement is that the maximum amount of the liability shall be 1.00 million yen or the minimum liability amount stipulated by Paragraph 1, Article 425 of the Companies Act, whichever is greater.