

BioPhausia AB (publ)

Notice of 1999 Annual General Meeting

Shareholders in BioPhausia AB (publ) are hereby called to the Annual General Meeting, to be held on April 26, 1999, at 2:00 p.m., in the Company's premises at Rubanksgatan 3 in Knivsta, Sweden.

Notification:

Shareholders who desire to participate in the Meeting must:

- be recorded in the share register maintained by the Swedish Securities Register Center (Värdepapperscentralen, VPC AB) not later than Friday, April 16, 1999
- have notified the Company of their desire to participate not later than 4:00 p.m. on April 21, 1999, by mail addressed to BioPhausia AB, AR 4, SE-741 74 Uppsala, Sweden, or by telephone +46 18 34 99 00, or telefax +46 18 34 94 95. When giving notice, shareholder should state their name, personal number/registration number, address and telephone number and registered holding.

Shareholders who are represented by proxy should enclose a signed and dated instrument of proxy with their notification of participation. The representative of a legal entity must present a registration certificate or equivalent documentation stating the name of the authorized signatories.

Shareholders who have transferred their shares to the trust department of a bank, or to a private broker, must temporarily register the shares in their own names at VPC in order to be entitled to participate in the Meeting. Such registration must be completed not later than April 16, 1999. Accordingly, the trustee should be informed about such registration well in advance of this date.

Agenda

- 1 Election of the Chairman of the Meeting.
- 2 Preparation and approval of the voting register.
- 3 Approval of the agenda.
- 4 Election of one or two minutes-checkers.
- 5 Determination whether the Meeting has been duly convened.
- 6 Presentation of the Annual Report and the audit report as well as the consolidated financial statements and the Group audit report.
- 7 Adoption of the income statement and balance sheet and the consolidated income statement and the consolidated balance sheet.
- 8 Board of Directors proposal for distribution of the Company's net loss in accordance with the adopted balance sheet (see below).
- 9 Discharge of the members of the Board of Directors and the President from personal liability for the fiscal year.
- 10 Proposal of the Board of Directors regarding changes to the Articles of Association (see below).
- 11 Proposal of the Board of Directors regarding authorization of the Board to decide on a new share issue (see below).
- 12 Determination of the number of members and deputy members of the Board of Directors and the number of auditors and deputy auditors or auditing firm (see below).

- 13 Determination of the fees to be paid to the members of the Board of Directors and the auditors (see below).
- 14 Election of Board members and deputy Board members and of the registered auditing firm or auditor and deputy auditor (see below).
- 15 Proposal of the Board of Directors regarding the establishment of a nominating committee for the Annual General Meeting to be held in the year 2000 (see below).
- 16 Closing of the Meeting.

Dividend

The Board of Directors proposes that no dividend be distributed for the 1998 fiscal year.

Changes to the Articles of Association

The Board of Directors proposes that the Articles of Association be changed to (1) adjust the object of the operations, (2) comply with the new regulations in the Swedish Companies Act which became effective on January 1, 1999, (3) make certain changes to adapt the Articles of Association to changed market practice and (4) adjust the limits of share capital in preparation for a possible new issue.

- § 3 The object of operations is being adjusted to pertain to developing innovative pharmaceutical and medical products, primarily in micro-circulation, tissue biology and macromolecules, and activities related to these fields.
- § 4 The limits of share capital are being changed from the not less than SEK 10 million and not more than SEK 40 million, to not less than SEK 20 million and not more than SEK 80 million. (Share capital currently amounts to slightly more than SEK 22 million).
- § 9 Revision of the auditors' mandate period to an obligatory four years, and that auditors are appointed as appropriate and not at every Annual General Meeting.
- § 11 The period for notification for a General Meeting of shareholders is changed to not earlier than six weeks and not later than four weeks prior to an Annual General Meeting or a Special General Meeting at which the issue of changes to the Articles of Association is to be discussed, and to not earlier than six and not later than four weeks prior to the Meeting, in the case of any other Special General Meeting.

In the future, notices to attend the Annual General Meeting shall always be announced by advertisement in the Swedish Official Gazette and *Svenska Dagbladet* or other national daily newspaper, as well as in one newspaper published in Uppsala.

The last day for notification of intention to participate in the Annual General Meeting is changed so as to fall not earlier than the fifth weekday prior to the Meeting (previously the fifth day before the Meeting).

A new rule is introduced whereby shareholders may be accompanied by one or two assistants at a General Meeting, provided prior notice is given by the shareholder.

- § 12 A new agenda item, concerning the approval of the agenda, is introduced as Item No. 3 of the obligatory Annual General Meeting agenda, and the numbering of the items is adjusted accordingly.

Item Nos. 8, 9 and 10, renumbered in accordance with the above, are changed so that the mandate period of the Company's auditors is extended in such a manner that the determination of the number of auditors and of the auditor's fees, and the election of auditors shall occur as appropriate and, consequently, not at every Annual General Meeting.

Authorization

The proposal of the Board of Directors regarding the authorization of the Board to decide on a new issue of Series A and/or Series B shares, whereby the issue may be effected without regard to shareholders' preferential rights. The shares thus issued may result in a total increase in share capital of not more than SEK 25,000,000 (10,000,000 shares at a par value of SEK 2.50 each).

Board of Directors' and the auditors' fees and election of the Board of Directors and the auditors

Shareholders representing more than 12 percent of the voting rights of all shares in the company, have submitted the following proposals regarding Board of Directors' fees and auditors' fees, and election of auditors.

It is proposed that the Board of Directors' fee remain unchanged at SEK 12,000 per Board meeting for the Chairman, SEK 8,000 per Board meeting for external Board members and no remuneration for internal Board members employed by the Company. It is proposed that the auditors be remunerated in accordance with their invoice.

It is proposed that Ingemar Rindstig and Thomas Lindgren, both with Ernst & Young AB, be re-elected as auditor and deputy auditor, respectively.

A proposal for nominations for election to the Board of Directors will be announced later.

Nominating committee

The Board of Directors proposes that a nominating committee be appointed for the Annual General Meeting to be held in the year 2000, to prepare and present to the said Meeting nominations for the election of the Board of Directors of the Company and proposals regarding remuneration to be paid to Board members. A proposal for nominations for election to the nominating committee will be announced later.

Knivsta, in April 1999
Board of Directors