



**Press information**

**Lombard Medical Technologies PLC**  
("Lombard" or "Company")

**Fundraising of £7.4 million**

**London, UK, 15 June 2007** – Lombard Medical Technologies PLC (AIM: LMT), the specialist medical device company, is pleased to announce a fundraising by Nomura Code Securities Limited and Seven Hills Partners LLC of approximately £7.4 million (gross). Lombard is also announcing its preliminary results today (see separate announcement).

**Highlights:**

- Fundraising by way of a Subscription and a Placing of new Ordinary Shares to raise gross proceeds of approximately £7.4 million at 25p per share
- Funds to be used to progress the clinical trial of the Aorfix™ AAA stent graft in the United States, scale up manufacturing in order to enable the Company to meet the forecast demand for Aorfix™ in Europe and additional product development (principally Aorfix™ and EndoRefix™)
- A Warrant to subscribe for one ordinary share will be issued to subscribers and places on the basis of six Warrants for every twenty new shares

**Alistair Taylor, Lombard's Executive Chairman, said:**

"I am delighted by the success of this fundraising, which will allow the Company to achieve significant milestones in the clinical development of our Aorfix™ AAA stent graft in the United States and to scale up manufacturing of Aorfix™ to enable the Company to meet the forecast growing demand for our stent graft in Europe and the rest of the world. I would like to take this opportunity to welcome all new investors to the Company, which is now entering the most exciting period in its development."

- ENDS -

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## **Notes to editors**

### **About Lombard Medical**

Lombard Medical Technologies PLC is a medical devices group developing stent grafts and other medical products for use in the treatment of vascular disease. The Company's lead product, Aorfix™, is a stent graft for the treatment of aortic aneurysms, a balloon-like enlargement of the aorta which, if untreated, may rupture and cause death. Abdominal and thoracic aortic aneurysms are the 13<sup>th</sup> largest cause of death in the US and the market is estimated to be worth approximately US\$2 billion by 2010. Aorfix™ is currently being commercialised in the EU, with US clinical trials having commenced during 2006. The Company's Polymer Coatings Division primarily develops polymer coatings for use in drug eluting stents and has a number of research collaborations developing novel products for this \$5-6bn market.

The Company, headquartered in Oxfordshire, with operations in Yorkshire and Boston, USA, employs over 90 people.

Further background on the Company can be found at [www.Lombardmedical.com](http://www.Lombardmedical.com).

# Lombard Medical Technologies PLC

## Proposed Placing and Subscription of 29,532,660 new Ordinary Shares Proposed Issue of Warrants

### Introduction

The Board of Lombard Medical Technologies PLC (“Lombard”) announces that the Company is raising approximately £6.6 million, after expenses, by way of a conditional Placing and Subscription of, in aggregate, 29,532,660 new Ordinary Shares at an issue price of 25 pence per new Ordinary Share in order to provide further working capital for the Company. In addition, Warrants to subscribe for, in aggregate, 8,859,798 Ordinary Shares will be issued to Subscribers and Placees pursuant to the Subscription and the Placing, respectively. Further details of the Warrants are set out in the section “Terms of the Warrants” below.

The Subscribers have agreed, subject to, *inter alia*, Shareholders' approval, to subscribe for, in aggregate, 10,532,660 new Ordinary Shares at the Issue Price together with Subscription Warrants to subscribe for 3,159,798 Ordinary Shares. The Subscription will raise £2.6 million (gross) for the Company.

In addition to the Subscription, Nomura Code, as agent for the Company, is placing, subject to Shareholders' approval, 19,000,000 Placing Shares at the Issue Price with new and existing institutional investors, together with Placing Warrants to subscribe for 5,700,000 Ordinary Shares. The Placing will raise £4.8 million (gross) for the Company. Nomura Code Securities Limited has underwritten the Placing.

### Progress with the Lombard strategy

2006 was a year of significant challenge and accomplishment for the Company. Despite having to overcome a series of challenges during the year, considerable growth has been achieved in the European business. Aorfix™ has now been successfully implanted in over 250 patients in 18 countries and momentum continues to build in the pivotal US clinical trial. The positive results from the two-year follow-on data of Aorfix™, which showed aneurysm sac shrinkage in 83% of patients and no evidence of migration or device-related endoleaks, compared favourably with competitor products.

