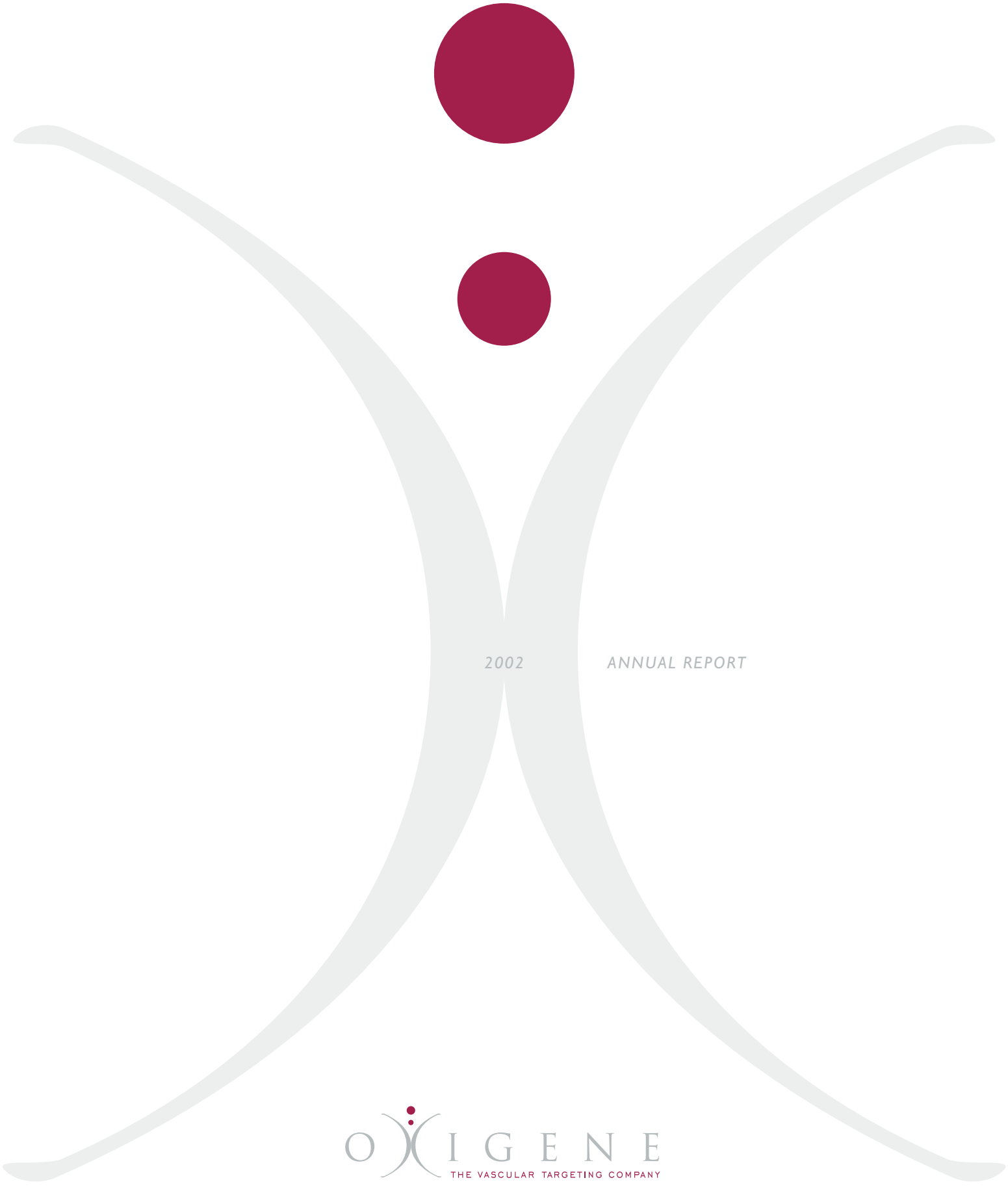


2002 ANNUAL REPORT

OXIGENE

THE VASCULAR TARGETING COMPANY

To Our Shareholders,

Fiscal 2002 marked a year of significant operational and financial achievements for OXiGENE. First, we made measurable strides in the development and expansion of our vascular targeting technology as we advanced our lead compound, Combretastatin A4 Prodrug (CA4P), into Phase II clinical trials in cancer and broadened its field of use to include certain ocular diseases. In addition, we strengthened our patent position by in-licensing rights to a new formulation of CA4P, and by filing several new patent applications relating to this technology. OXiGENE also began to realize the benefits of the cost-cutting initiatives we implemented during the year. In fact, through efforts such as a workforce reduction and the divestiture of non-core businesses, we have been able to reduce our cash burn rate and focus our financial resources entirely on vascular targeting.

