

NATIONWIDE HEALTH PROPERTIES INC
Form PRE 14A
February 14, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

NATIONWIDE HEALTH PROPERTIES, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 24, 2007

To the Stockholders:

The annual meeting of stockholders of Nationwide Health Properties, Inc. will be held at the Conference Center at 610 Newport Center Drive, Newport Beach, California, on Tuesday, April 24, 2007, at 1:00 p.m. local time. At the meeting, stockholders will act on the following matters:

- (1) Election of three directors, each for a term of three years;
- (2) To consider and vote upon a proposal to amend the Company's charter to increase the total number of authorized shares of the Company's common stock from 100,000,000 to 200,000,000 shares;
- (3) To consider and vote upon a proposal to amend the Company's charter to augment, enhance and clarify provisions concerning stock ownership restrictions to protect the Company's status as a qualified real estate investment trust under U.S. federal income tax law;
- (4) To ratify the appointment of Ernst & Young LLP as the Company's independent accountants for the calendar year ending December 31, 2007; and
- (5) Any other matters that may properly come before the meeting.

Stockholders of record at the close of business on March 2, 2007 are entitled to notice of and to vote at the meeting or any postponement or adjournment of the meeting.

By Order of the Board of Directors

Douglas M. Pasquale

President and Chief Executive Officer

March [], 2007

Newport Beach, California

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NATIONWIDE HEALTH PROPERTIES, INC.

610 Newport Center Drive, Suite 1150

Newport Beach, California 92660

PROXY STATEMENT

The Board of Directors of Nationwide Health Properties, Inc. (the Company) is soliciting the enclosed proxy for use at our annual meeting of stockholders to be held on April 24, 2007, beginning at 1:00 p.m., Pacific time, at the Conference Center, 610 Newport Center Drive, Newport Beach, California, and at any time and date to which the annual meeting may be properly adjourned or postponed. This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders describe the purposes of the annual meeting. Distribution of these proxy solicitation materials is scheduled to begin on or about March [], 2007 to all stockholders entitled to notice of and to vote at the meeting.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At the Company's annual meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting, including: the election of directors; the proposal to amend the Company's Amended and Restated Articles of Incorporation, as amended (the Charter), to increase the total number of authorized shares of the Company's common stock from 100,000,000 to 200,000,000 shares; the proposal to amend the Company's Charter to augment, enhance and clarify provisions concerning stock ownership restrictions in order to protect the Company's status as a qualified real estate investment trust under U.S. federal income tax law; and to ratify the appointment of Ernst & Young as the Company's independent accountants for the calendar year ending December 31, 2007. In addition, the Company's management will report on the performance of the Company during 2006 and respond to questions from the stockholders.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, March 2, 2007, are entitled to receive notice of the annual meeting and to vote the shares of common stock that they held on that date at the meeting, or at any time and date to which the annual meeting may be properly adjourned or postponed. Each outstanding share of common stock entitles its holder to cast one vote on each matter to be voted upon.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting the meeting to conduct its business. As of the record date, [] shares of common stock of the Company were outstanding. For purposes of determining the existence of a quorum, proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

How do I vote?

If you complete and properly sign the accompanying proxy card and return it to the Company, it will be voted as you direct. You may also vote over the telephone or internet by following the instructions on the proxy card. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card or otherwise vote in person. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. If you are a registered stockholder, or if you are a

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street name stockholder and obtain a proxy form from your broker or other institution holding your shares, the powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

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What are the Board's recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendations are set forth, together with the description of all proposals, in this Proxy Statement. In summary, the Board unanimously recommends a vote FOR election of the nominated slate of directors (see page 5); FOR the approval of the proposal to amend the Company's Charter to increase the total number of authorized shares of the Company's common stock from 100,000,000 to 200,000,000 shares (see page 31); FOR the approval of the proposal to amend the Company's Charter to augment, enhance and clarify provisions concerning stock ownership restrictions in order to protect the Company's status as a qualified real estate investment trust under U.S. federal income tax law (see page 32); and FOR ratification of the appointment of Ernst & Young as the Company's independent accountants for calendar year ending December 31, 2007 (see page 35).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

A plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

The affirmative vote of two-thirds of the outstanding shares of common stock of the Company is required for approval of the amendment of the Company's Charter to increase the number of authorized shares of common stock of the Company.

