



**PEPLIN, INC.**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

*at 4pm Tuesday, 15 January 2008*

*Claremont Hotel,  
41 Tunnel Road,  
Berkeley, California,  
United States*

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## NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

### Peplin, Inc.

Dear Stockholder (including a holder of a CHESSE Depository Interest (**CDI**))

The Company is calling a special meeting of stockholders (i.e. an Extraordinary General Meeting) (**EGM**) to be held at the Claremont Hotel, 41 Tunnel Road, Berkeley, California, United States on 15 January 2008, commencing at 4pm, US Pacific Standard Time (16 January 2008, at 11am, Australian Eastern Daylight Time). The purpose of the EGM is to enable stockholders to vote on, or with respect to CDI holders, to direct CHESSE Depository Nominees Pty Ltd (**CDN**) how to vote on, resolutions (set out in the attached Notice of Meeting and Explanatory Statement) to:

- refresh stockholders' approval of the Company's proposed capital raising activities; and
- approve the grant of employee stock options to two of the Company's directors.

These items are fully discussed in the following pages, which form part of this Notice of Meeting. Only stockholders and CDI holders of record on the books of the Company at 7pm on 5 December 2007, Australian Eastern Daylight Time are entitled to vote at, or with respect to CDI holders, to direct CDN how to vote at, the EGM.

It is important that your shares of common stock, or with respect to CDI holders, the shares of common stock underlying your CDIs, be represented at the EGM. Each holder of common stock may vote in person at the EGM or by proxy. Each CDI holder may direct CDN how it should vote at the EGM by delivering, in accordance with the instructions below, a completed proxy form. If a holder of CDIs wishes to attend and vote in person at the EGM, he or she must first instruct CDN to appoint them as proxy by completing and returning a proxy form in accordance with the instructions contained therein.

Enclosed with this Notice of Meeting you will find a proxy form applicable to your holding. Holders of shares of common stock must complete, and follow the instructions contained in, the proxy form labelled "Proxy of Common Stock" (**Common Stock Proxy**) and return the completed Common Stock Proxy in accordance with the instructions contained in the Common Stock Proxy. Holders of CDIs must complete, and follow the instructions contained in, the proxy form labelled "CDI Voting Instruction Form" (**CDI Proxy**) and return the CDI Proxy in accordance with the instructions contained in the CDI Proxy.

**Please note that failure to complete and deliver the proper proxy form, or the failure to follow the instructions contained in the proper proxy form, may result in your vote not being counted when tallying the final votes.** Even if you plan to attend the EGM in person, **please sign, date and return the applicable proxy form** as promptly as possible.

You may be able to vote, or with respect to CDI holders, to direct CDN how to vote, over the Internet by following the instructions contained in either the Common Stock Proxy or the CDI Proxy. **Please note that failure to follow the applicable instructions for voting over the Internet may result in your vote not being counted when tallying the final votes.**

Mailing your proxy(ies) or voting over the Internet will not prevent you from voting your shares of common stock in person if you attend the EGM, but will make sure that your shares of common stock are represented if you cannot attend the EGM. Please note, however, that if a brokerage firm, bank or other nominee (including CDN) holds your shares of record and you wish to vote at the EGM in person, you must obtain from the record holder a valid legal proxy issued in your name. As discussed above, if a holder of CDIs wishes to attend and vote in person at the EGM, he or she must first instruct CDN to appoint them as proxy by completing and returning the CDI Proxy.

**Common Stock Proxies received by mail or over the Internet later than 8:59pm on 14 January 2008, US Pacific Standard Time (or by 3:59pm on 15 January 2008, Australian Eastern Daylight Time) will not be counted when tallying the final votes. Holders of common stock whose Common Stock Proxies are not received by mail or over the Internet by the deadline above can still vote their shares of common stock in person by attending the EGM.**

**CDI Proxies received by mail, fax or over the Internet later than 4pm on 13 January 2008, US Pacific Standard Time (or by 11am on 14 January 2008, Australian Eastern Daylight Time) will not be counted when tallying the final votes. Holders of CDIs whose CDI Proxies are not received by mail, fax or over the Internet by the deadline above are unable to vote their CDIs in person at the EGM.**

If you have any questions, please contact the Company on 07 3250 1200. In addition, holders of common stock may contact Mellon Investor Services LLC on 877-223-0771 (within the United States) or +1-201-680-6578 (outside the United States) and holders of CDIs may contact Computershare Investor Services Pty Limited on 1300-850-505 (within Australia) or +61-3-9415-4000 (outside Australia).