2006 was also a tough year for the industry generally; two major US companies temporarily ceased their activities in the AAA stent graft market due to the limitations of their devices, one of them for the second time. This has demonstrated the difficulties of succeeding in such a challenging market, even when significant resources have been dedicated.

During 2006, the Company decided, after discussions with Boston, to continue with its own distribution of Aorfix™ in territories outside of the US as Boston had decided to close their in-house activities in endovascular AAA surgery. Despite this, the Company understands that Boston continues to believe that the market for AAA endovascular surgery will grow significantly over the next ten years. Boston currently maintains a shareholding of 9% in the Company, along with a right of first refusal over the Cardiovascular Devices Division and its main assets.

In light of the decision by Boston, the Board assessed several alternatives for its strategy to market and distribute Aorfix™ in Europe and the US, where it had been expected that Boston would want to secure rights to Aorfix™ at the time of taking up its option.

The Board concluded that Shareholders' interests would be best served by a strategy of:

- continuing to market Aorfix™ through a select group of national distributors outside the US, supported by clinical specialists in major markets;
- progressing further the pivotal US clinical trial for Aorfix™ before engaging a strategic marketing partner in the US;
- investing in manufacturing capacity and capability to meet forecast demand for Aorfix™, so as to reduce both reliance on external suppliers and unit costs;
- completing negotiations with Medtronic regarding EndoRefix™;
- focusing available product development resources on the thoracic stent graft project;
- building a portfolio of novel projects within the Polymer Coatings Division that would be attractive licensing candidates to other medical device companies; and
- disposing of trade investments and raising further equity finance to fund implementation of this strategy.

### ***OUS Commercialisation and Clinical Trials***

Following Boston's decision, the Company strengthened its sales and marketing infrastructure. The UK sales force was rebuilt and extended to include support in major markets for the Company's network of distributors. The news that Boston was not exercising its option to distribute Aorfix™, although disappointing, was highly motivating to the Company's local distributors, many of whom had been concerned about committing resources to the product whilst the Boston option remained in place. The Company signed up new distributors in countries such as Italy, Poland, Slovenia, Spain, Turkey and Brazil during 2006 widening its geographic coverage and bringing the total number of countries in which Aorfix™ is available to 22.

It is anticipated that, over time, the Company will benefit from higher margins on Aorfix™ sales than were available under the agreement with Boston by selling direct in the UK and through local distributors.

Orders for Aorfix™ in Europe are showing promising growth as the investment in sales and marketing infrastructure yields results and clinicians become increasingly aware of the growing body of superior clinical data for the product. The Company has recently held a major symposium at the International Charing Cross meeting in London, where early US experience with Aorfix™ in the US clinical trial was presented. This was supplemented by European clinical experience, including data on the use of Aorfix™ in challenging vascular anatomy. The total number of Aorfix™ implants worldwide now exceeds 250 and Aorfix™ devices have now been in situ in some patients for five years. The twenty-four month clinical data presented in September 2006 at the Cardiovascular and Interventional Radiological Society of Europe (CIRSE) meeting in Rome was exceptionally good with 100% (n=18) of cases showing freedom from AAA-related mortality, aneurysm rupture, stent migration, stent fracture and device-related endoleak. Furthermore, there were no device-related clinical treatments in any of the patients and a decrease in aneurysm diameter was measured in 83% (n=18) of cases. These excellent clinical data, taken together with the growing body of evidence suggesting that Aorfix™ is the only stent graft that can successfully treat abdominal aortic aneurysms with severely angulated necks, give the Directors grounds for considerable optimism for the prospects for Aorfix™. An improved, more flexible, delivery system for Aorfix™, which facilitates the use of the device in patients with tortuous vasculature, was favourably received on launch in April 2006 and has recently been approved for use in the pivotal US clinical trial.

