

# STRATEGY

Oxford BioMedica's mission is to be the leading company in the development of gene-based medicines for the treatment of diseases that have an unmet medical need and to retain a significant economic stake in the commercialisation of its products and technologies. Oxford BioMedica operates to high standards of integrity in its dealings with all parties, including shareholders, employees, patients, healthcare professionals, partners, licensees and the wider community, and seeks significant returns for shareholders through the achievement of scientific and operational excellence.

## CORPORATE STRATEGY

Oxford BioMedica's corporate strategy is to create a profitable biopharmaceutical company. Internal research and development activities have established a broad pipeline, based on proprietary technologies, that addresses diseases with unmet medical need and that potentially offer substantial commercial return. Part of the strategy pursued by the management team is to ensure that the Company's value is not dependent on a single candidate but, rather, derives from a portfolio of candidates. While spreading the risk over a relatively diverse portfolio, the management has maintained its main therapeutic focus in the areas of oncology and neurotherapy.

Oxford BioMedica is also pursuing development opportunities outside of its core therapeutic focus where this can be achieved through collaborations and external financing. In addition, the Company has an active licensing strategy that provides third party access to its intellectual property for non-exclusive research use or exclusive access for specific applications.

There are inherent challenges in bringing products from the laboratory to the clinic and Oxford BioMedica has established appropriate expertise to manage the process. In addition to its technical research skill-base, the Company has in-house clinical, regulatory and manufacturing know-how.

The Company's broad commercial strategy is to secure development and commercialisation partners for its in-house products following proof of principle in clinical studies. However, in such agreements, the Company may seek to retain the rights or options to commercialise its products in certain territories. Similarly, the Company may decide to invest in later stage clinical trials if the management concludes that it has adequate resources and that the risk is acceptable in relation to the potential increased return for shareholders. The Company would consider licensing its products at the preclinical stage only if sufficiently attractive terms could be negotiated. The objective of the Company's commercial strategy is to maximise shareholder value by balancing near-term resource requirements and long-term benefit from product commercialisation.

## FINANCIAL STRATEGY

Oxford BioMedica's financial strategy is designed to achieve its goal of becoming a profitable biopharmaceutical company. The management believes that sustainable profitability, as opposed to profitability through upfront and milestone payments, can be achieved within 12 months of the registration of its first therapeutic product, which could be in 2009 based on the Phase III development plan for the lead anti-cancer product, TroVax. The Company has raised £117 million (before costs) through market issues of equity since its inception in 1995, has no debt

obligations and maintains a principle of having sufficient cash resources for a minimum operational period of 12 months.

The financial resources support a current headcount of 72 employees that comprise research, development, clinical, process development, corporate and administrative staff. External organisations are used to provide certain capital and labour intensive services such as manufacturing and management of clinical trials. The Company does not anticipate a substantial change in headcount in the near term.

The Company has successfully applied for and been awarded a number of grants over the years from sources such as the UK Department of Trade and Industry, the UK Department of Health and the European Commission. As a small innovative company, it qualifies for research and development tax credits, which have resulted in cash payments from the UK tax authorities.

The Company benefits from other sources of direct and indirect development funding. For example, TroVax has attracted support from US and UK-based cancer organisations that provide support for specific clinical trials. This support is provided without obligations and Oxford BioMedica retains all commercial rights to the product. Similarly, the neurotherapy portfolio has received sponsorship from a number of disease-focused charitable organisations, through direct funding of preclinical studies or grants to the Company.

The Company's licensing and collaboration strategy provides near-term revenue and the prospect for substantial future payments linked to development and commercialisation success. Some existing agreements provide annual fees and others include milestone payments and royalties or a share of income. The Directors anticipate a substantial increase in revenue in future years from the Company's licensing and collaboration activities.