The affirmative vote of 90% of the outstanding shares of common stock of the Company is required for approval of the amendment of the Company's Charter to augment, enhance and clarify provisions concerning stock ownership in order to protect the Company's status as a qualified real estate investment trust under U.S. federal income tax law.

The affirmative vote of a majority of the votes cast at the meeting is required to ratify of the appointment of Ernst & Young as the Company's independent accountants for the calendar year ending December 31, 2007.

If you hold your shares in street name through a broker or other nominee, the New York Stock Exchange rules permit your broker or nominee to exercise voting discretion with respect to Item 1, Item 2, Item 3 and Item 4 without receiving instructions from you, the beneficial owner. Thus, if you do not give your broker or nominee specific instructions, your shares may nevertheless be voted on those matters and will be counted for purposes of determining the outcome of such matters. If, however, your broker or nominee indicates on the proxy that it does not have discretionary power to vote shares on a particular matter, then those shares, while still considered as represented at the meeting for quorum purposes, will not be considered as voting for purposes of determining the outcome of that matter. Thus, for purposes of Item 2 and Item 3, a broker non-vote will have the same effect as a vote against the matter, and for purposes of Item 1 and Item 4, a broker non-vote will be disregarded for purposes of determining the outcome of the matter.

Abstentions do not constitute a vote for or against any matter. Thus, abstentions will be disregarded in the calculation of a plurality (for purposes of the election of directors in Item 1) or votes cast (for purposes of the ratification of auditors in Item 4), but will have the same effect as a vote against the proposed amendments to the Company's Charter in Item 2 and Item 3.

What is the Company's policy with respect to Board member attendance at annual meetings of stockholders?

Board members are encouraged to attend the Company's annual meeting of stockholders. All of the Company's eight Board members attended the 2006 annual meeting of stockholders.

How may I obtain a separate set of proxy materials or request a single set for my household?

If you share an address with another stockholder, you may receive only one set of proxy materials (including our 2006 Form 10-K and Proxy Statement) unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now, please request the additional copies by writing to us at the address below:

Nationwide Health Properties, Inc.

Attn: Investor Relations

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610 Newport Center Drive, Suite 1150

Newport Beach, CA 92660

Similarly, if you share an address with another stockholder and have received multiple copies of our proxy materials, you may write us at the address above to request delivery in the future of a single copy of these materials.

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The following table sets forth the only stockholders known to the Company to be the beneficial owners of more than 5% of the Company's outstanding common stock at December 31, 2006:

Beneficial Owner	Common Stock Beneficially Owned	Percent of Outstanding Shares
Cohen & Steers, Inc. 280 Park Avenue, 10th Floor New York, NY 10017	9,097,855(1)	10.55%
ING Groep N.V. Amstelveenseweg 500 1081 KL Amsterdam The Netherlands	9,070,370(2)	10.52%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	4,681,537(3)	5.43%

- (1) Cohen & Steers, Inc., together with its wholly-owned subsidiary Cohen & Steers Capital Management, Inc., had sole dispositive power with respect to 9,097,855 shares and sole voting power with respect to 8,942,255 shares. Information is based on filings by Cohen & Steers, Inc. with the Securities and Exchange Commission.
- (2) ING Groep N.V., together with its wholly-owned indirect subsidiary ING Clarion Real Estate Securities, L.P., had sole dispositive power with respect to 9,070,370 shares and sole voting power with respect to 9,070,370 shares. Information is based on filings by ING Groep N.V. with the Securities and Exchange Commission.
- (3) The Vanguard Group, Inc. had sole dispositive power with respect to 4,681,537 shares. The Vanguard Group, Inc., through its wholly-owned subsidiary Vanguard Fiduciary Trust Company (VFTC), had sole voting power with respect to 142,296 shares held in collective trust accounts for which VFTC serves as investment manager. Information is based on filings by The Vanguard Group, Inc. with the Securities and Exchange Commission.