The Arbiter II trial in Europe commenced in September 2006. The Directors anticipate that this trial will result in Aorfix™ being licensed for use in aneurysms with neck angulations of up to 90°, for which no alternative endovascular stent grafts are currently approved. Currently three centres are enrolling patients and a further six are in the roll-in/negotiation phase; three patients have been enrolled. The Directors expect recruitment of the remaining 27 targeted patients to be completed in early 2008, with the label claim for use in aneurysms with high-angled necks to be received in Q3 2008.

The worldwide market for AAA stent grafts is expected to reach almost \$1 billion by 2010. This growth is expected to be driven both by an increase in the number of people diagnosed with AAA disease and endovascular repair gaining market share from open surgery. Reasons for the increase in diagnosis include an ageing population, a rising incidence of causal factors such as obesity and high blood pressure, and greater screening for the disease. Endovascular repair is expected to gain market share from open surgery due to patient preference, quality of life benefits and its faster recovery time that leads to better utilisation of healthcare resources and a lower overall cost. For example, in Australia 65% of repair procedures are now by endovascular techniques.

There are approximately 15,000 endovascular AAA repair procedures performed in Europe each year of which approximately 40% are performed using the Zenith device (Cook Medical, Inc.), 32% using the Talent device (Medtronic) and 20% the Excluder (W.L. Gore & Associates, Inc.).

### ***US Clinical Trial and Commercialisation***

Although later than planned, due to delays in negotiating clinical contracts, the pivotal US clinical trial of the Aorfix™ endovascular stent graft in the treatment of AAA (PYTHAGORAS) has recently been gaining momentum as a result of the efforts of the subsidiary operations in Boston MA led by Peter Phillips, a co-developer of Aorfix™. The US operation has an experienced clinical and regulatory team and the resources to achieve regulatory approval of Aorfix™ in the US.

A meeting of key US clinical investigators took place in August 2006 during which support for Aorfix™ was expressed with particular interest being shown for the product's unique ability to treat aneurysms with neck angulations over 60° and patients with tortuous iliac arteries (together estimated to represent 20 to 40% of all cases). The investigators recommended that the Company should change its current strategy to one where each clinical centre would focus on carrying out implants in the 60°+ range, for which no alternative endovascular stent grafts are currently approved, and to introduce the Generation II delivery system in order to facilitate a more rapid completion of the trial. Approval of the IDE supplement for the Generation II delivery system was received on 2 April 2007. The Company subsequently submitted a further supplemental IDE to further progress these recommendations, conditional approval of which was announced on 29 May 2007. This supplemental IDE widens the entry criteria to include patients with aneurysm neck angulations of up to

90° and increases the number of centres in the study from 10 to 20. Furthermore, the total number of endovascular patients for whom data are to be submitted will be reduced to 160 from up to 385, based on new statistical analysis.

The change to the design of the PYTHAGORAS study is summarised below.

	Number of patients	
	Original IDE <sup>1</sup>	Supplement <sup>2</sup>
0-60° neck angle, endovascular	275	40
60°+ neck angle, endovascular	110 <sup>3</sup>	120
Open surgery	110	60

1 As at the time of the IPO in December 2005

2 The number of patients enrolled may be up to 25% higher to compensate for patients who may be lost to follow up

3 Planned supplement to original IDE after 100 cases performed

The recruitment status of the PYTHAGORAS study is summarised below.

	Current total
Number of Aorfix™ implants performed	13
Number of open surgery controls performed	19
Number of active centres	9

The Company has, in some cases, experienced minor porosity problems with the fabric used in its stent grafts, commonly referred to as “blush”, which have shown to be resolved on routine follow-up. Although of no apparent serious clinical significance, the Company is further tightening the specifications of the fabric used in manufacture so as to eliminate this phenomenon. The Company has agreed with the FDA to submit the data on the first 21 implants in the US clinical trial for its review. Allowing for the slight delay from this review, the trial implants are expected to be completed in H1 2008. With one-year follow-up and PMA submission in H1 2009, approval is anticipated around the end of 2009. The approved indication would be for patients with aneurysm neck angulations of between 0 and 90°.