Thank you for your continued investment and support.

Yours sincerely

A handwritten signature in blue ink that reads "Tom Wiggans". The signature is written in a cursive, slightly slanted style.

**Thomas Wiggans**  
**CHAIRMAN**

12 December 2007

## NOTICE OF SPECIAL MEETING OF STOCKHOLDERS/ PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS

Notice is given that a special meeting of stockholders (i.e. an Extraordinary General Meeting) (**EGM**) of **PEPLIN, INC.** (**Company**) will be held at the Claremont Hotel, 41 Tunnel Road, Berkeley, California, United States on 15 January 2008, commencing at 4pm US Pacific Standard Time (16 January 2008, at 11am Australian Eastern Daylight Time).

### RESOLUTION 1: APPROVAL TO FUTURE CAPITAL RAISING

To consider and, if thought fit, to pass the following resolution:

*'That, for the purposes of ASX Listing Rule 7.1, Stockholders approve the issue and allotment of up to 6,250,000 shares of common stock on and subject to the terms set out in the Explanatory Statement accompanying this notice of Special Meeting of Stockholders.'*

### RESOLUTION 2: APPROVAL OF ISSUE OF EMPLOYEE STOCK OPTIONS TO THOMAS WIGGANS

To consider and, if thought fit, to pass the following resolution:

*'That approval is given, for the purposes of ASX Listing Rule 10.14, to the issue to Mr Thomas Wiggans of up to 75,000 options to subscribe for common stock under the Company's 2007 Incentive Award Plan, on and subject to the terms set out in the Explanatory Statement accompanying this notice of Special Meeting of Stockholders.'*

### RESOLUTION 3: APPROVAL OF ISSUE OF EMPLOYEE STOCK OPTIONS TO MICHAEL ALDRIDGE

To consider and, if thought fit, to pass the following resolution:

*'That approval is given, for the purposes of ASX Listing Rule 10.14, to the issue to Mr Michael Aldridge of 31,119 options to subscribe for common stock under the Company's 2007 Incentive Award Plan, on and subject to the terms set out in the Explanatory Statement accompanying this notice of Special Meeting of Stockholders.'*

## INFORMATION NOTES

### General

The proxy statement is approved by the board of directors of the Company for use in voting at this EGM.

The Company's CHESSE Depository Interests (**CDIs**) are traded on the Australian Securities Exchange (**ASX**). CDIs are exchangeable, at the option of the holder, into shares of our common stock at a ratio of 20:1.

These materials are first being mailed on or about 14 December 2007 (Australian Eastern Daylight Time) to all holders of common stock entitled to vote at, or with respect to CDI holders, to direct CDN how to vote at, the EGM.

### Record Date and Outstanding Shares

Only holders of record of common stock or CDIs at 7pm on the record date, 5 December 2007 (Australian Eastern Daylight Time), are entitled to receive notice of and to vote at, or with respect to CDI holders, to direct CDN how to vote at, the EGM. Stockholders are entitled to one vote for each share of common stock they held as of the record date. CDI holders are entitled to direct CDN how it should vote with respect to each share of common stock into which every 20 CDIs held by such holder as of the record date could be converted.

Pursuant to the Company's by-laws and Delaware law, the record date must be no more than 60 days and no less than 10 days prior to the date of the EGM.

### Voting and Solicitation

Each holder of common stock may vote in person at the EGM or by proxy. If you are the record holder of your shares of common stock and attend the meeting in person, you may deliver your completed proxy card to us at the meeting. Each CDI holder may direct CDN how it should vote at the EGM by delivering, in accordance with the instructions below, a completed proxy form. If a holder of CDIs wishes to attend and vote in person at the EGM, he or she must first instruct CDN to appoint them as proxy by completing and returning a proxy form in accordance with the instructions contained therein.

Enclosed with this Notice of Meeting you will find a proxy form applicable to your holding. Holders of shares of common stock must complete, and follow the instructions contained in, the proxy form labelled "Proxy of Common Stock" (**Common Stock Proxy**) and return the completed Common Stock Proxy in accordance with the instructions contained in the Common Stock Proxy. Holders of CDIs must complete, and follow the instructions contained in, the proxy form labelled "CDI Voting Instruction Form" (**CDI Proxy**) and return the CDI Proxy in accordance with the instructions contained in the CDI Proxy.