Table of Contents**How much stock do the Company's directors and executive officers own?**

The following table shows the amount of common stock of the Company beneficially owned (unless otherwise indicated) by the Company's directors, the executive officers of the Company named in the Summary Compensation Table below, and all current directors and executive officers of the Company as a group. Except as otherwise indicated, all information is as of March 2, 2007.

STOCK OWNERSHIP

Name	Aggregate	Acquirable	
	Number	Within	Percent of
	of Shares	60 Days(2)	Shares
	Beneficially		Outstanding(3)
	Owned(1)		
R. Bruce Andrews	139,866	325,653	*
David R. Banks	42,500		*
Donald D. Bradley	39,111	70,000	*
William K. Doyle	25,236		*
Abdo H. Khoury	26,407	12,250	*
Charles D. Miller	112,800		*
Douglas M. Pasquale	83,356	89,178	*
Robert D. Paulson	19,858		*
Keith P. Russell	12,000		*
Jack D. Samuelson	86,232		*
David E. Snyder	7,188	10,000	*
All current directors and executive officers as a group (11 persons)	594,554	507,081	1.3%

- (1) The number of shares shown includes shares that are individually or jointly owned, as well as shares over which the individual has either sole or shared investment or voting authority. Certain of the Company's directors and executive officers disclaim beneficial ownership of some of the shares included in the table, as follows:

Mr. Doyle 148 shares held by his son and 3,937 shares held by various trusts.

Mr. Pasquale 5,500 shares held by his wife and 3,450 shares held by his two sons.

Mr. Paulson 7,858 shares held by his son's and daughter's trust.

Unvested restricted stock included in the table is 4,000 for each of Messrs. Andrews, Banks, Doyle, Miller, Paulson, Russell and Samuelson, 17,033 for Mr. Bradley, 14,482 for Mr. Khoury, 43,968 for Mr. Pasquale, 4,664 for Mr. Snyder, and 108,147 for all current directors and executive officers as a group. The information in the table does not include any restricted stock units granted to directors or executive officers.

- (2) Reflects shares that could be purchased by exercise of options on March 2, 2007 or within 60 days thereafter under the Company's stock option plan.
- (3) Based on the number of shares outstanding at and acquirable within 60 days of March 2, 2007.

* Reflects beneficial ownership of less than one percent of the outstanding common stock of the Company.

Please see the section below entitled "Compensation Discussion and Analysis - Stock Ownership Guidelines" for a discussion of the stock ownership guidelines applicable to officers and directors.

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Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of the filings with the Securities and Exchange Commission, the Company believes that all of the Company's directors and executive officers complied during 2006 with the reporting requirements of Section 16(a) of the Securities Act of 1934.

ITEM 1 ELECTION OF DIRECTORS

The Board of Directors is currently divided into three classes, each having three-year terms that expire in successive years.

The current term of the office of directors in each class expires as follows:

Class II expires at the 2007 annual meeting

Class III expires at the 2008 annual meeting

Class I expires at the 2009 annual meeting

The Board of Directors proposes that the nominees described below under the description Directors Standing for Election, each of whom is currently serving as a Class II director, be elected for a term of three years and until his respective successor is duly elected and qualified.

Each of the nominees has consented to serve a three-year term. If any of them should become unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

VOTE REQUIRED

A plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked WITHHOLD AUTHORITY with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR

APPROVAL OF THE ELECTION OF EACH OF THE DIRECTOR NOMINEES LISTED BELOW

Directors Standing for Election

Class II Directors

David R. Banks

Director since 1985

Mr. Banks, 70, is the retired Chairman and Chief Executive Officer of Beverly Enterprises, Inc., an operator of nursing facilities and rehabilitation clinics. He joined Beverly Enterprises, Inc. as President and Chief Operating Officer in October 1979; was elected President and Chief Executive Officer in May 1989, and was elected Chairman, President and Chief Executive Officer in March 1990; and served as Chairman from March 1990 until his retirement in December 2001. He was a Director of Beverly Enterprises, Inc. from September 1979 through December 2001. Mr. Banks is a director of Ralcorp Holdings.