The Company is maintaining its strategy to develop a partnership with a leading medical device company for the marketing and distribution of Aorfix™ in the US. The decision by Boston not to exercise its option presents an opportunity for certain potential partners that did not wish to market a product which was also marketed by Boston outside the US. As FDA approval for Aorfix™ is not forecast until 2009, the Company does not expect to announce a strategic partnership for the US until closer to the anticipated launch of the product, despite interest being shown by several large medical device companies.

There are currently around 250,000 patients diagnosed in the US with AAA disease each year, of which the Directors estimate that around 165,000 receive no interventional therapy either due to the small size of the aneurysm or the patients being unsuitable for either open or endovascular surgery. Of the 85,000 patients estimated to undergo interventional therapy it is believed that around 33,000, or just under 40%, receive endovascular repair. The US endovascular market is currently shared between three main products and the Excluder device (Gore) is the market leader with approximately 36% of the market, closely followed by the Zenith (Cook) with a 33% share and the AneuRx (Medtronic) with 30%.

By 2010, the number of people diagnosed with AAA disease in the US is expected to have reached 300,000 a year and the Directors believe that just over 50% (63,000) of the anticipated 120,000 receiving interventional therapy will undergo endovascular repair, which will result in a US endovascular market of more than \$700 million. Based on market research performed by Bridgehead International and anecdotal information from opinion leaders, the Directors believe that around 20% (and possibly up to 40%) of cases

presenting have aneurysms with high-angle necks and/or tortuous iliac arteries. Currently available endovascular devices are not licensed for the treatment of such cases but the more flexible design of Aorfix™ makes it more suitable for use in such patients and it is expected that, unlike competitor products, Aorfix™ will be approved for use in aneurysms with neck-angles of up to 90°. Based on the forecast number of patients receiving interventional therapy in 2010, this segment, in which Aorfix™ will have a competitive advantage, is estimated to be worth over \$250 million and will, in the Directors' opinion, provide an excellent springboard for the penetration of Aorfix™ into the wider market.

### ***Manufacturing***

The Company has faced several challenges in scaling-up manufacturing processes from those designed to meet the needs of a development organisation to ones capable of meeting the needs of a growing commercial organisation. Although the problems associated with the loading of the stent graft into the delivery device that led to the voluntary suspension of clinical cases with Aorfix™ during December 2006 and January 2007 have now been resolved, further improvements to this process will be introduced during 2007 to increase capacity from the current 20 Aorfix™ clinical kits per week. Management recognises that further strategic changes are required, and is actively pursuing a strategy to:

- bring certain manufacturing in-house under one quality system;
- build inventory for rapid customer response;
- further improve manufacturing capability and expertise; and
- increase capacity to meet anticipated worldwide demand.

Significant progress with this strategy has been made in 2007 with the appointment of a new Director of Quality from Johnson & Johnson. In addition, the Company is proposing to acquire Culzean Medical Devices Limited, a company specialising in medical fabrics based in Prestwick, Scotland. This will bring invaluable expertise in medical device fabrics as well as adequate clean room and device assembly areas for product development and advanced engineering. This will permit the main facility at Didcot to focus on manufacturing for commercial and clinical requirements.

### ***EndoRefix™***

The Company is delighted to have entered a strategic partnership with Medtronic Inc. for the Company's EndoRefix™ endostapler device, which Medtronic will be distributing on a worldwide basis. EndoRefix™ will be marketed by Medtronic under the brand name Securant™.

As well as a distribution agreement under which Lombard will supply the product at an agreed transfer price, Medtronic have entered into a "co-exclusive" license to use EndoRefix™ technology in the development of "next generation" vascular devices. This agreement becomes effective on receipt of a \$3 million milestone payment due to the Company on receipt of FDA approval of EndoRefix™. Lombard will receive royalty payments of up to \$5 million from sales of Medtronic products using the licensed technology.

European CE Mark approval for the endovascular stapler was received in November 2006, with FDA approval now expected in H2 2008.

The first 10 clinical uses of EndoRefix™ will be performed under the Lombard label and are anticipated to be completed later this year. Following the successful completion of these cases, the Medtronic distribution agreement will become effective and the Company will receive a \$3 million loan facility from Medtronic. Medtronic will then undertake a limited release launch in centres of excellence in key markets in Europe.

