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(Stock Exchange Code 4587)
September 6, 2016

To Shareholders with Voting Rights:

Kiichi Kubota
President
PeptiDream Inc.
4-6-1 Komaba, Meguro-ku, Tokyo

NOTICE OF
THE 10th 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 10th 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 27, 2016, Japan time.

1. **Date and Time:** Wednesday, September 28, 2016 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 10th Fiscal Year (July 1, 2015 - June 30, 2016)

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: Determination of the Amount of Performance-linked Stock Compensation for Directors (Excluding 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 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

(1) The Company proposes to make necessary amendments to Article 2 (Purpose) of the current Articles of Incorporation to respond to the diversification of business in the future.

(2) The Company seeks to change the location of its head office set forth in Article 3 (Location of Head Office) from Meguro-ku, Tokyo to Kawasaki-shi, Kanagawa Prefecture. This change shall become effective as of the date of the relocation of the head office, which is separately determined at the Board of Directors' meeting, and a supplementary provision to this effect shall be established.

2. Contents of the amendments

Contents of the amendments are as follows.

(The amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I. GENERAL PROVISIONS	CHAPTER I. GENERAL PROVISIONS
Article 1 (Omitted)	Article 1 (Unchanged)
(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: (1) Research and development of biotechnology and the undertaking thereof (2) Development, manufacture and sale of research reagents for biotechnology (3) Development, manufacture and sale of reagents for clinical tests and diagnostic agents	(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses: (1) Research and development of various types of biological substances and chemical substances, such as pharmaceuticals, pesticides, veterinary medicines, industrial chemicals, quasi-drugs, reagents, diagnostic agents, cosmetics, foods, food additives and fertilizers, and the undertaking thereof (2) Development, manufacture and sale of various types of biological substances and chemical substances, such as pharmaceuticals, pesticides, veterinary medicines, industrial chemicals, quasi-drugs, reagents, diagnostic agents, cosmetics, foods, food additives and fertilizers (3) Assignment and licensing of intellectual property rights to fundamental technologies related to various types of biological substances and chemical substances, such as pharmaceuticals, pesticides, veterinary medicines, industrial chemicals, quasi-drugs, reagents, diagnostic agents, cosmetics, foods, food additives and fertilizers

Current Articles of Incorporation	Proposed Amendments
(4) Development, manufacture, sale and export and import of pharmaceuticals, cosmetics, food additives, etc. using biotechnology	(4) Contracted research related to subjects ranging from the information analysis of genes and proteins to drug development, and consulting services thereof
(5) Development, manufacture, sale and export and import of biotechnology-related medical equipment, etc.	(5) Production and sale of software and database related to the information analysis of genes and proteins, and consulting services thereof
(6) Consultant services related to biotechnology	(6) Manufacture and sale of equipment for the functional analysis of genes and proteins
(7) Any and all businesses incidental to any of the foregoing items	(7) Manufacture and sale of equipment for diagnosis of pathological conditions by genes and proteins
	(8) Development, manufacture, sale and export and import of biotechnology-related medical equipment, etc.
	(9) Consulting services related to biotechnology
	(10) Administration, sale and purchase and lease of real estate
	(11) Warehousing business, shipping business and freight forwarding agency
	(12) Operation of cafeteria and coffee shops
	(13) Any and all businesses incidental to any of the foregoing items
(Location of Head Office) Article 3 The head office of the Company shall be located in Meguro-ku, Tokyo, Japan.	(Location of Head Office) Article 3 The head office of the Company shall be located in Kawasaki-shi, Kanagawa Prefecture, Japan.
Article 4 – (Omitted) Article 39	Article 4 – (Unchanged) Article 39
SUPPLEMENTARY PROVISIONS	SUPPLEMENTARY PROVISIONS
Article 1 (Omitted)	Article 1 (Unchanged)
(New)	(Special Provision on the Location of Head Office) Article 2 The change referred to in Article 3 (Location of Head Office) shall become effective as of the date of relocation of the head office, which is determined at the Board of Directors' meeting. This supplementary provision shall be deleted after the above amendment takes effect.

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)	April 1976 July 1978 November 2000 April 2001 July 2006	Joined NISSAN MOTOR CO., LTD. Joined Special Reference Laboratories, Inc. (current SRL, Inc.) Founding Senior Managing Director of JGS, Inc. Chief Executive Officer of JGS, Inc. Founding President of the Company (to present)	6,193,200
2	Patrick C. Reid (January 14, 1975)	August 2003 April 2004 January 2005 April 2006 January 2007 August 2008 May 2012 September 2012 July 2014	NRSA Post-doctoral Fellow of Dartmouth Medical School Project Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo Visiting Associate Professor of Center for Collaborative Research, the University of Tokyo Project Associate Professor of Research Center for Advanced Science and Technology, the University of Tokyo Joined the Company Director of the Company Director and General Manager of Scientific Department of the Company Senior Vice President and General Manager of Scientific Department of the Company Senior Vice President, Head of Research & Development of the Company (to present)	2,600,000
3	Yoshiyuki Sekine (August 18, 1975)	April 1998 February 2003 June 2003 January 2004 May 2012 September 2012	Joined The Yasuda Mutual Life Insurance Company (current Meiji Yasuda Life Insurance Company) Joined Treasure Factory Co., LTD. General Manager of Financial and Accounting Department of Treasure Factory Co., LTD. General Manager of General Affairs Department of Treasure Factory Co., LTD. General Manager of General Affairs Department on joining the Company Director and Vice President, Head of Business Administration of the Company (to present)	45,300