Douglas M. Pasquale

Director since 2003

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Mr. Pasquale, 52, has served as President and Chief Executive Officer of the Company since April, 2004 and as Executive Vice President, Chief Operating Officer and a Director of the Company since November 2003. Mr. Pasquale served as the Chairman and Chief Executive Officer of ARV Assisted Living, an operator of assisted living facilities, from December 1999 to September 2003. From April 2003 to September 2003, Mr. Pasquale concurrently served as President and Chief Executive Officer of Atria Senior Living Group. From March 1999 to December 1999, Mr. Pasquale served as the President and Chief Executive Officer at ARV, and he served as the President and Chief Operating Officer at ARV from June 1998 to March 1999. Previously, Mr. Pasquale served as President and Chief Executive Officer of Richfield Hospitality Services, Inc. and Regal Hotels International North America a hotel ownership and hotel management company from 1996 to 1998, and as its Chief Financial Officer from 1994 to 1996. Mr. Pasquale is a member of the Executive Board of the American Seniors Housing Association (ASHA) and is a director of Alexander & Baldwin, Inc.

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Jack D. Samuelson

Director since 1994

Mr. Samuelson, 82, co-founded Samuelson Brothers, a real estate developer and contracting firm, in 1946, and has served as its President and Board Chairman since 1957. Mr. Samuelson is also a Director of Westaff, an international temporary help company. He is a Trustee of the educational institutions Occidental College and Fuller Seminary. He is a past Chairman of Hollywood Medical Center and the Institute of Critical Care Medicine. He serves several non-profit housing companies: Director of Southern California Presbyterian Homes and Beacon Affordable Housing Enterprises.

Directors Continuing in Office

Class I Directors

William K. Doyle

Director since 2000

Mr. Doyle, 60, has been the Managing Partner of Kerlin Capital Group, LLC, a private investment bank based in Los Angeles, California, since he founded it in December 1994. Mr. Doyle has been an investment banker for more than 30 years and has been affiliated with major investment banking firms as a Managing Director, including Lehman Brothers and Smith Barney where he was involved in capital raising transactions for ten different REITs. Mr. Doyle is also a Director of The Air Group, Inc.

Robert D. Paulson

Director since 2002

Mr. Paulson, 61, has been the Chief Executive Officer of Aerostar Capital LLC, a private equity investment firm since he founded it in June 1997. Prior to founding Aerostar Capital, Mr. Paulson retired from McKinsey & Company, Inc., an international management consulting firm. At McKinsey, Mr. Paulson served as the Los Angeles Office Manager, led the Global Aerospace and Defense Practice, and was twice elected to McKinsey's Board of Directors. Mr. Paulson currently serves as a director of Ducommun Inc.; Forgings International, LP; Wesco Aircraft Hardware, Inc.; and the Grand Teton Music Festival.

Keith P. Russell

Director since 2002

Mr. Russell, 61, has been the President of Russell Financial, Inc., a strategic and financial consulting firm serving businesses and high net worth individuals and families, since April 2001. Mr. Russell retired in March 2001 as the Chairman of Mellon West, a fiduciary bank, and Vice Chairman of Mellon Financial Corporation, a fiduciary bank. Prior to his position as Chairman of Mellon West, Mr. Russell was Vice Chairman and Chief Risk Officer of Mellon Bank Corporation from June 1992 to April 1996. Mr. Russell is the former President and Chief Operating Officer, and a Director, of Glenfed/Glendale Federal Bank. Before joining Glendale Federal Bank in 1983, Mr. Russell served as a Senior Vice President and Deputy Administrator of the Subsidiary Group of Security Pacific Corporation. Mr. Russell is a Director of Countrywide Financial Corporation; Countrywide Bank (an independent subsidiary of Countrywide); Forrest Binkley Brown Capital Partners, a venture capital firm; and Sunstone Hotel Investors, Inc., a real estate investment trust.