### ***Thoracic and other projects***

Progress on the stent graft for thoracic aortic aneurysms ("TAAs") has suffered slightly as development resources have been required to help address the challenges encountered in moving from development to commercial manufacturing operations for Aorfix™. However, preclinical experience with this device has been very positive and the Company expects both European and US clinical trials to start in the second half of next year with European approval expected in H2 2010 followed by US approval one year later.

Anticipated timings for the development and regulatory approval of the devices within the Cardiovascular Devices Division are summarised below.

	Aorfix™		EndoRefix™
	AAA	TAA	
Device development	Complete	Complete	Complete
EU clinical trials	Complete	To commence H2 2008	N/A
EU approval	Complete	H2 2010	Complete
US clinical trials	Ongoing	To commence H2 2008	To commence Q4 2007
US FDA submission	H1 2009	~2010	Q2 2008
US approval	~Q4 2009	~2011	Q3 2008

#### ***Development within the Polymer Coatings Division***

There have been several positive developments at the Company's Polymer Coatings Division including:

- in October 2006, the Company signed a collaboration agreement with Axordia Limited (a subsidiary of Biofusion plc) and the University of Sheffield to develop a revolutionary approach to treating coronary restenosis by utilising a stent coating containing endothelial cells grown from a stem cell line to promote early healing of the artery after angioplasty. This research programme is the subject of £0.9 million in grant funding from the Department of Trade and Industry and the Medical Research Council; and
- in April 2006, the Company signed a collaboration agreement with Amgen, Inc. and the University of Sheffield relating to the use of the Company's technology to deliver one of Amgen's proprietary anti-inflammatory drugs via a drug-eluting stent for the prevention of coronary restenosis. Preclinical trials are ongoing and are expected to complete later this year. If successful, the Company will look to license its rights under this programme during 2008.

The Company is also in discussions with a potential partner for the application of its coating technology both in combination with anti-microbial agents in the field of urology and to form a lubricious coating for percutaneous transluminal coronary angioplasty (PTCA) catheters. The potential partners are currently evaluating certain coatings and the Company expects to complete discussions on its urology coating by the end of 2007 and on its PTCA coating during 2008.

#### ***Trade investments***

The Company held two investments in other medical device companies during 2006.

In February 2007, EndoArt SA, a Swiss company developing programmable obesity control devices, was acquired by Allergan, Inc. and the Company's stake was purchased for \$3.2 million (approximately £1.6 million), as announced on 22 February 2007. The Company received \$2.8 million (£1.4 million) on closing. The remaining consideration of \$0.4 million (£0.2 million) will be held in escrow until February 2009, against any potential warranty claims made by Allergan under the terms of the purchase agreement. Lombard will record a profit of £1.1 million from the sale in 2007.

The Company also holds an investment in Vascular Concepts Ltd, a UK company developing and marketing drug-coated coronary stents. The Company intends to realise this investment at the appropriate time.

#### ***Preliminary results***

The Company is today publishing its preliminary results for the year ended 31 December 2006.

## **Current Trading and Prospects**

In the preliminary results announcement published today, the Chairman highlighted the progress made in 2006 that included, amongst other things, two CE Mark approvals, the announcement of excellent clinical data for Aorfix™, and the collaboration with Medtronic for EndoRefix™.

This progress has continued in 2007. Clinical procedures for Aorfix™ have continued to increase with over 250 implants having now been performed. The pivotal US trial for Aorfix™ has continued to gain momentum with 13 cases now completed. The FDA approval to use the improved delivery device is expected to increase recruitment rates, as is the supplement to the IDE that targets the trial at those patients with high-angle-neck aneurysms for which there is currently no approved endovascular alternative.

Although sales of Aorfix™ continue to be limited by the availability of stock, progress has been made in this area with a number of improvements to the production process currently being implemented. The proposed acquisition of Culzean Medical Devices Limited will provide important expertise in medical fabrics as well as adequate clean room and device assembly areas for product development and advanced engineering. This will permit the main facility at Didcot to focus on manufacturing for commercial and clinical requirements.

