



LEADERSHIP IN PHOTODYNAMIC THERAPY

To the Shareholders of PhotoCure ASA

Oslo, 25 March, 2004

Dear Shareholder,

Please find attached Notice of General Meeting and the Annual Report for 2003.

Yours sincerely,

Vidar Hansson
President and CEO
(sign.)



To the shareholders of PhotoCure ASA

NOTICE OF GENERAL MEETING

The shareholders of PhotoCure ASA are hereby invited to Ordinary General Meeting

Thursday 15 April 2004 at 5 pm

in the Auditorium at the Norwegian Radium Hospital

Address: Ullernchausséen 70, Oslo. (Entrance via the hospital main reception.)

The Board of Directors has proposed the following agenda:

1. Opening of the meeting, including registration of attending shareholders.
2. Election of chairman of the meeting.
3. Election of person to co-sign the minutes.
4. Approval of the notice of meeting and agenda.
5. Presentation of the Company status.
6. Presentation of the Profit and Loss account and the Balance Sheet for the accounting year of 2003 for approval.
7. Coverage of deficit in accordance with the approved Balance Sheet.
8. Election of the Board of Directors and approval of the remuneration of the Board members.
9. Approval of the auditor's remuneration and appointment of auditor.
10. Authority to the Board of Directors to increase the share capital of the company.
11. Authority to the Board of Directors to decide that the company may acquire own shares.
12. The Board of Directors proposal to establish a Nomination Committee for Board members.

Shareholders who wish to participate are requested to notify their attendance by returning the attached attendance form as soon as possible, and at the latest by Tuesday 13 April 2004 at 4 pm. Proxy may be granted by submitting the attached proxy form by Tuesday 13 April 2004 at 4 pm.

Oslo, 25 March 2004

on behalf of the Board of Directors of PhotoCure ASA

Erik Engebretsen
Chairman of the Board
(Signature)

Further explanations of Items 10, 11 and 12 are found in Appendices 1, 2 and 3. Please find Annual Report including Directors' Report enclosed.

Appendices:

1. Further explanation of Item 10
2. Further explanation of Item 11
3. Further explanation of Item 12
4. Proxy Form
5. Attendance Form

Appendix 1 – Item 10 of the agenda

Authority to increase the share capital

1 Background

The General Meeting has as of today, granted the following authorities to the Board of PhotoCure ASA to increase the Company's share capital through ordinary share issues and by means of share options and subscription rights to employees.

<i>(Figures represent number of shares)</i>	Ordinary share issues	Employee share issues
Authorities granted to the Board 20.03.03	1,800,000	900,000
Share issues implemented	0	-132,000
Remaining under the authorities	1,800,000	768,000

As part of PhotoCure's incentive programme, subscription rights to 162,327 shares, which have not been exercised, are under the authority allotted to employees. If certain goals are achieved in 2004, employees may receive up to 129,050 new share options, each giving a right to buy one share in the Company. Moreover, subscription rights to 50,000 shares have been allotted to a business partner.

The Board of Directors proposes that the General Meeting adopt a new authority that replaces granted authorities in accordance with the proposed resolution included below.

The authority is desired for the following reasons:

- The Board wants to be able to use the authority to finance the Company's further development. It is appropriate that the authority may be utilised both for the issue of shares against cash consideration, mergers or as compensation for other acquisitions of importance to the Company's development. It is proposed that the Board be allowed to increase the share capital by up to NOK 900,000 through the issue of up to 1,800,000 shares of NOK 0.50 per share, which approximately equals 10% of the Company shares (including issued subscription rights). Such capital increase is subject to the issue price / consideration for the shares, at the Board's assessment, being approximately equivalent to the shares' market value.
- Furthermore, the Board would like to have the authority to increase the Company's share capital by maximum NOK 225,000 through the issue of up to 450,000 shares of NOK 0.50 per share to employees, or certain business partners, whose closer association to the Company will, in the Board's individual assessment, benefit the shareholders. This authority may be used for the issue of options and/or subscription

rights under the Company's established incentive programme and share issues due to the exercise of share options under this program. The right to subscribe for shares that are granted under this Item shall at the time of granting as a minimum correspond to the market price per share.

2 Proposal

Based on the above-mentioned considerations, the Board will propose that the General Meeting pass the following resolution:

The Board was granted the authority to increase the share capital by a maximum amount of NOK 1,125,000 in one or more issues. The subscription price per share is to be decided by the Board in connection with each single issue.

- a) *The Board may increase the share capital by up to NOK 900,000 through the issue of up to 1,800,000 shares of NOK 0.50 per share to secure the financing of the Company's development. The authority may also be used for acquisitions, mergers, and for other corporate purposes that serve the Company's development. The shares may be issued against a cash consideration or considerations in the form of other assets. The consideration shall, at the Board's assessment, be approximately equivalent to the shares' market value.*
- b) *The Board may increase the share capital through the issue of shares to employees and certain co-operation partners, whose closer association to the Company will, in the Board's individual assessment, benefit the shareholders. The authority may be used for share issues under the Company's incentive programme. The right to subscribe for shares as assigned under this clause shall at the time of allotment, at least, correspond with the market value per share.*

The total increase of capital under this item b) shall be maximum NOK 225,000 through the issue of maximum 450,000 shares of NOK 0.50 per share.

Authority a) shall apply until the next Ordinary General Meeting, whereas the authority under b) shall apply for 2 years. The existing shareholders of the Company waive their pre-emptive right to subscribe for shares. Previously granted authorities are withdrawn.