**Please note that failure to complete and deliver the proper proxy form, or the failure to follow the instructions contained in the proper proxy form, may result in your vote not being counted when tallying the final votes.**

When proxies are properly dated, executed and returned, the shares they represent will be voted at the EGM in accordance with the instructions of the stockholder or CDI holder (proxies cannot be voted for a greater number of persons than the number of nominees named). If no specific instructions are given on the proxy, the shares will be voted FOR each resolution.

You may be able to vote, or with respect to CDI holders, to direct CDN how to vote, over the Internet by following the instructions contained in either the Common Stock Proxy or the CDI Proxy. **Please note that failure to follow the applicable instructions for voting over the Internet may result in your vote not being counted when tallying the final votes.** If your shares are held in "street name" please check your proxy form or contact your broker or nominee to determine whether you will be able to vote by the Internet.

Mailing your proxy(ies) or voting over the Internet will not prevent you from voting your shares of common stock in person if you attend the EGM, but will make sure that your shares of common stock are represented if you cannot attend the EGM. Please note, however, that if a brokerage firm, bank or other nominee (including CDN) holds your shares of record and you wish to vote at the EGM in person, you must obtain from the record holder a valid legal proxy issued in your name. As discussed above, if a holder of CDIs wishes to attend and vote in person at the EGM, he or she must first instruct CDN to appoint them as proxy by completing and returning the CDI Proxy.

**Common Stock Proxies received by mail or over the Internet later than 8:59pm on 14 January 2008, US Pacific Standard Time (or by 3:59pm on 15 January 2008, Australian Eastern Daylight Time), will not be counted when tallying the final votes. Holders of common stock whose Common Stock Proxies are not received by mail or over the Internet by the deadline above can still vote their shares of common stock in person by attending the EGM.**

**CDI Proxies received by mail, fax or over the Internet later than 4pm on 13 January 2008, US Pacific Standard Time (or by 11am on 14 January 2008, Australian Eastern Daylight Time) will not be counted when tallying the final votes. Holders of CDIs whose CDI Proxies are not received by mail, fax or over the Internet by the deadline above are unable to vote their CDIs in person at the EGM.**

We are making this proxy solicitation by and on behalf of the board of directors.

Proxies may be solicited personally or by telephone, electronic mail or facsimile by the Company's officers, directors and regular employees, none of whom will receive additional compensation for assisting with solicitation.

## Quorum and Required Vote

A quorum is required for the transaction of business during the EGM. A quorum is present when a majority of stockholder votes are present in person or by proxy. Shares that are voted "FOR", "AGAINST" or "WITHHELD" on a matter are treated as being present at the meeting for purposes of establishing a quorum and are also treated as votes cast by the common stock present in person or represented by proxy at the EGM and entitled to vote on the subject matter.

Each resolution at the EGM requires a majority of the votes cast by those present and voting, so long as a quorum is present.

## Revocability of Proxies

If you are a stockholder entitled to vote and you have submitted a Common Stock Proxy, you may revoke your proxy at any time before it is voted by delivering a written revocation to the Secretary of the Company, delivering a duly executed proxy bearing a later date or attending and voting in person at the EGM. If you hold your shares through a broker or custodian, you will need to contact them to revoke your proxy.

## Voting Exclusion Statement

The Company will disregard any vote cast on:

- (a) Resolution 1 by any person intending to participate in the Capital Raising or any Associate of those persons;
- (b) Resolution 2 by any Director or any of their Associates; and
- (c) Resolution 3 by any Director or any of their Associates.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**By order of the Board**



**David Smith**  
**Company Secretary**

12 December 2007

## EXPLANATORY STATEMENT

This explanatory statement has been prepared for the information of stockholders of the Company in connection with the business to be conducted at the EGM to be held at the Claremont Hotel, 41 Tunnel Road, Berkeley, California, United States on 15 January 2008, commencing at 4pm, US Pacific Standard Time (16 January 2008, at 11am, Australian Eastern Daylight Time).

**This information is important. You should read the information relating to the meeting carefully and if necessary, seek your own independent advice.**

### RESOLUTION 1: APPROVAL TO FUTURE CAPITAL RAISING

At the Extraordinary General Meeting of shareholders of Peplin Limited held on 1 October 2007, 99.1% of votes cast were in favour of a proposed capital raising in the United States and internationally by way of an initial public offering of shares of common stock (**IPO**) and/or a private placement of shares of common stock (collectively, the **Capital Raising**). We explained at that time that the Company may need to refresh the stockholder approval if the securities under the Capital Raising were not issued within the three month period following the second court hearing approving the schemes of arrangement.

