News Release

OXiGENE Reports Third-quarter 2001 Financial Results

Expansion into New Disease Areas Underscores
Growth Opportunities for Company's Vascular Targeting Agents

Watertown, Massachusetts, October 25, 2001 - OXiGENE, Inc. (NASDAQ: OXGN, SSE: OXGN) The Vascular Targeting Company, an international biotechnology company developing proprietary vascular targeting agents (VTAs) to treat solid tumor cancers and other diseases characterized by neovascularization, today announced financial results for the third quarter ended September 30, 2001.

OXiGENE reported a net loss for the quarter of $2.0 million, or $(0.18) per share, on revenue of $0.6 million. This compares with a net loss of $2.7 million, or $(0.24) per share, on revenue of $0.9 million, for the third quarter of 2000. The Company ended the third quarter of 2001 with cash and cash equivalents totaling $20.7 million, versus $22.8 million at the end of the second quarter of 2001.

For the most recent nine-month period, OXiGENE posted a net loss of $7.9 million, or $(0.70) per share, on revenue of $2.3 million, versus a net loss of $7.0 million, or $(0.62) per share, on revenue of $2.7 million, for the nine-month period ended September 30, 2000.

OXiGENE announced yesterday that it has regained full development and licensing rights to its Combretastatin compounds, including Combretastatin A4 Prodrug (CA4P), from Bristol-Myers Squibb following a decision by the companies to conclude their research collaboration and license agreement. OXiGENE also announced it plans to end further clinical development of its benzamide-based product, Declopramide, to focus its resources solely on vascular targeting.

"We have said for some time that we are focused on vascular targeting, but our announcements this week should leave no doubt where we intend to devote the Company's scientific and financial resources," said Bjorn Nordenvall, OXiGENE's Chairman and CEO. "The decisions to reclaim full development responsibility of our Combretastatin compounds from Bristol-Myers Squibb, and to end further clinical development of products unrelated to vascular targeting, are based on the strength of our research to date and our fundamental belief in the technology as an anti-tumor therapy."

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Upcoming Presentation of U.S. Phase I Data

Final Phase I data from OXiGENE's U.S. clinical trial of CA4P is scheduled to be presented on October 31 at the American Association for Cancer Research conference in Miami, Florida. The data will be presented by the study's lead investigator, Dr. Scot Remick, M.D., Associate Professor of Medicine at Case Western Reserve University in Cleveland. Final Phase I data from the Company's U.K. trial of CA4P, which was presented earlier this year at a meeting of the American Society of Clinical Oncologists, showed that CA4P could be given safely at doses that causes reduced blood flow to malignant tumors.

"We are pleased with the Phase I data that has been reported to date, and we look forward to the upcoming AACR presentation," Nordenvall said. "CA4P represents the initial development of what we believe is possible in the vascular targeting area, and we are already working aggressively to develop next-generation VTAs," Nordenvall said.

Recent Developments

"During the quarter, OXIGENE made significant strides in expanding the opportunities to apply its lead vascular targeting agent to a number of major disease areas, including:

- **National Eye Institute Agreement:** The Company signed a Materials-Cooperative Research and Development Agreement (M-CRADA) with the National Eye Institute (NEI), a division of the National Institutes of Health. Under the agreement, NEI will study the effects of the Company's lead vascular targeting agent, CA4P on an animal model of proliferative diabetic retinopathy.

- **JOMED Collaboration:** OXiGENE entered into a collaboration to research restenosis inhibitors, with JOMED, an internationally recognized leader in stents. This collaboration will integrate JOMED´s stent technology with OXiGENE's platform of vascular targeting agents. Under the arrangement, JOMED will perform proof-of-concept studies with OXiGENE's vascular targeting agents (VTAs) on drug-eluting stents. These experiments will be designed to assess the efficacy and safety of the VTAs in preventing restenosis, a renarrowing of a coronary artery.

"These recent alliances underscore what we view as the considerable growth potential for our VTA technology, not only as a treatment for cancer, but also as a front-line therapy for other diseases characterized by aberrant blood vessel formation," Nordenvall said.

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Company to Host Conference Call

OXiGENE will hold a conference call at 10:00 a.m. ET today to discuss 2001 third quarter results and the Company's October 24 announcement concerning the conclusion of its research collaboration and license agreement with Bristol-Myers Squibb. Domestic callers may dial 1-888-214-7569 and international callers may dial 1-415-537-1938 to listen to the call. To access a live audio webcast of the conference call, please visit the following URL on the Internet:
http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=OXGN&script=2400

Please allow extra time prior to the call to visit the site and download the streaming media software required to listen to the Internet broadcast. The online archive of the broadcast will be available within two hours of the live call for a period of 30 days. A re-broadcast of the teleconference will be available two hours after the call until noon EDT on October 27, 2001 by dialing 1-800-633-8284 from the U.S. or 1-858-812-6440 from abroad. Replay callers, please use passcode: **19746529**.