Class III Directors

R. Bruce Andrews

Director since 1989

Mr. Andrews, 66, served as President and Chief Executive Officer of the Company from September 1989 until his retirement in April 2004. He had previously served as a Director of American Medical International, Inc., a hospital management company, and served as its Chief Financial Officer from 1970 to 1985 and its Chief Operating Officer in 1985 and 1986. Mr. Andrews is a director of Thomas Properties Group, Inc., a full-service real estate operating company.

Charles D. Miller

Director since 1985

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Mr. Miller, 79, is the retired Chairman and Chief Executive Officer, but continues as a Director Emeritus, of Avery Dennison Corporation, a manufacturer of self-adhesive materials, labels, and office products, where he held various executive positions since 1964. He is a member of the Board of Directors of the Amateur Athletic Foundation of Los Angeles, the Los Angeles Sports Council, a Trustee of Southern California Public Radio, KPCC, and a Trustee Emeritus of Johns Hopkins University.

Table of Contents*How are directors compensated?***Director Compensation Table - Calendar 2006**

The following table presents information regarding the compensation paid during 2006 to members of our Board of Directors who are not also our employees (referred to herein as Non-Employee Directors). The compensation paid to any director who is also one of our employees is presented below in the Summary Compensation Table - Calendar 2006 and the related explanatory tables. Such employee-directors are generally not entitled to receive additional compensation for their services as directors.

Name (a)	Fees Earned			
	or Paid in	Stock	Change in Pension	Total
	Cash	Awards	Value	
	(\$)	(\$)(1)(2)(3)	(\$)(4)	(\$)
	(b)	(c)	(d)	(e)
William K. Doyle	69,000	20,964		89,964
Robert D. Paulson	61,666	20,964		82,630
Keith P. Russell	73,500	20,964		94,464
David R. Banks	66,333	20,964		87,297
Jack D. Samuelson	66,500	20,964		87,464
R. Bruce Andrews	47,500	20,964		68,464
Charles D. Miller	85,500	20,964		106,464

- (1) The amounts reported in Column (c) above reflect the aggregate dollar amounts recognized for stock awards for financial statement reporting purposes with respect to 2006 (disregarding any estimate of forfeitures related to service-based vesting conditions). No stock awards granted to Non-Employee Directors were forfeited during 2006. For a discussion of the assumptions and methodologies used to calculate the amounts reported in Column (c) above, please see the discussion of stock awards contained in Note 13 (Stock Incentive Plan) to the Company's Consolidated Financial Statements, included as part of the Company's 2006 Annual Report on Form 10-K filed with the SEC, which note is incorporated herein by reference.
- (2) As described below, we granted each of our Non-Employee Directors an award of 3,000 shares of restricted stock during 2006. Each of these restricted stock awards had a value of \$68,610 on the grant date. See footnote (1) above for the assumptions used to value these awards. No option awards were granted to our Non-Employee Directors during 2006.
- (3) The following table presents the number of outstanding and unexercised option awards and the number of unvested stock awards held by each of our Non-Employee Directors as of December 31, 2006. Mr. Andrews' outstanding stock options were granted to him while he was employed as our President and Chief Executive Officer and do not represent compensation to him for services as a director.

Director	Number of Shares Subject to Outstanding Options as of 12/31/06	Number of Unvested Shares of Restricted Stock as of 12/31/06
William K. Doyle		7,000
Robert D. Paulson		7,000
Keith P. Russell		7,000
David R. Banks		7,000
Jack D. Samuelson		7,000
R. Bruce Andrews	325,653	5,000
Charles D. Miller		7,000

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- (4) During 2006, the actuarial present value of each Non-Employee Director's accumulated benefit under the Company's Retirement Plan for Directors decreased by the following amounts: Mr. Doyle (\$982), Mr. Paulson (\$463), Mr. Russell (\$463), Mr. Banks (\$8,749), Mr. Samuelson (\$3,424), Mr. Andrews (\$128) and Mr. Miller (\$8,749).