As of the date of this Explanatory Statement, the Company has filed a registration statement on Form S-1 with US Securities and Exchange Commission. The Company has not completed the proposed Capital Raising.

To allow the Company to continue to pursue the proposed Capital Raising, the Company is required by the Listing Rules of the Australian Securities Exchange (**ASX**) to seek a fresh approval from stockholders as it intends to issue more than 15% of its capital.

Set out below is the information required to be disclosed in compliance with Listing Rule 7.3:

- (a) The maximum aggregate number of securities proposed to be issued under the Capital Raising is 6,250,000 shares of common stock.
- (b) The actual number of shares to be issued under the Capital Raising, including any shares to be sold pursuant to any over-allotment option provided in favour of the underwriters, and the price per share in the Capital Raising will be determined by the Company in consultation with the lead managing underwriter, following an international book build process and in light of then current market conditions. It may be less than the number of shares referred to above. The Company seeks to secure approval for this maximum aggregate number of shares to ensure the greatest flexibility to conduct a successful Capital Raising.
- (c) The Company currently expects that common stock will be issued pursuant to the approval given at this EGM for the Capital Raising no later than three months after the date of the EGM.
- (d) The issue price for the common stock issued pursuant to the Capital Raising will be at least 80% of the average market price of the CDIs representing shares of common stock multiplied by 20 over the five trading days prior to the date of the US IPO prospectus.
- (e) Details of the allottees are not known at the date of this Explanatory Statement. The allottees may be the subscribers under the US IPO prospectus and may also include various international investors.
- (f) The terms of the common stock to be allotted pursuant to the Capital Raising will be the same, in all respects, as the Company's existing common stock.
- (g) The Company currently expects to use the net proceeds from the Capital Raising to fund the clinical development of its product candidates and the remainder of the net proceeds for working capital and for general corporate purposes.

The Company may also use a portion of the net proceeds to enter into future collaborations or to invest in businesses or technologies that the Company believes are complementary to its own. The Company has no present understandings, commitments or agreements to enter into any potential acquisitions, collaborations or investments at this time.

The amount and timing of the Company's actual expenditures may vary significantly depending on numerous factors, including the status of the Company's product development, regulatory requirements and the Company's commercialisation efforts, the amount of proceeds actually raised in the Capital Raising, and the amount of proceeds generated, if any, by entering into future collaborations. The ultimate use of the Company's cash resources may vary significantly from the estimated uses outlined above. Accordingly, the Company retains broad discretion over the use of net proceeds of the Capital Raising.

- (h) The directors intend to issue common stock under the Capital Raising in one allotment. However, the directors reserve the right to allot the common stock progressively.

The Directors recommend that stockholders vote in favour of the proposed resolution. The Chairman of the Board intends to vote undirected proxies in favour of this resolution.

## RESOLUTIONS 2 AND 3: APPROVAL OF ISSUE OF EMPLOYEE STOCK OPTIONS TO THOMAS WIGGANS AND MICHAEL ALDRIDGE

Under ASX Listing Rule 10.14, the acquisition of options by a Director under an employee incentive scheme requires the approval of stockholders. In accordance with this Listing Rule, stockholders are asked to approve the issue of:

- (a) Up to 75,000 options to purchase common stock to the Company's new director and Chairman, Mr Thomas Wiggans, to be issued in two tranches; and
- (b) 31,119 options to purchase common stock to the Company's Managing Director and Chief Executive Officer, Mr Michael Aldridge, to be issued in one tranche.

These securities will be issued on and subject to the Company's 2007 Incentive Award Plan (**2007 Plan**).

The Board has received independent advice from Setren, Smallberg & Associates, Inc. about the market practice amongst similarly-sized US companies of appropriate levels of compensation for non-executive directors serving as Chairman. Taking this advice into account, the Board believed it is appropriate and has resolved (with Mr Wiggans abstaining) that, subject to shareholder approval, the Chairman, Mr Thomas Wiggans, participate in the Company's 2007 Plan as set out below.

### Mr Wiggans

Mr Wiggans joined the Board in October 2007 and has taken on the position of Chairman.

Mr Wiggans' is being offered stock options in connection with the commencement of his duties as Chairman (**Standard Sign-on Options**). The Standard Sign-on Options are structured in two tranches – a first tranche of 25,000 options, which will be granted subject to and effective upon this EGM (**First Tranche**) and a second tranche of 50,000 options, which will be granted subject to this EGM and the signing of the underwriting agreement in connection with the Company's proposed IPO (**Signing**) and effective upon the Signing (**Second Tranche**). Each option granted to Mr Wiggans will entitle him to purchase one share of common stock in the Company.

