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(Stock Exchange Code 4587)
August 27, 2015

To Shareholders with Voting Rights:

Kiichi Kubota
Chief Executive Officer
PeptiDream Inc.
4-6-1 Komaba, Meguro-ku, Tokyo

NOTICE OF
THE 9th 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 9th 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 Thursday, September 17, 2015, Japan time.

1. **Date and Time:** Friday, September 18, 2015 at 10:00 a.m. Japan time

2. **Place:** Planets Room, 6F SHIBUYA EXCEL HOTEL TOKYU,
Shibuya Mark City Building, 1-12-2, Dogenzaka, Shibuya-ku, Tokyo

3. **Agenda:**

Matters to be reported: The Business Report and Financial Statements for the Company's 9th Fiscal Year (July 1, 2014 - June 30, 2015)

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

Proposal 4: Determination of the Amount of Compensation for Directors (Excluding Directors Appointed as Audit and Supervisory Committee Members)

Proposal 5: Determination of the Amount of Compensation for 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" 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 18 of the Company's Articles of Incorporation. The Financial Statements audited by Statutory Auditors 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

With the enforcement of the "Act for Partial Amendment of the Companies Act" (Act No. 90 of 2014) on May 1, 2015, as a new organization system, system of board with audit and supervisory committee structure was established.

With the aim of further strengthening supervisory functions of the Board of Directors and further enhancing corporate governance functions, the Company has decided to convert to the board with audit and supervisory committee structure. Accordingly, the Company will set out new rules concerning Audit and Supervisory Committee Members and Audit and Supervisory Committee, and make revisions including deletion of the rules concerning Corporate Auditors and the Board of Corporate Auditors, required for conversion to the board with audit and supervisory committee structure.

In addition, due to changes in scope of executives who can enter into a limited liability agreement in accordance with the amendment of the Companies Act, with the goal of continuously inviting human resources suitable as Directors, the Company proposes to amend part of the Article 30 of the current Articles of Incorporation, in order to enable the Company to enter into a limited liability agreement with Directors other than Executive Directors. The revisions to Article 30 of the current Articles of Incorporation have been approved by all Corporate Auditors.

Separately, in order to enable the implementation of flexible capital and dividend policies, the Company proposes the establishment of Article 37 in its Articles of Incorporation, prescribing provisions to allow the Board of Directors to resolve distribution of surplus, together with the deletion of the existing Articles 7 and 46 to eliminate duplicated provisions.

In addition, the Company seeks to make necessary amendments arising from each of the above revisions, delete duplicated provisions and amend some wording.

2. Contents of the amendments

Contents of the amendments are as follows.

The proposed amendments to the Articles of Incorporation shall become effective at the conclusion of this General Meeting of Shareholders.

(The amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS	CHAPTER I. GENERAL PROVISIONS
Article 1 – (Omitted) Article 3	Article 1 – (Unchanged) Article 3
(Organizations)	(Organizations)
Article 4 The Company shall have the following organs in addition to General Meeting of Shareholders and Directors: (1) Board of Directors; (2) Corporate Auditors; (3) Board of Corporate Auditors; and (4) Accounting Auditor	Article 4 The Company shall have the following organs in addition to General Meeting of Shareholders and Directors: (1) Board of Directors; (2) Audit and Supervisory Committee; and (Deleted) (3) Accounting Auditor
Article 5 (Omitted)	Article 5 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
CHAPTER II. SHARES	CHAPTER II. SHARES
Article 6 (Omitted)	Article 6 (Unchanged)
(Acquisition of Own Shares) Article 7 The Company may, by resolution of the Board of Directors, acquire the Company's own shares pursuant to Paragraph 2, Article 165 of the Companies Act.	(Deleted)
Article 8 – (Omitted) Article 11	Article 7 – (Unchanged) Article 10
CHAPTER III. GENERAL MEETING OF SHAREHOLDERS	CHAPTER III. GENERAL MEETING OF SHAREHOLDERS
(Convocation) Article 12 (Omitted) 2. Unless otherwise provided by laws and regulations, the General Meeting of Shareholders of the Company is convened by the Chief Executive Officer in accordance with the resolution of the Board of Directors. In the event that the Chief Executive Officer of the Company is unable to act, another Director, determined in accordance with an order of priority previously determined, shall convene the General Meeting of Shareholders.	(Convocation) Article 11 (Unchanged) (Deleted)
Article 13 (Omitted)	Article 12 (Unchanged)
(Convocation of Meetings and Chairman) Article 14 The Chief Executive Officer of the Company shall convene the General Meeting of Shareholders and act as Chairman thereof. 2. (Omitted)	(Convocation of Meetings and Chairman) Article 13 Unless otherwise provided by laws and regulations, the Chief Executive Officer of the Company shall convene the General Meeting of Shareholders and act as Chairman thereof. 2. (Unchanged)
Article 15 – (Omitted) Article 18	Article 14 – (Unchanged) Article 17
CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS	CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS
(Number of Directors) Article 19 The number of Directors of the Company shall not exceed seven (7).	(Number of Directors) Article 18 The number of Directors (excluding Directors appointed as Audit and Supervisory Committee Members) of the Company shall not exceed seven (7).

