

REPORT OF THE REMUNERATION COMMITTEE

Only paragraphs marked with '*' within this report have been audited.

The remuneration committee comprises three non-executive directors, Dr Peter Johnson (chairman), Nick Rodgers and Raj Uppal. Nick Rodgers replaced Andrew Allars on 2 March 2004. As chairman of the company, Dr Peter Johnson may not be considered under the Combined Code to meet the independence criteria. However, as a small company, the board considers that the company has complied with provision B.2.1. The remuneration committee determines, on behalf of the board, the company's policy for executive remuneration and the individual remuneration packages for the executive directors including the grant of share options. At the committee's invitation or request, the chief executive officer may be in attendance at the meetings of the remuneration committee. The committee has access to professional advice, both inside and outside the company as required. In 2004 no material assistance was provided to the remuneration committee by third parties.

REMUNERATION POLICY

The company's policy on remuneration is to attract, retain and incentivise the best staff in a manner consistent with the goals of corporate governance. In setting the company's remuneration policy, the remuneration committee considers a number of factors, including the basic salaries and benefits available to executive directors of comparable companies.

REMUNERATION OF EXECUTIVE DIRECTORS

Consistent with this policy, the company's remuneration packages awarded to executive directors are intended to be competitive and comprise a mix of performance-related and non-performance-related elements. There is a discretionary bonus scheme, subject to the achievement of agreed goals and targets, for executive directors which is designed to incentivise them to perform at the highest levels and to align their interests with those of the shareholders. In 2004, 20% of the performance-linked remuneration was assessed on overall measures of company performance, including share price. The balance was based on individual job-specific assessments. The performance-linked remuneration of the chief executive officer is determined by the average of the assessments for the other executive directors. The targeted composition of each director's remuneration is as follows:

	Performance related
Mark Berninger	0%
Dr. Peter Johnson	0%
Dr. Doug Jolly	Up to 40% of base salary
Professor Alan Kingsman	Up to 40% of base salary
Professor Susan Kingsman	Up to 20% of base salary
Peter Nolan	Up to 20% of base salary
Nick Rodgers	0%
Raj Uppal	0%
Andrew Wood	Up to 20% of base salary

In 2004, bonuses of between 18 and 36 per cent of base salary (which excludes car allowance) were paid to the executive directors. Dr Doug Jolly resigned on 2 March 2004 and did not receive a bonus. The remuneration policy is not expected to change in 2005.

Benefits, detailed in the table of directors' emoluments, comprise healthcare insurance, and for all executive directors other than Dr Doug Jolly, the provision of a company car. A cash equivalent, included in the director's salary on page 31, may be taken partly or wholly in lieu of a company car. In 2004, only Professor Alan Kingsman had a company car.

The company makes contributions to defined contribution personal pension schemes for the executive directors.

Share options have been granted to employees, including executive directors and the chairman, to reward past performance. The exercise price for these share options is the average mid-market price of the company's ordinary shares for the three trading days prior to the date of grant. Details of all share options outstanding at 31 December 2004 are given in note 19 to the financial statements. Share options held by executive directors are subject to the rules of the Oxford BioMedica 1996 (No.1) share option scheme. Options become exercisable three years from the date of grant, and cease to be exercisable seven years from the date of grant. Under the scheme rules, the total value of options held by a director (the exercise price multiplied by the number of options) may not exceed four times the amount of the director's annual emoluments, excluding benefits in kind. The award of share options is at the discretion of the remuneration committee. Share options granted to directors since April 2001 have been subject to a performance-based condition. Options granted prior to April 2001 were not subject to a performance-based condition, consistent with market practice at the time. Full details of directors' share options are on page 32.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The fees paid to the chairman and non-executive directors are determined by the board. Non-executive directors do not receive pension contributions or a bonus. Generally, non-executive directors do not participate in the company's share option schemes. However, following his appointment as chairman in 2001, Dr Peter Johnson was awarded 200,000 share options (increased by 5.55% in October 2003 following the rights issue). These options do not comply fully with recommendations introduced by the new Combined Code requiring shareholder approval and a period of retention for shares acquired on the exercise of share options. The Company does not consider it appropriate to revise the terms of this share option retrospectively.

The chairman and other non-executive directors have appointments that are for three years unless terminated by three months' written notice by either party. Non-executive directors' appointments may be renewed by mutual agreement. As recommended by Combined Code provision A.7.2, any term beyond six years for a non-executive director is subject to rigorous review. The company's policy on renewal after six years is to extend one year at a time. On 7 January 2005, the sixth anniversary of his initial appointment, Mark Berninger's appointment was extended for one year.

DIRECTORS' SERVICE CONTRACTS

It is Oxford BioMedica plc's policy that directors' service contracts should be no more than three years in duration, that they should have notice periods of not more than one year and that the contractual termination payments should not exceed the director's current salary, benefits and bonus entitlement for the notice period.