The First Tranche will be issued as soon as practicable following this EGM, and the Second Tranche will be issued as soon as practicable following Signing.

The exercise price of the First Tranche will be the closing price of the Company's CDIs on the grant date multiplied by 20 (to take into account the 20:1 exchange ratio of CDIs to common stock), as converted into US dollars from Australian dollars using the prevailing foreign currency exchange rate on the day of this EGM (i.e., the grant date). The exercise price of the Second Tranche will be the closing price of the Company's CDIs on the grant date multiplied by 20 (to take into account the 20:1 exchange ratio of CDIs to common stock), as converted into US dollars from Australian dollars using the prevailing foreign currency exchange rate on the day of the Signing (i.e., the grant date). Accordingly, if the proposed IPO does not proceed, Mr Wiggans will not be issued the Second Tranche.

Under each tranche, 25% of the Standard Sign-on Options will become exercisable on the first anniversary of the respective date of grant (**Initial Vesting Date**) and the remaining Standard Sign-on Options will become exercisable in a series of 36 successive equal monthly instalments commencing 1 month from the Initial Vesting Date. The Standard Sign-on Options will expire 10 years from the respective grant dates.

### Mr Aldridge

Mr Aldridge has been with Peplin Limited and the Company since October 2003. He has served as Managing Director and Chief Executive Officer of both entities. As the Company's Chief Executive Officer, Mr. Aldridge is entitled to participate in the 2007 Plan and receive an annual option grant (**Standard Annual Options**) as a long-term incentive based on Mr Aldridge's performance in 2007. As a director, ASX Listing Rule 10.14 requires stockholder approval for an acquisition of options by Mr Aldridge.

The Standard Annual Options are structured in one tranche of 31,119 options, which will be granted subject to and effective upon this EGM. Each Standard Annual Option granted to Mr Aldridge will entitle him to purchase a share of common stock in the Company at an exercise price equal to the closing price of the Company's CDIs on the grant date multiplied by 20 (to take into account the 20:1 exchange ratio of CDIs to common stock), as converted into US dollars from Australian dollars using the prevailing foreign currency exchange rate on the day of this EGM (i.e., the grant date).

The Standard Annual Options will be issued as soon as practicable following this EGM.

The Standard Annual Options will become exercisable in a series of 48 successive equal monthly instalments commencing 1 month from the date of grant. The Standard Annual Options will expire 10 years from the grant date.

### **Additional information**

Set out below is the additional information required to be disclosed in compliance with Listing Rule 10.15:

- (a) The options will be issued for no consideration (but with an exercise price as described above).
- (b) Prior to the implementation of the schemes of arrangement, the Company received a confirmation from ASX that Listing Rule 10.14 did not apply to the issue of replacement options by the Company in consideration for the cancellation of Peplin Limited's employee options. Consequently, certain directors of the Company have been issued options under the 2007 Plan to replace the options previously held by them as directors of Peplin Limited without obtaining the approval of stockholders. Besides the issue of these replacement options, there have been no further grants to the directors.

The details of the issue of the replacement options were outlined in the Information Memorandum relating to the schemes or arrangement. In addition, following listing on ASX, the Company filed an Appendix 3X (Initial Director's Interest Notice) for each director. These documents are available on the Company's announcement platform on the ASX website.

- (c) Whilst all of the current directors are entitled to participate in the 2007 Plan, the Board does not currently propose issuing any further options under the 2007 Plan to any director other than Mr Wiggins and Mr Aldridge.
- (d) There is no loan in relation to the acquisition by the directors.

Mr Wiggins and Mr Aldridge, who have a personal interest in the subject of resolutions 2 and 3, respectively, have abstained from making a recommendation in respect of those resolutions. The other directors recommend that stockholders vote in favour of the proposed resolutions. The Chairman intends to vote undirected proxies in favour of these resolutions.

*The discussion in this explanatory statement contains forward-looking statements. Forward-looking statements are based on information available at the time those statements are made and management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause the actual occurrence or timing of events to differ materially from those expressed in or suggested by the forward-looking statements. We do not have any intention or obligation to update forward-looking statements in this explanatory statement after the date of this explanatory statement, except as required by law.*

## NOTES