Clinical Leadership in Vascular Targeting

In the fourth quarter of 2002 we announced a significant milestone for the Company: the initiation of a Phase II clinical trial of CA4P in patients with advanced anaplastic thyroid cancer. This trial, being conducted at the Ireland Cancer Center at University Hospitals of Cleveland, is the most advanced human study of a vascular targeting agent (VTA) to date, reinforcing our position as the frontrunner in VTA clinical development. CA4P also is involved in a Phase Ib clinical trial at the University of Pennsylvania's Presbyterian Medical Center, where clinicians are studying the compound in combination with the chemotherapy drug Carboplatin in patients with various solid tumors. A third concurrent cancer trial is underway at Mount Vernon Hospital in London: a Phase I/II clinical trial to assess CA4P and radiotherapy in patients with advanced cancer of the lung, head & neck and prostate. As we look ahead in 2003 and beyond, we plan to initiate other CA4P clinical trials targeted at specific cancer indications.

Progress of Second-Generation VTAs

CA4P is our first-generation vascular targeting agent. Our product pipeline also includes two second-generation VTAs, OXi4503 and OXi6197, which are involved in pre-clinical testing on solid tumors. Early results of both compounds have been encouraging. According to research published in 2002 in the peer-reviewed journal *Anticancer Research,* OXi4503 has demonstrated the ability to induce complete tumor regression with single-agent activity in a mouse model of human breast cancer. Also last year, OXi6197 was selected by the Drug Development Group of the National Cancer Institute (NCI) for in vivo and in vitro studies to evaluate the biological activity of the compound.

New Disease Targets

Cancer has been, and will remain, a significant focus of our drug discovery and development. However, we see potential for our vascular targeting technology extending beyond oncology to other conditions marked by the formation of abnormal blood vessels, and in particular ocular disease. Reflecting this potential, in 2002 the Foundation Fighting Blindness, Inc. (FFB), the nation's pre-eminent charitable eye research organization, agreed to fund a Phase I/II clinical trial of CA4P in patients with a retinal disease known as wet age-related macular degeneration (AMD). Wet AMD is a form of the leading cause of blindness in Americans over age 55. We expect to announce the timing, location and protocol for the trial, which is conditioned on certain regulatory and review board approvals, by mid-2003. This is the first time the FFB has agreed to fund a physician-sponsored human study of an investigational drug since the organization's inception in 1971. We believe that this is an important validation of the potential of our technology in this area.

Expanding our Intellectual Property Portfolio

A robust patent pipeline is key to our strategy of maintaining a leadership position in vascular targeting. We took an important step toward that objective in 2002 by in-licensing exclusive worldwide rights to a patent application for an enhanced CA4P formulation that offers improved stability and longer shelf life. The rights to this pending patent would represent an important competitive and economic advantage for OXiGENE by broadening market exclusivity on a worldwide basis and extending the duration of patent protection.

In March 2003, we announced the receipt of a new U.S. patent covering the mechanism by which our VTAs seek out and destroy abnormal blood vessels. This is the first issued vascular targeting-related patent owned solely by OXiGENE, and as such represents an important achievement for us. Our pipeline includes 17 additional U.S. patent applications and numerous foreign applications, each related to our core technology.

On another note, at our upcoming Annual Meeting, Björn Nordenvall, M.D., a Board member since 1995 and the Company's chief executive officer from 1995 to 2002, will not stand for re-election. The Board wishes to express its deep appreciation to Dr. Nordenvall for his eight years of distinguished service to OXiGENE and for his many valuable contributions to the Company's growth and development.

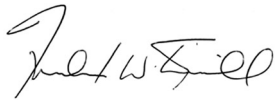
2003 Milestones

Looking ahead, we have established a series of milestones for 2003, each built around a single objective: to extend OXiGENE's leadership in vascular targeting. These include:

- licensing of CA4P to large pharmaceutical partners for oncology and ophthalmology indications;
- commencing a Phase I/II clinical trial to assess the safety and efficacy of CA4P in patients with wet age-related macular degeneration;
- seeking orphan drug status designation from the U.S. Food and Drug Administration for CA4P in the treatment of advanced anaplastic thyroid cancer (ATC);
- enrolling of a majority of patients for the Phase II clinical trial in ATC at the Ireland Cancer Center in Cleveland and the Phase I/II clinical trial in advanced cancer of the lung, head & neck, and prostate at Mount Vernon Hospital in London;
- initiating additional combination trials of CA4P aimed at specific disease indications;
- completing in vivo screening of OXi6197 by the NCI; and
- completing pre-clinical toxicology studies of OXi4503 in preparation for Phase I clinical trials early in 2004.

While we have set the bar high for 2003, I believe that the benchmarks we have established are the clearest way to convey to you what we plan to achieve in the coming year. We approach each of these milestones with energy and enthusiasm, and I know everyone at OXiGENE shares my excitement about the opportunities for our vascular targeting compounds. On behalf of our employees and Board of Directors, thank you for your continued interest and support.

Sincerely,



Frederick W. Driscoll
President and Chief Executive Officer
May 8, 2003