Current Articles of Incorporation	Proposed Amendments
(New)	2. The number of Directors appointed as Audit and Supervisory Committee Members of the Company shall not exceed four (4).
(Election of Directors) Article 20 The election of Directors of the Company shall be adopted by a majority vote of the shareholders attending the General Meeting of Shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.	(Election of Directors) Article 19 The election of Directors of the Company, upon making distinctions from Directors appointed as Audit and Supervisory Committee Members and other Directors, shall be adopted by a majority vote of the shareholders attending the General Meeting of Shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.
2. (Omitted)	2. (Unchanged)
(Term of Office of Directors) Article 21 The term of office of a Director shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within two (2) years from his/her election to office.	(Term of Office of Directors) Article 20 The term of office of a Director (excluding Directors appointed as Audit and Supervisory Committee Members) shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within one (1) year from his/her election to office.
2. The term of office of Directors elected as additional or substitute shall be the same as the remaining term of office of the incumbent Directors.	(Deleted)
(New)	2. The term of office of Directors appointed as Audit and Supervisory Committee Members shall expire upon conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business year ending within two (2) years from his/her election to office.
(New)	3. The term of office of a Director appointed as Audit and Supervisory Board Member elected to fill a vacancy caused by retirement of a Director appointed as Audit and Supervisory Board Member prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retired Director appointed as Audit and Supervisory Board Member.
Article 22 – Article 24	Article 21 – Article 23
(Omitted)	(Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Notice of Convocation of the Board of Directors) Article 25 Notice of convocation of a meeting of the Board of Directors of the Company shall be sent to each Director and Corporate Auditor at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened. 2. When the consent of all Directors and Corporate Auditors is obtained in advance, a meeting of the Board of Directors of the Company may be held without following the procedures for convening a meeting.	(Notice of Convocation of the Board of Directors) Article 24 Notice of convocation of a meeting of the Board of Directors of the Company shall be sent to each Director at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened. 2. When the consent of all Directors is obtained in advance, a meeting of the Board of Directors of the Company may be held without following the procedures for convening a meeting.
Article 26 (Omitted)	Article 25 (Unchanged)
(New)	(Delegation of the Decision on the Execution of Important Operations) Article 26 Pursuant to Paragraph 6, Article 399-13 of the Companies Act, the Board of Directors, by its resolution, may delegate its power to decide on the execution of all or part of important operations (excluding those stipulated by each Item of Paragraph 5 of the same Article) to Directors.
(Minutes of the Meetings of Board of Directors) Article 27 The outline of the proceedings and conclusions of the meetings of Board of Directors and other matters required by laws and regulations shall be stated or recorded in the minutes, into which Directors and Corporate Auditors present shall print their names and seal or sign electronically.	(Minutes of the Meetings of Board of Directors) Article 27 The outline of the proceedings and conclusions of the meetings of Board of Directors and other matters required by laws and regulations shall be stated or recorded in the minutes, into which Directors present shall print their names and seal or sign electronically.
(Board of Directors Regulations) Article 28 The matters concerning the Board of Directors of the Company shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the Board of Directors Regulations adopted or amended by the Board of Directors of the Company.	(Board of Directors Regulations) Article 28 The matters concerning the Board of Directors of the Company shall be governed by, in addition to laws and regulations or these Articles of Incorporation, the Board of Directors Regulations adopted or amended by the Board of Directors of the Company.
(Compensation, etc.) Article 29 The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Company in consideration of their performance of duty (hereinafter referred to as "compensation etc.") shall be determined by resolution of the General Meeting of Shareholders.	(Compensation, etc.) Article 29 The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Company in consideration of their performance of duty shall be, upon making distinctions from Directors appointed as Audit and Supervisory Committee Members and other Directors, determined by resolution of the General Meeting of Shareholders.

