



Invitation  
to the

General Meeting of Shareholders

Tuesday, June 28, 2005, 10.30.

in the offices of Microdrug AG, Landweg 1, CH-6052 Hergiswil, Switzerland

Agenda and Motions of the Board of Directors

1. Approval of the minutes of the last shareholder meeting
2. Explanations to the annual report and the annual financial statement 2004
3. Report of the auditors
4. Approval of the annual report 2004
5. Approval of the annual financial statements 2004 and the proposal for dealing with the unappropriated retained earnings
6. Release of the members of the board of directors for the financial year 2004
7. Election of the board for the financial year 2005
  - Mr. Peter Sjöstrand
  - Mr. Mikael Kamras
  - Mr. Janne Carlsson
  - Mr. Thomas Nilsson
  - Mr. John Brehmer
  - Mr. Niels Fischer
  - Mr. John Fitzgibbons
8. Election of PricewaterhouseCoopers AG as statutory auditors for the financial year 2005
9. Authorized share capital:

Decision on extending the board's earlier authorization to increase the share capital partly or in total any time up to 28 June 2007 to a maximum of CHF 14 000.00 by issuing a maximum of 140 000 registered shares category A at par value CHF 0.10 a share. The management will be authorized to issue the shares at it's own discretion.

The pre-emptive right of the present shareholders may be excluded if the shares are used for employee participation plans.

Article 3b of the articles of incorporation will be amended as follows:

«The board is authorized to increase the share capital partly or in total any time up to 28 June 2007 to a maximum of CHF 14 000.00 by issuing a maximum of 140 000 registered shares category A at par value CHF 0.10 a share. The management is authorized to issue the shares at it's own discretion. The board is authorized to exclude the pre-emptive right of the present shareholders if the authorized share capital is used for employee participation plans. The board is authorized to sell the shares not subscribed by the pre-emptive rights issued to market price.»
10. Organizational restructure:

Decision to reorganize the structure of Microdrug AG by one of the following alternatives:

(i) Corporate split whereby 50% of Microdrug's assets transferred to a new company with business focus on Systemic drug delivery. The transaction is tax neutral and is the primary recommendation by the Board, however, it requires approval from 100% of the shareholders.

The share capital will be decreased with a maximum of up to CHF 600 000.00 according to the share capital of the new company.

The split will be executed after the Swiss Merger Act with the rules applied for small and medium-sized enterprises.

(ii) Distribution of the subsidiary Mederio AG to the shareholders of Microdrug AG by way of dividend. The dividend will be subject to Swiss withholding tax based on the book value of Mederio's assets and the shares will be distributed subject to pre-payment of each respective shareholder's calculated withholding tax. If a split is not possible to achieve as a result of support from less than 100% of the shareholders, the Board recommends the shareholders to accept distribution of shares in Mederio.

In both alternatives the shares will be distributed pro-rata to Microdrug's shareholder.

Subject to a commercial transaction whereby either Microdrug AG or Mederio AG is listed on a public exchange or sold, the Board shall execute a conversion of the series-B shares in to series-A shares.
11. Additional matters to discuss

The annual report and the annual financial statement together with the report of the auditors will be distributed at the general meeting of shareholders.

Copies of the reports will be sent to the shareholders before the shareholder meeting only on request.

Shareholders not taking part in the meeting will receive a copy of the reports together with the minutes after the meeting.

Shareholders who wish to attend the meeting are kindly requested to inform Microdrug AG by 25 June 2005 the latest.

2005-05-31

For the board of directors  
Microdrug AG  
Peter Sjöstrand  
Chairman