The Company continues to work closely with Medtronic and its contract manufacturer on the validation of the commercial manufacturing process for EndoRefix™. This has caused some delay to the clinical use of the product, which is now expected in H2 2007 with FDA approval in H2 2008.

Lessons learnt from the commercial production of Aorfix™ have been fed into the thoracic development project which is progressing, albeit somewhat slower than originally envisaged, due to engineering resources being diverted to Aorfix™ and EndoRefix™. Clinical trials for the thoracic device are expected to commence in H2 2008 with European approval in 2010 and US approval a year later.

The Company's Polymer Coatings Division continues to progress its strategy of building a portfolio of projects in large markets that would be attractive licensing candidates to other medical device companies.

The Directors continue to believe that the prospects for the Company are promising with the unique attributes of its Aorfix™ stent graft having real value in the growing AAA market.

## **Use of Funds**

The Company is raising £6.6 million (net of costs) to progress the strategy described above. The funds raised will allow the Company to take advantage of the increasing demand for Aorfix™ in markets outside the US, to bring EndoRefix™ to a regulatory approved position in the US and to achieve greater control over its manufacturing processes. The proceeds of the Subscription and Placing, together with other funds available to the Company, will be applied in the following approximate proportions:

- Production scale-up – 5%
- US Aorfix™ clinical trial – 20%
- Additional product development (principally Aorfix™ and EndoRefix™) – 30%
- Sales and marketing – 20%
- Working capital – 25%

## **Working Capital**

**At 31 May 2007, the Company had cash and short-term deposits of £1.9 million. For the Company to be able to progress its stated strategy, it is essential that the Company raises the proceeds pursuant to the Placing and Subscription.**

**If the Resolutions are not passed and the Board is unable to find alternative sources of funding, the Company will have insufficient resources to continue to trade beyond July of this year.**

**The Directors believe that the proceeds of the Placing and the Subscription will raise sufficient working capital for the Company's present requirements but that the Company will need to raise further funds within the next 12 months in order to take the Company's business to the point where it becomes cash generative.**

## **Principal terms of the Subscription Agreements**

Under the terms of the Subscription Agreements, the Subscribers have conditionally agreed to subscribe for, in aggregate, 10,532,660 Subscription Shares at the Issue Price and to take up A Warrants over 1,579,899 Ordinary Shares and B Warrants over 1,579,899 Ordinary Shares.

The Subscription Agreements are subject to Admission having occurred.

The Subscription Agreements contain certain warranties and representations given by the Subscribers to the Company.

### **Principal terms of the Placing Agreement**

Under the terms of the Placing Agreement, Nomura Code has conditionally agreed, as agent for the Company, to use reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price and for A Warrants over 2,850,000 Ordinary Shares and B Warrants over 2,850,000 Ordinary Shares and, to the extent that it fails to procure such subscribers, to subscribe for such Ordinary Shares and to take up the Placing Warrants as principal upon the terms and subject to the conditions of the Placing Agreement. The Placing Agreement is conditional, *inter alia*, upon the Resolutions being passed by Shareholders at the EGM and Admission having occurred.

### **Subscription by Directors**

As part of the Placing, Alistair Taylor, Brian Howlett and Timothy Hall, all Directors of the Company, will subscribe for 150,000, 40,000 and 40,000 Ordinary Shares, respectively, at the Issue Price. Pursuant to the terms of the Placing, these Directors will receive 45,000, 12,000 and 12,000 Warrants, respectively. As a consequence of these subscriptions, Mr Taylor, Mr Howlett and Mr Hall will hold 1.73%, 0.06% and 0.06% of the Company's Enlarged Issued Share Capital, respectively.

The Board, excluding Mr Taylor, Mr Howlett and Mr Hall, considers, having consulted with its nominated adviser, Nomura Code, that the terms of these subscriptions by Directors are fair and reasonable in so far as the Company's Shareholders are concerned.