Current Articles of Incorporation	Proposed Amendments
(Exemption of Directors from Liabilities) Article 30 (Omitted) 2. The Company may enter into an agreement to limit their liability for damages with Outside Directors if the conditions prescribed by laws and regulations concerning the liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act apply. However, the limit of the liability based on the agreement shall be a predetermined amount greater than or equal to 1.00 million yen, or the minimum liability amount stipulated by laws and regulations, whichever is the greater.	(Exemption of Directors from Liabilities) Article 30 (Unchanged) 2. The Company may enter into an agreement to limit their liability for damages with Directors (excluding Executive Directors) if the conditions prescribed by laws and regulations concerning the liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act apply. However, the limit of the liability based on the agreement shall be a predetermined amount greater than or equal to 1.00 million yen, or the minimum liability amount stipulated by laws and regulations, whichever is the greater.
CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS	CHAPTER V. AUDIT AND SUPERVISORY COMMITTEE
Article 31 – (Omitted) Article 40	(Deleted)
(New)	(Notice of Convocation of the Meeting of the Audit and Supervisory Committee) Article 31 Notice of convocation of a meeting of the of Audit and Supervisory Committee of the Company shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened. 2. When the consent of all Audit and Supervisory Committee Member is obtained in advance, a meeting of the Audit and Supervisory Committee of the Company may be held without following the procedures for convening a meeting.
(New)	(Audit and Supervisory Committee Regulations) Article 32 The matters concerning the Audit and Supervisory Committee of the Company shall be governed by, in addition to laws and regulations or these Articles of Incorporation, the Audit and Supervisory Committee Regulations adopted or amended by resolution of the Audit and Supervisory Committee of the Company.
CHAPTER VI. ACCOUNTING AUDITOR	CHAPTER VI. ACCOUNTING AUDITOR
Article 41 – (Omitted) Article 43	Article 33 – (Unchanged) Article 35

Current Articles of Incorporation	Proposed Amendments
CHAPTER VII. ACCOUNTS	CHAPTER VII. ACCOUNTS
Article 44 (Omitted)	Article 36 (Unchanged)
(New)	(Decision-making Organization with respect to Distribution of Surplus, etc.) Article 37 Unless otherwise provided by laws and regulations, the matters stipulated in each Item of Paragraph 1, Article 459 of the Companies Act, including distribution of surplus, shall be determined by resolution of the Board of Directors of the Company.
(Record Date for Distribution of Surplus) Article 45 (Omitted)	(Record Date for Distribution of Surplus) Article 38 (Unchanged)
(New)	2. The record date for payment of interim dividends shall be December 31 of each year.
2. In addition to the provisions of the above Paragraph, the Company may distribute surplus by specifying any other record date.	3. In addition to the provisions of the above two Paragraphs, the Company may distribute surplus by specifying any other record date.
(Interim Dividends) Article 46 By the resolution of the Board of Directors, the Company may pay interim dividends, with the record date of December 31 of each year.	(Deleted)
Article 47 (Omitted)	Article 39 (Unchanged)
(New)	SUPPLEMENTARY PROVISIONS (Transitional Measures concerning Exemption of Corporate Auditors from Liabilities) Article 1 By the resolution of the Board of Directors, the Company may exempt Corporate Auditors (including former Corporate Auditors) from their liability for damages, stipulated in Paragraph 1, Article 423 of the Companies Act, invoked prior to the conclusion of the 9th Ordinary General Meeting of Shareholders, within the limits set by laws and regulations, under the condition that the duties were carried out in good faith and with no gross negligence.

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

Subject to the approval of Proposal No. 1 "Partial Amendment to the Articles of Incorporation" in original form, the Company will convert to a board with audit and supervisory committee structure and the terms of office of all 4 Directors will expire when the amendments to Articles of Incorporation become effective.

Accordingly, with the aim of enhancing management structure, the Company proposes to increase the number of Directors by 1, and proposes the election of 5 Directors (excluding Directors appointed as Audit and Supervisory Committee Members; hereinafter the same shall apply to this Proposal) after the conversion to the board with audit and supervisory committee structure.

This Proposal will be effective, subject to the effectuation of Proposal No.1 "Partial amendment to the Articles of Incorporation."

