

DIRECTORS' REMUNERATION REPORT

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, up to 13 March 2006, Raj Uppal. 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 and other Directors 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 2005 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 2005, 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
Professor Alan Kingsman	Up to 40% of base salary
Professor Susan Kingsman	Up to 20% of base salary
Dr Michael McDonald	Up to 20% of base salary
Peter Nolan	Up to 20% of base salary
Andrew Wood	Up to 20% of base salary
Nick Woolf	Up to 20% of base salary

In 2005, maximum bonuses (i.e. 20 or 40 per cent of base salary, which excludes car allowance) were paid to the Executive Directors. Additional bonuses of £3,047 and £10,000 were paid to Peter Nolan and Andrew Wood. The Committee is currently considering alternative approaches to incentivisation, which may result in a change to remuneration policy in 2006.

Benefits, detailed in the table of Directors' emoluments comprise healthcare insurance and, in the case of Professor Alan Kingsman, the provision of a company car for part of the year. All Executive Directors are entitled to a company car, but may instead elect to receive a cash equivalent, included in the Director's salary on page 44. There were no company cars at 31 December 2005.

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 2005 are given in note 18 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 pages 45 and 46.

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 has not considered 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 considered review by the Board. The Company's policy on renewal after six years is to extend one year at a time. On 12 February 2005, the sixth anniversary of his initial appointment, Mark Berninger's appointment was extended for one year. On 2 February 2006 a further one-year extension was agreed. On 25 July 2005, the sixth anniversary of his initial appointment to the Board as a Non-Executive Director, Dr Peter Johnson's appointment was extended for one year. Dr Peter Johnson has been Chairman since January 2001.

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 2005	Notice period	Contractual termination payments
Mark Berninger	12 February 2005	2 months	3 months	Notice period only
Dr Peter Johnson	25 July 2005	7 months	3 months	Notice period only
Professor Alan Kingsman	2 January 2001	nil ¹	12 months	Notice period only
Professor Susan Kingsman	2 January 2001	nil ¹	12 months	Notice period only
Peter Nolan	1 May 2002	nil ¹	12 months	Notice period only
Nick Rodgers	2 March 2004	1 year 2 months	3 months	Notice period only
Raj Uppal	12 February 2004	1 year 1 month	3 months	Notice period only
Andrew Wood	31 October 1996	nil ¹	12 months	Notice period only
Nick Woolf	3 March 2005	2 months ¹	12 months	Notice period only

¹ 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 £	2005 total emoluments £	2005 pension £	2004 total emoluments £	2004 pension £
Executive							
Dr Doug Jolly ¹	-	-	-	-	-	174,525	-
Professor Alan Kingsman	195,068	72,200	7,464	274,732	18,050	243,811	16,419
Professor Susan Kingsman	163,829	29,580	965	194,374	14,790	172,861	13,448
Peter Nolan	148,518	29,687	1,881	180,086	13,320	163,235	12,113
Andrew Wood	187,320	43,600	1,706	232,626	16,800	201,806	15,280
Nick Woolf ²	123,579	22,167	1,097	146,843	11,083	-	-
Non-Executive							
Andrew Allars ^{1,3}	-	-	-	-	-	3,682	-
Mark Berninger ^{3,4}	25,831	-	-	25,831	-	20,711	-
Dr Peter Johnson ³	54,312	-	-	54,312	-	49,375	-
Nick Rodgers ^{3,5}	40,550	-	-	40,550	-	25,833	-
Raj Uppal	30,250	-	-	30,250	-	27,500	-
	969,257	197,234	13,113	1,179,604	74,043	1,083,339	57,260

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

² Nick Woolf was appointed on 3 March 2005. Remuneration in this table relates to the period from March to December 2005.

³ These amounts represent amounts payable to third parties for the services of Non-Executive Directors.

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 £22,387 (2004: £29,593) was incurred in consultancy fees.

⁵ Nick Rodgers was appointed on 2 March 2004.

Retirement benefits are accruing to five Directors (2004: 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 2005, together with their interests at 1 January 2005, were as follows:

The Company - ordinary shares of 1p each	Number of ordinary shares	
	31 December 2005	1 January 2005
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	149,738	87,780
Nick Rodgers	22,000	10,000
Raj Uppal	165,000	154,000
Andrew Wood	198,022	128,950
Nick Woolf	165,000	n/a

¹ Includes 210,000 (1 January 2005: 210,000) ordinary shares held jointly by Professor Alan Kingsman and Professor Susan Kingsman and 100,000 ordinary shares (1 January 2005: 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 2005.

Peter Nolan, Nick Rodgers, Raj Uppal and Nick Woolf subscribed for shares in the open offer in December 2005.