Director Compensation

Compensation for Non-Employee Directors during 2006 generally consisted of an annual retainer, fees for attending meetings, and an annual equity award. Each Non-Employee Director also participates in the Company's Retirement Plan for Directors.

Annual Retainer and Meeting Fees

The following table sets forth the schedule of meeting fees and annual retainers for each Non-Employee Director in effect during 2006:

Type of Fee	Dollar Amount
Annual Board Retainer	\$ 25,000
Additional Annual Retainer to Chairman of the Board	\$ 50,000
Additional Annual Retainer to Audit and Investment Committee Chairman	\$ 15,000
Additional Annual Retainer to Compensation Committee Chairman	\$ 10,000
Additional Annual Retainer to Capital Planning Committee Chairman and Corporate Governance Committee Chairman	\$ 5,000
Fee for each Board meeting attended, including adjourned meetings	\$ 1,500
Fee for each Board Committee meeting attended, including adjourned meetings	\$ 1,000

All Non-Employee Directors are reimbursed for out-of-pocket expenses they incur serving as directors.

Annual Equity Awards

Under our Non-Employee Director compensation policy as in effect in 2006, our Non-Employee Directors were granted an annual award of 3,000 shares of restricted stock under the Company's 2005 Performance Incentive Plan in January 2006. Subject to each Non-Employee Director's continued service as a director, each award vests as to one-third of the total shares of restricted stock subject to the award on each of the first, second and third anniversaries of the grant date. Pursuant to the terms of the 2005 Performance Incentive Plan, restricted stock granted to our Non-Employee Directors may vest on an accelerated basis in connection with a change in control of the Company. Prior to the time they become vested, shares of restricted stock generally may not be transferred, sold or otherwise disposed of.

Upon the termination of a Non-Employee Director's services as a director, any then-unvested shares of restricted stock will be forfeited to the Company. Non-Employee Directors are not entitled to any payment with respect to restricted stock that is forfeited to the Company.

Non-Employee Directors are entitled to cash dividends on shares of restricted stock at the same rate that the Company pays dividends on all of its common stock. No future dividends will be paid on shares of restricted stock that are forfeited to the Company; however, Non-Employee Directors will be entitled to retain any dividends paid on shares of restricted stock prior to forfeiture.

Each Non-Employee Director's restricted stock award was granted under, and is subject to the terms of, the 2005 Performance Incentive Plan. The Board of Directors administers the plan as to Non-Employee Director awards and has the authority to interpret

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and make all required determinations under the plan, subject to plan limits. This authority includes making required proportionate adjustments to outstanding restricted stock awards to reflect any impact resulting from various corporate events such as reorganizations, mergers and stock splits.

Retirement Plan for Directors

Each Non-Employee Director participates in the Company's Retirement Plan for Directors, which was frozen as of December 31, 2005. No new years of service and no new directors will be added to the plan after that date. Under the terms of the plan, Non-Employee Directors whose services as a director terminate for any reason are entitled to receive an annual retirement benefit from the Company equal to the aggregate annual retainer in effect at the time of the Non-Employee Director's termination of services as a director. Increases in the annual retainer that take effect after a Non-Employee Director's termination of services as a director will automatically increase the annual retirement benefit. The annual retirement benefit will be paid for a period equal to the number of years (as of December 31, 2005) that the Non-Employee Director served as a director. Upon the death of a Non-Employee Director, any remaining benefits under the plan will be paid to the Non-Employee Director's designated beneficiary in accordance with the same payment schedule described above until receipt of the maximum benefit to which the Non-Employee Director would have been entitled had the Non-Employee Director survived.