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)	April 1998 September 2001 April 2006 November 2008 July 2014 September 2015	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 Director and Vice President, Head of Chemistry of the Company (to present)	10,800
5	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

(Notes)

1. None of the above candidates has special interest in the Company.
2. Mr. Kiichi 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 ten 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 ten 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: Determination of the Amount of Performance-linked Stock Compensation for Directors (Excluding Directors Appointed as Audit and Supervisory Committee Members)

1. Reasons for the proposal

The Company proposes the introduction of the performance-linked stock compensation plan "BBT (Board Benefit Trust)" (hereinafter referred to as the "Plan"). The aim is to raise awareness among Directors (excluding Outside Directors and Directors appointed as Audit and Supervisory Committee Members; hereinafter referred to as "Directors") about contributing to the improvement of the Company's performance over the medium to long term and the enhancement of its corporate value by further clarifying the linkage between the compensation for Directors and the Company's performance as well as its stock value. In light of the above objectives, the Company deems that the contents of this Proposal are appropriate.

Specifically, as for the compensation of Directors relating to the Plan, the Company seeks the approval of shareholders for the introduction of a new stock compensation plan for Directors separately from the upper limit on the compensation for Directors (an amount not greater than 1,000 million yen a year, excluding the portion of employees' salaries), which was approved at the 9th Ordinary General Meeting of Shareholders held on September 18, 2015. The Company proposes that its Board of Directors be entrusted with the details of the Plan within the framework of 2. below.

Subject to the approval of Proposal No. 2 as originally proposed, the number of Directors who fall under the Plan will be 4.

2. The amount of compensation of and reference information on the Plan

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan whereby the Company's shares, which are acquired through the trust with cash funded by the Company, and cash equivalent in amount to the value of the Company's shares converted at the market value (hereinafter referred to as the "Company's Shares, etc.") are granted to the Directors of the Company through the trust in accordance with the Officer Stock Benefit Rules established by the Board of Directors.

In principle, Directors will receive the Company's Shares, etc. upon their retirement.

(2) Eligible persons for the Plan

Directors of the Company (Outside Directors and Directors appointed as Audit and Supervisory Committee Members are not eligible for the Plan.)

(3) Amount of money that the Company will contribute to the trust (the amount of compensation)

Subject to the approval of this Proposal, the Company will introduce the Plan for three business years starting from the business year ending June 30, 2017 up to the business year ending June 30, 2019 (the above three business years and each period of the three business years starting after the first three business years shall be referred to as the "Target Period," respectively.) and each subsequent Target Period. The amount up to 300 million yen will be contributed to the trust during the initial Target Period as funds for acquiring the Company's Shares, etc. for grants to Directors based on the Plan.

After the initial Target Period, the Company plans to additionally fund the trust with the amount up to 300 million yen as a fund to acquire the shares stated above during each Target Period until the termination of the Plan.

However, when the Company makes such additional contribution, if the Company's shares (excluding the Company's shares equivalent to points granted to Directors that have not been delivered to them) and cash remain in the trust assets on the last day of the Target Period immediately prior to the Target Period for which the Company makes the additional contribution (hereinafter referred to as the "Remaining Shares, etc."), the total of the value of the Remaining Shares, etc. (with respect to the Company's shares, the book value as of the last day of the immediately prior Target Period) and the cash to be additionally contributed shall be within the upper limit approved in this Proposal.

(4) Method of acquiring the Company's shares and the number of shares to be acquired

The Company's shares shall be acquired by the trust through the stock exchange market or by acquiring the disposed treasury shares of the Company, using the fund contributed under (3) above.

As a reference, on the assumption of acquiring the Company's shares at the closing price as of August 19, 2016, 60,400 shares can be acquired from funds with the upper limit of 300 million yen that the Company can contribute to the trust as funds for the acquisition of the Company's shares to be granted to Directors for the initial Target Period.

With regard to the initial Target Period, the shares shall be acquired without delay after the establishment of the trust (November 2016 (planned)), and the details thereof shall be disclosed in a timely and appropriate manner.

(5) Specific contents of the Company's Shares, etc. to be granted to Directors

The Company grants to each Director points decided by taking into account factors, such as performance and individual evaluations for each business year in accordance with the Officer Stock Benefit Rules.

Each point granted to Directors will be converted to one common share when the Company Shares, etc. are granted as described in (6) below. (However, if the Company conducts a stock split, allotment of shares without contribution, stock consolidation or any other event with respect to the Company's shares after the approval of this Proposal, the Company will make a rational adjustment to the conversion ratio according to the ratio resulting from such event.)

The number of Director's points, which will be the standard upon delivery of the Company's Shares, etc. under (6) below, is the total number of points granted to the Director until the time when the beneficiary requirements are fulfilled (hereinafter referred to as the "Defined Number of Points").

(6) Timing of the delivery of the Company's Shares, etc. to Directors

When a Director of the Company fulfills the beneficiary requirements set forth in the Officer Stock Benefit Rules upon retirement, the said Director is eligible for receiving the Company's shares from the trust after his/her retirement based on the Defined Number of Points as set forth in (5) above by completing the predetermined beneficiary certification procedures. However, if the Director fulfills the requirements set forth in the Officer Stock Benefit Rules, he/she will receive, in respect of a certain percentage of the points, cash equivalent to the market value of the Company's shares in lieu of the granting of the Company's shares. The Company may sell the Company's shares through the trust in order to make cash provisions.