*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 2005	Exercise Price	Date from which exercisable	Expiry date
	1 January 2005	Granted	Exercised	Lapsed				
Dr Peter Johnson	211,100	-	-	-	211,100	53.0p	17.04.04	17.04.08
Prof Alan Kingsman ¹	180,000	-	-	-	180,000	19.25p	27.10.06	27.10.10
Prof Alan Kingsman ¹	190,000	-	-	-	190,000	20.5p	12.10.07	12.10.11
Prof Alan Kingsman ¹	-	208,000	-	-	208,000	29.0p	15.12.08	15.12.12
	370,000	208,000	-	-	578,000			
Prof Susan Kingsman ¹	150,000	-	-	-	150,000	19.25p	27.10.06	27.10.10
Prof Susan Kingsman ¹	155,000	-	-	-	155,000	20.5p	12.10.07	12.10.11
Prof Susan Kingsman ¹	-	170,000	-	-	170,000	29.0p	15.12.08	15.12.12
	305,000	170,000	-	-	475,000			
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 ¹	132,000	-	-	-	132,000	19.25p	27.10.06	27.10.10
Peter Nolan ¹	140,000	-	-	-	140,000	20.5p	12.10.07	12.10.11
Peter Nolan ¹	-	153,000	-	-	153,000	29.0p	15.12.08	15.12.12
	1,111,229	153,000	(381,201)	-	883,028			
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 ¹	167,000	-	-	-	167,000	19.25p	27.10.06	27.10.10
Andrew Wood ¹	175,000	-	-	-	175,000	20.5p	12.10.07	12.10.11
Andrew Wood ¹	-	193,000	-	-	193,000	29.0p	15.12.08	15.12.12
	1,505,036	193,000	(439,145)	-	1,258,891			
Nick Woolf	801,124	-	-	-	801,124	8.75p	16.09.05	16.09.09
Nick Woolf	132,000	-	-	-	132,000	19.25p	27.10.06	27.10.10
Nick Woolf ¹	-	153,000	-	-	153,000	29.0p	15.12.08	15.12.12
	933,124	153,000	-	-	1,086,124			

¹ A performance-based condition applies to these options. The options are exercisable only if at the time of exercise, or for a period of at least 12 months in aggregate 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.

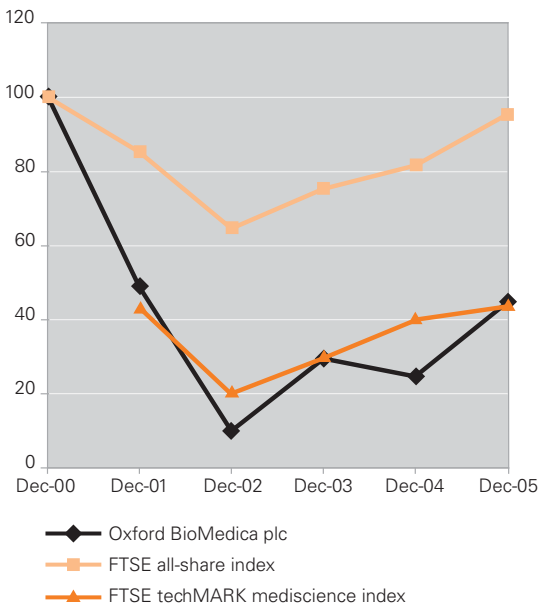
The notional gains (market price at exercise less exercise price) for the share options exercised in 2005 by Peter Nolan and Andrew Wood were as below. Had the options not been exercised in 2005 they would have lapsed. The shares allotted on exercise of share options on 22 March 2005 were sold immediately. On 6 June 2005 sufficient shares were sold to fund the exercise price and tax arising on the option, with the remaining shares being retained.

	Expiry date	Date of exercise	Number of shares	Market price	Exercise price	Notional profit
Peter Nolan	07.04.05	22.03.05	227,731	£0.189	£0.15	£8,892
Peter Nolan	24.09.05	06.06.05	153,470	£0.318	£0.11	£31,912
						£40,804
Andrew Wood	07.04.05	22.03.05	262,346	£0.189	£0.15	£10,244
Andrew Wood	24.09.05	06.06.05	176,799	£0.318	£0.11	£36,843
						£47,087
Total						£87,891

The market value of ordinary shares as at 31 December 2005 was 29.5p (31 December 2004: 17.5p). The market value of ordinary shares during the year ranged from 16.75p to 45.75p.

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 2005. There have been no changes in the interests of the Directors in ordinary shares of the Company between 31 December 2005 and the date of this report.

COMPARISON OF FIVE YEAR TOTAL SHAREHOLDER RETURN



The chart shows the value at the end of each year of £100 invested on 31 December 2000 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 its launch in October 2001, to the change in the FTSE techMARK mediscience index. As previously reported, the Company's share price has followed the broad market trends shown by the benchmark indices, but has shown significantly greater volatility. In a generally rising market in 2005, the percentage growth in Oxford BioMedica share price was 4 to 7 times greater than the growth in the benchmark indices. However, compared to the all-share index this still falls short of making up the losses suffered in 2001-2002.

The Directors consider that this volatility not unique to Oxford BioMedica, but is a feature shared by many high-tech companies whose valuations are significantly influenced by investor sentiment and attitude to risk.

Over 2005 as a whole, the Company's share price rose by 69%, having been at one point 4% down, and at its highest point 161% up on the 2004 close. The benchmark TechMARK and all-share indices rose by 9% and 18% respectively in 2005.

In the opinion of the Directors, the FTSE all-share index should be 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