The details of service contracts of those who served as directors during the year are:

	Contract date	Unexpired term at 31 December 2004	Notice period	Contractual termination payments
Andrew Allars ¹	25 March 2001	Not applicable	3 months	Notice period only
Mark Berninger	7 January 2002	2 months	3 months	Notice period only
Dr. Peter Johnson	1 January 2004	7 months	3 months	Notice period only
Dr Doug Jolly ¹	25 May 2001	Not applicable	12 months	Notice period only
Professor Alan Kingsman	2 January 2001	nil ²	12 months	Notice period only
Professor Susan Kingsman	2 January 2001	nil ²	12 months	Notice period only
Peter Nolan	1 May 2002	nil ²	12 months	Notice period only
Nick Rodgers	2 March 2004	2 years 2 months	3 months	Notice period only
Raj Uppal	12 February 2004	2 years 1 month	3 months	Notice period only
Andrew Wood	31 October 1996	nil ²	12 months	Notice period only

¹ Andrew Allars and Dr Doug Jolly resigned as directors on 2 March 2004.

² Executive directors' contracts are for an initial term of 12 months and thereafter are subject to 12 months notice.

DIRECTORS' REMUNERATION *

Details of individual directors' emoluments for the year are as follows:

Name of director	Salary and fees £	Bonus £	Benefits £	Compensation for loss of office £	2004 total excluding pension £	2004 pension £	2003 total excluding pension £	2003 pension £
Executive								
Dr Doug Jolly ²	39,658	-	10,784	124,083	174,525	-	153,463	-
Professor Alan Kingsman	170,697	59,373	13,741	-	243,811	16,419	229,579	15,694
Professor Susan Kingsman	148,110	23,937	814	-	172,861	13,448	165,235	12,838
Peter Nolan	135,061	26,546	1,628	-	163,235	12,113	152,288	11,550
Andrew Wood	170,373	29,949	1,484	-	201,806	15,280	192,525	14,553
Non-executive								
Andrew Allars ^{1,2}	3,682	-	-	-	3,682	-	21,000	-
Mark Berninger ^{1,4}	20,711	-	-	-	20,711	-	19,808	-
Dr Peter Johnson ¹	49,375	-	-	-	49,375	-	36,750	-
Nick Rodgers ^{1,3}	25,833	-	-	-	25,833	-	-	-
Raj Uppal	27,500	-	-	-	27,500	-	21,000	-
	791,000	139,805	28,451	124,083	1,083,339	57,260	991,648	54,635

¹ These amounts represent amounts payable to third parties for the services of non-executive directors.

² Dr Doug Jolly and Andrew Allars resigned on 2 March 2004.

³ Nick Rodgers was appointed on 2 March 2004.

⁴ In 2004 Oxford BioMedica (UK) Limited entered into a consultancy agreement with Mark Berninger in connection with the group's licensing strategy for the LentiVector technology. In addition to the directors' fees above, a total of £29,593 was incurred in consultancy fees.

Retirement benefits are accruing to four directors (2003: four) under Oxford BioMedica (UK) Limited's money purchase pension schemes.

DIRECTORS' INTERESTS

Interest in shares

The interests of the directors in the shares of the company at 31 December 2004, together with their interests at 1 January 2004 were as follows:

The company - ordinary shares of 1p each	Number of ordinary shares	
	31 December 2004	1 January 2004
Dr Peter Johnson	154,000	154,000
Professor Alan Kingsman ¹	8,603,451	8,603,451
Professor Susan Kingsman ¹	8,739,139	8,739,139
Peter Nolan	87,780	87,780
Nick Rodgers	10,000	-
Raj Uppal	154,000	154,000
Andrew Wood	128,950	128,950

¹ Includes 210,000 (1 January 2004: 210,000) ordinary shares held jointly by Professor Alan Kingsman and Professor Susan Kingsman and 100,000 ordinary shares (1 January 2004: 100,000) held by the son of Professor Alan Kingsman and Professor Susan Kingsman.

² Mark Berninger did not have any interest in the company's shares at 1 January or 31 December 2004.

*Interests in share options -**

The interests of the directors in options over the ordinary shares of the company were as follows:

	Options over ordinary shares of 1p each				31 December 2004	Exercise Price	Date from which exercisable	Expiry date
	1 January 2004	Granted	Exercised	Lapsed				
Dr Peter Johnson	211,100	-	-	-	211,100	53.0p	17.04.04	17.04.08
Dr Doug Jolly ¹	3,362,034	-	-	-	3,362,034	51.0p	02.03.04	25.05.11
Prof Alan Kingsman ²	180,000	-	-	-	180,000	19.25p	27.10.06	27.10.10
Prof Alan Kingsman ²	-	190,000	-	-	190,000	20.5p	12.10.07	12.10.11
	180,000	190,000	-	-	370,000			
Prof Susan Kingsman ²	150,000	-	-	-	150,000	19.25p	27.10.06	27.10.10
Prof Susan Kingsman ²	-	155,000	-	-	155,000	20.5p	12.10.07	12.10.11
	150,000	155,000	-	-	305,000			
Peter Nolan	227,731	-	-	-	227,731	15.0p	07.04.01	07.04.05
Peter Nolan	153,470	-	-	-	153,470	11.0p	24.09.01	24.09.05
Peter Nolan	162,162	-	-	-	162,162	21.0p	01.04.02	01.04.06
Peter Nolan	162,162	-	-	-	162,162	21.0p	17.08.02	17.08.06
Peter Nolan	68,497	-	-	-	68,497	60.0p	05.04.03	05.04.07
Peter Nolan	65,207	-	-	-	65,207	72.0p	27.09.03	27.09.07
Peter Nolan ²	132,000	-	-	-	132,000	19.25p	27.10.06	27.10.10
Peter Nolan ²	-	140,000	-	-	140,000	20.5p	12.10.07	12.10.11
	971,229	140,000	-	-	1,111,229			
Andrew Wood	383,691	-	-	383,691	-	32.0p	06.08.00	06.08.04
Andrew Wood	262,346	-	-	-	262,346	15.0p	07.04.01	07.04.05
Andrew Wood	176,799	-	-	-	176,799	11.0p	24.09.01	24.09.05
Andrew Wood	560,433	-	-	-	560,433	21.0p	01.04.02	01.04.06
Andrew Wood	82,197	-	-	-	82,197	21.0p	17.08.02	17.08.06
Andrew Wood	59,779	-	-	-	59,779	79.0p	22.03.03	22.03.07
Andrew Wood	21,482	-	-	-	21,482	72.0p	27.09.03	27.09.07
Andrew Wood ²	167,000	-	-	-	167,000	19.25p	27.10.06	27.10.10
Andrew Wood ²	-	175,000	-	-	175,000	20.5p	12.10.07	12.10.11
	1,713,727	175,000	-	383,691	1,505,036			

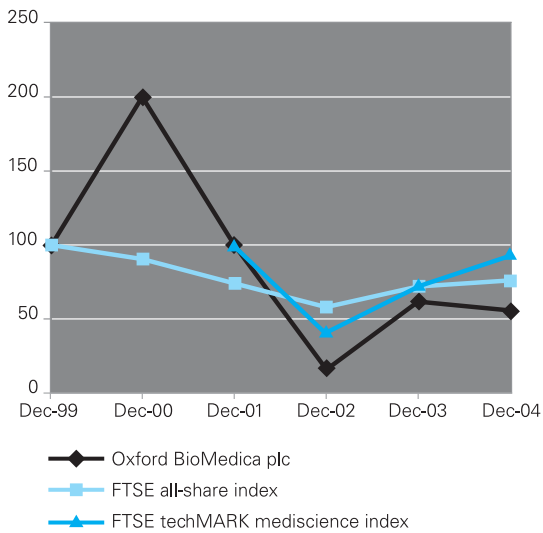
¹ Dr Doug Jolly resigned from the board on 2 March 2004. Options held by Dr Jolly at that date immediately vested, and will remain exercisable until 10 years from their date of grant.

² A performance-based condition applies to these options. The options are exercisable only if at the time of exercise, or for at least 12 months in the three years before exercise, the percentage increase in Oxford BioMedica plc's total shareholder return since the grant of the option exceeds the percentage increase in the FTSE techMARK mediscience index. This target has been chosen because the directors believe that the FTSE techMARK mediscience index should be a benchmark that reflects the factors bearing on the UK biotechnology sector.

The market value of ordinary shares as at 31 December 2004 was 17.5p (31 December 2003: 19.5p). The market value of ordinary shares during the year ranged from 14.5p to 29.0p.

Except as detailed above, no other directors had interests in shares or share options of the company or any other group company at 31 December 2004. There have been no changes in the interests of the directors in ordinary shares of the company between 31 December 2004 and the date of this report.

COMPARISON OF FIVE YEAR TOTAL SHAREHOLDER RETURN



The chart shows the value of £100 invested on 31 December 1999 in Oxford BioMedica 1p ordinary shares, taking account of the rights issue in 2003, compared to the change in the FTSE all-share index over the same period, and, from December 2001, to the change in the FTSE techMARK mediscience index. Over the period the company's share price has shown significantly greater volatility than either of the benchmark indices. The directors consider that this volatility is a feature shared by many small high-tech companies whose valuations are significantly influenced by investor sentiment and attitude to risk. During 2004, the company's share price fell by 10%, while both benchmark indices rose.

In the opinion of the directors, the FTSE all-share index is a reasonable index against which the total shareholder return of Oxford BioMedica plc may be measured over a five-year term, because it represents a broad-based, objective measure of investment return. However, the creation in 2001 of the FTSE techMARK mediscience index, made up of emerging healthcare companies in the early stages of growth, may provide a benchmark that better reflects the factors bearing on the UK biotechnology sector. Until April 2001 the company's shares were traded on the Alternative Investment Market of the London Stock Exchange. Since April 2001 they have been included in the UK Listing Authority Official List.

Dr Peter Johnson

Chairman of the remuneration committee