This news release contains forward-looking statements made under the Private Securities Litigation Reform Act of 1995. These statements include: the effectiveness of OXiGENE's vascular targeting agents, the results of clinical trials, future development and licensing of the Company's Combretastatin compounds, the use of CA4P as a therapy for cancer restenosis, diabetic retinopathy, macular degeneration and other diseases characterized by aberrant blood vessel formation, the Company's strong product pipeline, and the ability of the Company to begin testing in humans. Any or all of the forward-looking statements in this press release may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties, including, but are not limited to, the early stage of our product development and the unproven efficacy of our technology and at acceptable dosage levels; our ability to raise capital when needed and on reasonable terms; uncertainties as to the future success of ongoing and planned clinical trials; our dependence on others for much of the clinical development of our technology, as well as for obtaining regulatory approvals and conducting manufacturing and marketing of any products that might successfully reach the end of the development process; competition from other companies and other institutions pursuing alternative technologies; and uncertainties related to our ability to obtain adequate intellectual property protection for our technology and products. Consequently, no forward-looking statement can be guaranteed, and actual results may vary materially. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements are contained in our reports to the Securities and Exchange Commission including our 10-Q, 8-K and 10-K reports. However, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

The Company's Consolidated Statements of Operations, Consolidated Balance Sheets and Key Figures and Data Per Share follow:

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OXiGENE, Inc.
Consolidated Balance Sheet
(All amounts in thousands)

Assets	Sept 30, 2001	Dec 31, 2000
Current Assets:		
Cash and cash equivalents	$ 20,749	$ 27,063
Available-for-sale security	-	549
Prepaid expenses	668	287
Interest receivable	105	277
Other current assets	97	61
Total current assets	21,619	28,237
Furniture, fixtures and equipment, at cost	939	827
Accumulated depreciation	(269)	(173)
Net property and equipment	670	654
Licensing agreements, net of accumulated amortization	2,013	2,236
Deposits	86	102
Total assets	$ 24,388	$ 31,229
Liabilities and stockholders' equity		
Current Liabilities:		
Amount payable for license agreement - current	$ 256	$ 251
Amount payable for research and development expenses	834	687
Other accrued expenses	231	499
Other payables	785	494
Total current liabilities	2,106	1,931
Amount payable under license agreement - non-current	594	707
Deferred licensing revenue	7,045	7,445
Stockholders' equity		
Common stock	114	114
Common stock, issuable	-	370
Additional paid-in capital	82,457	81,984
Accumulated deficit	(64,424)	(56,502)
Accumulated other comprehensive income (loss)	387	(973)
Notes receivable	(3,860)	(3,609)
Deferred compensation	(31)	(238)
Total stockholders' equity	14,643	21,146
Total liabilities and stockholders' equity	$ 24,388	$ 31,229

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OXiGENE, Inc
Consolidated Statement of Operations
(All amounts in thousands, except per share amounts)

	9 mnths Sept 30, 2001	9 mnths Sept 30, 2000	3 mnths Sept 30, 2001	3 mnths Sept 30, 2000
Revenues:				
Licensing revenue	$ 1,702	$ 1,247	$ 454	$ 384
Interest income	641	1,477	123	499
Total revenues	2,343	2,724	577	883
Expenses:				
Costs relating to licensing revenue	1,302	846	320	250
Amortization of license agreement	223	148	75	99
Research and development	4,368	6,305	1,096	2,048
General and administrative	3,764	2,349	1,105	885
Loss on sale and write-down of available-for-sale security	551	-	-	267
Interest expense	57	80	21	23
Total expenses	10,265	9,728	2,617	3,572
Net loss	$(7,922)	$(7,004)	$ (2,040)	$ (2,689)
Net loss per common share	$ (0.70)	$ (0.62)	$ (0.18)	$ (0.24)
Weighted average number of common shares outstanding	11,260	11,305	11,331	11,322

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OXiGENE, Inc.
Consolidated Statement of Cash Flows
(All amounts in thousands)

	Nine months ended September 30, 2001	2000
Operating activities:		
Net loss	$ (7,922)	$ (7,004)
Adjustments to reconcile net loss to cash (used in) provided by operating activities:		
Loss on sale and write-down of available-for-sale security	551	-
Depreciation	131	40
Abandonment of furniture, fixtures and equipment	30	4
Compensation related to issuance of options and stock appreciation rights	59	282
Amortization of licensing revenue	(400)	(400)
Amortization of licensing agreement	223	148
Changes in operating assets and liabilities:		
Accounts receivable - license agreement	-	9,250
Prepaid expenses and other current assets	(261)	592
Accounts payable and accrued expenses	235	(1,152)
Net cash (used in) provided by operating activities	(7,354)	1,760
Cash flows from financing activities:		
Proceeds from issuance of common stock and capital contribution	-	357
Net cash provided by financing activities	-	357
Cash flows from investing activities:		
Short term investment	-	(2,000)
Amounts paid for licensing agreement	(108)	(1,080)
Proceeds from sale of available-for-sale security	1,449	-
Deposits	16	(22)
Purchase of furniture, fixtures and equipment	(188)	(138)
Net cash provided by (used in) investing activities	1,169	(3,240)
Effect of exchange rate on changes in cash	(129)	(66)
Net decrease in cash and cash equivalents	(6,314)	(1,189)
Cash and cash equivalents at beginning of period	27,063	30,448
Cash and cash equivalents at end of period	$ 20,749	$ 29,259

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