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)	April 1976	Joined NISSAN MOTOR CO., LTD.	6,193,200
		July 1978	Joined Special Reference Laboratories, Inc. (current SRL, Inc.)	
		November 2000	Founding Senior Managing Director of JGS, Inc.	
		April 2001	Chief Executive Officer of JGS, Inc.	
		July 2006	Founding Chief Executive Officer of the Company (to present)	
2	Patrick C. Reid (January 14, 1975)	August 2003	NRSA Post-doctoral Fellow of Dartmouth Medical School	2,600,000
		April 2004	Project Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo	
		January 2005	Visiting Associate Professor of Center for Collaborative Research, the University of Tokyo	
		April 2006	Project Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo	
		January 2007	Joined the Company	
		August 2008	Director of the Company	
		May 2012	Director and General Manager of Scientific Department of the Company	
		September 2012	Managing Director and General Manager of Scientific Department of the Company	
		July 2014	Managing Director and Chief Scientific Officer of the Company (to present)	
3	Yoshiyuki Sekine (August 18, 1975)	April 1998	Joined The Yasuda Mutual Life Insurance Company (current Meiji Yasuda Life Insurance Company)	1,200
		February 2003	Joined Treasure Factory Co., LTD.	
		June 2003	General Manager of Financial and Accounting Department of Treasure Factory Co., LTD.	
		January 2004	General Manager of General Affairs Department of Treasure Factory Co., LTD.	
		May 2012	General Manager of General Affairs Department on joining the Company	
		September 2012	Director and General Manager of Management Administration Department of the Company (to present)	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	Hiroaki Suga (February 21, 1963)	September 1994 September 1997 September 2002 April 2003 January 2005 July 2006 April 2010	General Hospital Postdoctoral Fellow of Harvard Medical School/Massachusetts Assistant Professor of University at Buffalo, State University of New York Associate Professor of University at Buffalo, State University of New York Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo Professor of Research Center for Advanced Science and Technology, the University of Tokyo Founding Director of the Company (to present) Professor of School of Science, the University of Tokyo (to present)	4,812,952
5	Keiichi Masuya (April 2, 1969) Newly elected	April 1998 September 2001 April 2006 November 2008 July 2014	Joined Mitsubishi Chemical Corporation Joined Novartis Pharma K.K. Joined Novartis International AG Head of PPI Drug Discovery and Novartis Leading Scientist of Novartis Pharma AG General Manager of Scientific Department of the Company (to present)	800

(Notes)

1. None of the above candidates has special interest in the Company.
2. Professor Hiroaki Suga is a candidate for Outside Director.
3. 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 nine 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.
4. At the conclusion of this Ordinary General Meeting of Shareholders, Professor Suga's term of office as the Company's Outside Director will be nine years and two months.
5. 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.
6. 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 approval of the Proposal 1 "Partial Amendment to the Articles of Incorporation" in original form and 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 pursuant to Paragraph 1, Article 423 of the Companies Act is limited to 1.00 million yen or the amount stipulated by laws and regulations, whichever is greater.

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

Subject to the approval of Proposal No. 1 "Partial Amendment to the Articles of Incorporation" in original form, the Company will convert to a board with audit and supervisory committee structure. Accordingly, the election of 3 Directors appointed as Audit and Supervisory Committee Members is proposed. The Board of Corporate Auditors has previously given its approval for the submission of this proposal.

This Proposal will be effective, subject to the effectuation of Proposal No.1 "Partial amendment to the Articles of Incorporation."

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) Newly elected	September 1978	Postdoctoral Research Associate of Massachusetts Institute of Technology	200,000
		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 (to present)	
2	Jun Tanaka (March 1, 1972) Newly elected	April 1994	Joined Asahi & Co. (current KPMG AZSA LLC)	400
		December 2004	Joined BioOne Corporation	
		July 2007	Established Tanaka Certified Public Accountant Office, Representative (to present)	
		September 2008	Auditor of Japan Property Management Center Co., Ltd. (to present)	
		December 2008	Representative Director of Accounting Assist Co., Ltd.	
		February 2013	Corporate Auditor of the Company (to present)	
3	Toshio Nagae (December 2, 1943) Newly elected	April 1967	Joined Shionogi & Co., Ltd.	3,800
		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)	

(Notes)