### **Terms of the Warrants**

Pursuant to the terms of the Warrant Instruments, the Company will issue Warrants to the Subscribers and the Placees in accordance with the terms of the Subscription Agreements and the Placing Agreement. The A Warrants are exercisable in whole or in part at any time up to and including 15 June 2010. An exercise price of 31 pence per Ordinary Share is payable on exercise of the A Warrants. The B Warrants are exercisable in whole or in part at any time up to and including 15 June 2012. An exercise price of 37 pence per Ordinary Share is payable on exercise of the B Warrants. The Warrants are transferable in certain circumstances.

The Board, excluding Mr Taylor, Mr Howlett and Mr Hall, considers, having consulted with its nominated adviser, Nomura Code, that the terms of these subscriptions by Directors are fair and reasonable in so far as the Company's Shareholders are concerned.

The New Ordinary Shares that are the subject of the Placing and the Subscription (the "New Ordinary Shares") are not being offered or sold to any person in the United Kingdom, other than to qualified investors as defined in Section 86(7) of the Financial Services and Markets Act 2000 ("FSMA"), being persons falling within Article 2.1(E)(I), (II) or (III) of Directive 2003/71/EC (the "Prospectus Directive"), which includes legal entities which are regulated by the Financial Services Authority (the "FSA") or entities which are not so regulated whose corporate purpose is solely to invest in securities.

The information contained herein is not for publication or distribution into the United States. The material set forth herein is for informational purposes only and is not intended, and should not be construed, as an offer of securities for sale into the United States or any other jurisdiction. The securities of the Company described herein have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or the laws of any state of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. There is no intention to conduct a public offering of securities in the United States.

This announcement does not constitute an offer to sell or issue or a solicitation of an offer to buy or subscribe for New Ordinary Shares in any jurisdiction including, without limitation, Canada, Australia, South Africa Japan or any other jurisdiction in which such offer or solicitation is or may be unlawful. This announcement and the information contained herein are not for publication or distribution, directly or indirectly, to persons in Canada, Australia, South Africa or Japan unless permitted pursuant to an exemption under the relevant local law or in any jurisdiction in which such publication or distribution is unlawful.

The distribution of this announcement, the Placing and/or Subscription and/or issue of the New Ordinary Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or Nomura Code that would permit an offer of the New Ordinary Shares or possession or distribution of this announcement or any other publicity material relating to such New Ordinary Shares in any jurisdiction where

action for that purpose is required. Persons to whose attention this announcement has been drawn are required by the Company and Nomura Code to inform themselves about and to observe any such restrictions.

Nomura Code is authorised and regulated by the Financial Services Authority, is acting for the Company and for no one else in connection with the Placing and Subscription and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Nomura Code or for affording advice in relation to the Placing, the Subscription, or any other matters referred to herein.

## Appendix I

### Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise:

“Admission”	the admission of the Placing Shares and the Subscription Shares to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules governing the admission to, and operation of, AIM as published by the London Stock Exchange from time to time
“A Warrants”	the warrants to subscribe for Ordinary Shares (at an exercise price of 31 pence per Ordinary Share)
“Boston”	Boston Scientific B.V., a wholly owned subsidiary of Boston Scientific Corporation
“B Warrants”	the warrants to subscribe for Ordinary Shares (at an exercise price of 37 pence per Ordinary Share)
“Camden Partners”	Camden Partners Strategic Fund II-A, LP and Camden Partners Strategic Fund II-B, LP
“Company”, “Lombard” or “LMT”	Lombard Medical Technologies PLC
“Directors” or “Board”	the board of directors of Lombard
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of Lombard convened for 10.00 a.m. on 9 July 2007 (or any adjournment thereof)
“IPO”	the admission to trading on AIM of the Company's then entire issued share capital on 13 December 2005
“Issue Price”	25 pence per new Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“Medtronic”	Medtronic, Inc.
“Nomura Code”	Nomura Code Securities Limited
“Ordinary Shares”	ordinary shares of 2 pence each in the capital of Lombard
“Placees”	subscribers for Placing Shares and Placing Warrants pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares and the Placing Warrants pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 15 June 2007 and made between Nomura Code and the Company in relation to the Placing
“Placing Shares”	the 19,000,000 new Ordinary Shares to be issued pursuant to the Placing Agreement
“Placing Warrants”	the A Warrants and the B Warrants to be granted by the Company pursuant to the Placing Agreement on the basis of 3 A Warrants for every 20 Placing Shares subscribed (subject to rounding down for any fractional entitlements) and 3 B Warrants for every 20 Placing Shares (subject to rounding down for any fractional entitlements)
“Resolutions”	the resolutions set out in the notice of the EGM and “Resolution” shall mean any of them
“Shareholders”	holders of Ordinary Shares
“Subscribers”	subscribers for the Subscription Shares and the Subscription Warrants pursuant to the Subscription Agreements, being Jennison, Camden Partners Strategic Fund IIA, Camden Partners Strategic Fund IIB, Public Employee Retirement System of Idaho, City of Milford Pension & Retirement Fund, City of Stamford Fireman's Pension Fund, Asphall Green, Inc., Albert L. Zesiger, Barrie Ramsay Zesiger, David Zesiger,