Appendix 2 – Item 11 of the agenda

Authority to acquire own shares

A proposal that the Board be authorized to let the Company acquire its own shares has been presented. In accordance with Sections 9-2 to 9-4 of the Act Relating to Public Limited Companies the Company may, on further defined conditions, acquire its own shares within a maximum limit of 10 % of the share capital. The ordinary general meeting in 2003 granted the Board authority to acquire up to 5% of the outstanding Company shares. The authority was granted for a period of 18 months and has, to date, not been used. The authority was given on condition that the acquisition amount for the shares does not exceed PhotoCure's distributable reserves, cf. Section 9-3 of the Act Relating to Public Limited Companies.

In the opinion of the Board of PhotoCure ASA, such acquisition of own shares may be relevant for the Company, among other things, for the purpose of increasing the liquidity of its shares and to be able to exercise any pre-emptive right to acquire shares under the Company's incentive programme.

On this background, the Board proposes that the general meeting replace the existing authority with a new, identical 18-month authority.

- 1) *The Board of PhotoCure ASA is, on behalf of the Company, authorized to acquire Company shares with a total face value of NOK 439,000, which corresponds to 5 % of the present share capital.*
- 2) *The maximum amount to be paid per share is NOK 400 and minimum amount is NOK 1.*
- 3) *The Board shall ensure that the provisions of the law concerning equal treatment of the Company's shareholders and a ban on giving shareholders an unreasonable advantage at the other shareholders' expense are complied with.*
- 4) *The authority applies for 18 months from the General Meeting resolution is passed.*
- 5) *If own shares are sold, the authority also includes the purchase of new shares as replacement for those sold, as long as the total shareholding of own shares does not exceed 5% of the present share capital.*
- 6) *Previously granted authorities to acquire own shares are annulled.*

No events that may be of negative significance to the Company's position have occurred after the last balance sheet day 31 December 2003. Reference is made to Item 6 of the Agenda, which addresses the annual accounts for 2003.

Appendix 3 – Item 12 of the agenda

The Board of Directors proposal to establish a Nomination Committee

The Board of Directors propose to establish a Nomination Committee to nominate candidates to the Board of Directors for election at the Ordinary General Meeting of the Shareholders.

The Board of Directors has the following suggestion to the composition and mandate for the Nomination Committee:

The Nomination Committee is elected by the Ordinary General Meeting and consists of three members that represent the shareholders. The two largest shareholders should be represented. The members could either directly or indirectly be representatives for individual shareholders or shareholder groups. The Committee appoints its chairman among its members. Chairman of the Board is the secretary of the Committee, with the right to attend meetings and make proposals, but with no voting rights.

The members of the Nomination Committee are elected for one year at a time. The members can be re-elected.

The Nomination Committee requests an evaluation report of the Board of Directors within the end of February. The Board of the Directors is to prepare this report. The Nomination Committee will review the report and have discussions with the representatives of the Board, the CEO and the largest shareholders, if necessary.

In advance of the Notice to the Ordinary General Meeting of Shareholders, the Nomination Committee will make a proposal for the composition of the Board of Directors and the compensation to the Board of Directors. This proposal will be distributed to the shareholders together with the Notice to the Ordinary General Meeting.

If any members of the Board of Directors resign during the year, the Nomination Committee will meet to evaluate the composition of The Board of Directors and discuss the need for replacements prior to the next Ordinary General Meeting.

Appendix 4 – Proxy Form

Shareholders wishing to participate by proxy at the General Meeting Thursday 15 April 2004, are requested to fill out this **proxy form** and return it as soon as possible, and at the latest by Tuesday 13 April 2004 at 4 pm to:

Nordea Verdipapirservice
Attn: Ann-Christin Smestad
Fax: +47 22 48 63 49

Or sent by post to:
Nordea Verdipapirservice
Attn: Ann-Christin Smestad
Post office box 1166 Sentrum
NO-0107 OSLO, Norway

PROXY

I hereby grant (printed in capitals) proxy to vote for PhotoCure shares owned by the undersigned at the Ordinary General Meeting of the Company Thursday 15 April 2004 at 5 pm.

The undersigned holds shares in PhotoCure ASA.

Place and date:

Signature:

Family name (printed in capitals):

First name (printed in capitals):

Company (printed in capitals), if the shares are in the name of a company:

Enterprise number:

The General Meeting is to be held in the Auditorium at the Norwegian Radium Hospital, Ullernchausséen 70, Oslo.
Entrance via the hospital main entrance.

Appendix 5 – Attendance Form

Shareholders wishing to attend the General Meeting Thursday 15 April 2004 are requested to fill out this **attendance form** and return it as soon as possible, and at the latest by Tuesday 13 April 2004 at 4 pm to:

Nordea Verdipapirservice
Attn: Ann-Christin Smestad
Fax: +47 22 48 63 49

Or sent by post to:

Nordea Verdipapirservice
Attn: Ann-Christin Smestad
Post office box 1166 Sentrum
NO-0107 OSLO, Norway

ATTENDANCE FORM

I hereby give notice that I will be represented at the General Meeting in PhotoCure ASA on Thursday 15 April 2004 at 5 pm.

The undersigned holds shares in PhotoCure ASA.

Place and date:

Signature:

Family name (printed in capitals):

First name (printed in capitals):

Company (printed in capitals), if the
shares are in the name of a company:

Enterprise number:

Address:

Postal Code:

Country:

The General Meeting is to be held in the
Auditorium at the Norwegian Radium Hospital, Ullernchausséen 70, Oslo.
Entrance via the hospital main entrance.