1. None of the above candidates has special interest in the Company.
2. Mr. Michio Sasaoka, Mr. Jun Tanaka and Professor Toshio Nagae are candidates for Outside Directors. The Company has appointed Mr. Sasaoka and Mr. Tanaka as Independent Directors based on provisions of Tokyo Stock Exchange and filed them with the Tokyo Stock Exchange.
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 Outside Corporate Auditor. Therefore, the Company believes that Mr. Sasaoka is capable of successfully fulfilling his duties as Outside Director. Mr. Sasaoka is an active Outside Corporate Auditor of the Company and his term of office as Outside Corporate Auditor will be three years and four months at the conclusion of this Ordinary General Meeting of Shareholders.
4. Mr. Tanaka has extensive experience and broad perspective as a certified public accountant and provided valuable and impartial advice to the management of the Company as an Outside Corporate Auditor. Therefore, the Company believes that Mr. Tanaka is capable of successfully fulfilling his duties as Outside Director. Mr. Tanaka is an active Outside Corporate Auditor of the Company and his term of office as Outside Corporate Auditor will be two years and

seven months at the conclusion of this Ordinary General Meeting of Shareholders.

5. Professor Nagae has extensive experience and a broad perspective as an entrepreneur. 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. Subject to the approval of his election in original form, Professor Nagae is expected to be appointed as an Independent Director.
6. Pursuant to provisions prescribed in Paragraph 1, Article 427 of the Companies Act, the Company and Outside Corporate Auditors, Mr. Sasaoka and Mr. Tanaka, entered into an agreement to limit their liability for damages. Subject to the approval of Proposal No.1 "Partial Amendment to the Articles of Incorporation" in original form and the election of Mr. Sasaoka, Mr. Tanaka and Professor Nagae as originally proposed, the Company intends to enter into the agreement with same contents as the above with those appointed as Directors (excluding Executive Directors). The overview of this agreement is that the maximum amount of the liability pursuant to Paragraph 1, Article 423 of the Companies Act is limited to 1.00 million yen or the amount stipulated by laws and regulations, whichever is greater.

Proposal 4: Determination of the Amount of Compensation for Directors (Excluding Directors Appointed as Audit and Supervisory Committee Members)

Since the resolution at the 6th Ordinary General Meeting of Shareholders held on September 25, 2012, the amount of annual compensation to be paid to the Company's Directors has been set at an amount not greater than 300 million yen a year (30 million yen for Outside Director). Subject to the approval of Proposal No. 1 "Partial Amendment to the Articles of Incorporation" in original form, the Company will convert to a board with audit and supervisory committee structure. For the amount of annual compensation to be paid to the Directors (excluding Directors appointed as Audit and Supervisory Committee Members) after the conversion to a board with audit and supervisory committee structure, in light of the future strengthening of management structure and various conditions including the recent economic environment, the Company proposes that the compensation to be paid to the Directors be increased to an amount not greater than 1,000 million yen a year (100 million yen for Outside Director) and the determination of the actual amount, time of payment and other matters concerning each Directors' compensation be made by resolution of the Board of Directors. The amount of Directors' compensation (excluding Directors appointed as Audit and Supervisory Committee Members) does not include the portion of their employee salaries.

Currently, there are 4 Directors (including 1 Outside Director). Subject to the approval of Proposal No. 1 "Partial Amendment to the Articles of Incorporation" and Proposal No. 2 "Election of 5 Directors (Excluding Directors Appointed as Audit and Supervisory Committee Members)" in original forms, the number of Directors (excluding Directors appointed as Audit and Supervisory Committee Members) after the conversion to a board with audit and supervisory committee structure will be 5 (including 1 Outside Director).

This Proposal will be effective, subject to the effectuation of Proposal No.1 "Partial amendment to the Articles of Incorporation."

Proposal 5: Determination of the Amount of Compensation for Directors Appointed as Audit and Supervisory Committee Members

Subject to the approval of Proposal No. 1 "Partial Amendment to the Articles of Incorporation" in original form, the Company will convert to a board with audit and supervisory committee structure. In light of various conditions including the recent economic environment, the Company proposes that, after the conversion to a board with audit and supervisory committee structure, compensation to be paid to the Directors appointed as Audit and Supervisory Committee Members be set at the amount not greater than 200 million yen a year and the actual amount, time of payment and other matters concerning compensation for each Directors appointed as Audit and Supervisory Committee Members be determined through discussions with Directors appointed as Audit and Supervisory Committee Members.

Subject to the approval of Proposal No.1 "Partial Amendment to the Articles of Incorporation" and Proposal No. 3 "Election of 3 Directors Appointed as Audit and Supervisory Committee Members" in original forms, the number of Directors appointed as Audit and Supervisory Committee Members after the conversion to a board with audit and supervisory committee structure will be 3.

This Proposal will be effective, subject to the effectuation of Proposal No.1 "Partial amendment to the Articles of Incorporation."