Dominic J. Mizio, J.P. Morgan Trust Co. (Bahamas) Ltd. as trustee U/A/D/11/30/93, James F. Cleary, Jeanne L. Morency, John Rowan, Nicola Zesiger Mullen, Peter Loram, Robert K. Winters, Susan Uris Halpern and Theeuwes Family Trust, Felix Theeuwes Trustee, or such persons as they nominate

“Subscription”	the subscription for the Subscription Shares and the Subscription Warrants pursuant to the Subscription Agreements
“Subscription Agreements”	the agreements dated 15 June 2007 and made between the Company and the Subscribers
“Subscription Shares”	the 10,532,660 new Ordinary Shares to be issued pursuant to the Subscription Agreements
“Subscription Warrants”	the A Warrants and the B Warrants to be granted by the Company pursuant to the Subscription Agreements on the basis of 3 A Warrants for every 20 Subscription Shares subscribed (subject to rounding down for any fractional entitlements) and 3 B Warrants for every 20 Subscription Shares subscribed (subject to rounding down for any fractional entitlements)
“US” or “USA” or “United States of America”	the United States of America, each state thereof, its territories and possessions, and all areas subject to its jurisdiction
“Warrant Instruments”	the deed polls dated 15 June 2007 constituted by the Company pursuant to which the Placing Warrants and the Subscription Warrants will be issued
“Warrants”	the Subscription Warrants and the Placing Warrants

## Appendix II

### Glossary

abdominal aortic aneurysm or AAA	balloon-like enlargement of the aorta in the region of the abdomen (occurring in the length of the aorta between the diaphragm and the iliac bifurcation)
aneurysm	balloon-like enlargement of a blood vessel resulting from a weakening in the vessel wall
coronary restenosis	re-narrowing of the coronary artery following corrective surgery to widen it
drug eluting	controlled release of one or more drugs by a chemical complex, such as a polymer coating
endoleak or endovascular leakage	leakage of blood beyond the stent graft into the space between the outer stent wall and the wall of the blood vessel
endostapler	a stapling instrument used endoscopically for the purposes of fixing tissues to other tissues or devices
endothelial cells	the cells lining the luminal surface of blood vessels
EVAR	endovascular aneurysm repair
FDA	the US Food and Drug Administration
Investigational Device Exemption or IDE	an approval by the FDA for a device that permits its use in a clinical study to collect the safety and effectiveness data required for an application to market the device
nitinol	an alloy of nickel and titanium that, once initially set in a defined shape, returns to that shape following distortion
percutaneous heart valve	an artificial heart valve deployed during minimally invasive surgery to replace a diseased heart valve
PMA	Pre-Market Approval
PTCA	percutaneous transluminal coronary angioplasty, a minimally invasive surgical technique to remodel the coronary arteries
stent graft	a tubular device made of fabric attached to an expandable metal structure. Once the metal structure is expanded, the device forms a rigid tube
thoracic aortic aneurysm or TAA	balloon-like enlargement of the aorta in the region of the thorax (occurring in the length of the aorta between the heart and the diaphragm)