The following table presents information regarding the present value of accumulated benefits that may become payable to the Non-Employee Directors under the Retirement Plan for Directors as of December 31, 2006:

Name (a)	Number of Years Credited Service	Present Value of
	(as of December 31, 2005)	Accumulated Benefit
	(#)(1)	(\$(1)
(b)		(c)
William K. Doyle	6	136,258
Robert D. Paulson	4	93,643
Keith P. Russell	4	93,643
David R. Banks	21	383,591
Jack D. Samuelson	12	249,243
R. Bruce Andrews	2	48,282
Charles D. Miller	21	383,591

- (1) The years of credited service shown in the table above is presented as of December 31, 2005 because the plan was frozen as of that date with respect to years of credited service. The present value of accumulated benefits shown in the table above is presented as of December 31, 2006, assuming that each Non-Employee Director retires from the Board of Directors on December 31, 2006 and that benefits are paid out in accordance with the terms of the plan described above. For a description of the material assumptions used to calculate the present value of accumulated benefits shown above, please see Note 15 (Pension Plan) to the Company's Consolidated Financial Statements, each included as part of the Company's 2006 Annual Report on Form 10-K filed with the SEC, which note is incorporated herein by reference.

How often did the Board meet during 2006?

The Board of Directors met seven times during 2006. Each Director attended more than 90% of the total number of meetings of the Board and Committees on which he served.

Table of Contents***What Committees has the Board established?***

The Company's Board composition and Committees are as follows:

BOARD COMPOSITION

Name	Audit Committee	Capital Planning	Compensation Committee	Corporate Governance Committee	Investment Committee				
Charles D. Miller*, Chairman									
Douglas M. Pasquale, President & Chief Executive Officer									
R. Bruce Andrews, Retired Chief Executive Officer		X			X				
David R. Banks*	X		X	Chair		Lloyd Sems(10)	63,582	*	0 0%
Gregory T. Hradsky(11) Executive officers and directors as a group (10 persons)(12) 5% or more stockholders		30,249				*			0 0%
Eastern Capital Limited(13)		1,428,976				4.0%			
Portfolio Services Ltd.(13)		5,607,143				15.8%		0	0%
Kenneth B. Dart(13)		5,607,143				15.8%		0	0%

*
Represents beneficial ownership of less than 1% of the outstanding shares of our Common Stock.

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(1)

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Beneficial ownership also includes shares of Common Stock subject to options and warrants currently exercisable or convertible, or exercisable or convertible within 60 days of March 30, 2016. Except as indicated by footnote, to our knowledge, all persons named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned.

(2)

Includes options to purchase 44,533 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(3)

Includes options to purchase 52,748 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(4)

Includes options to purchase 24,000 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(5)

Includes options to purchase 154,531 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(6)

Includes options to purchase 82,357 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(7)

Includes options to purchase 184,495 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(8)

Does not include 1,600 shares of Preferred Stock. Includes options to purchase 276,962 shares of Common Stock that are exercisable within 60 days of March 30, 2016. Of the shares of Common Stock reported, 142 shares are held indirectly by Mr. Rombotis through his IRA account. Does not include 171,162 shares of Common Stock beneficially owned by Kalliopi Rombotis, Mr. Rombotis' mother. Mr. Rombotis disclaims beneficial ownership of the foregoing shares.

(9)

Includes options to purchase 79,358 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(10)

Includes options to purchase 30,249 shares of Common Stock that are exercisable within 60 days of March 30, 2016 and 33,333 shares of Common Stock owned by Sems Strategic Value LP. Mr. Sems is the Managing Member and General Partner of Sems Strategic Value LP and, thus, has beneficial ownership over such shares.

(11)

Includes options to purchase 30,249 shares of Common Stock that are exercisable within 60 days of March 30, 2016.

(12)

See footnotes 2 through and including 10.

(13)

Based solely on a Schedule 13G/A filed by Eastern Capital Limited ("Eastern") with the SEC on March 11, 2015. Kenneth B. Dart is the beneficial owner of all of the outstanding shares of Portfolio Services Ltd., which, in turn, owns all of the outstanding shares of Eastern. The principal business address of each beneficial owner is 10 Market Street, #773, Camana Bay, Grand Cayman, KY1-9006, Cayman Islands.

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MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Directors

Our charter provides that our business is to be managed by or under the direction of our Board of Directors. Our Board of Directors is divided into three classes for purposes of election. One class is elected at each annual meeting of stockholders to serve for a three-year term. Our Board of Directors currently consists of three classes, as set forth below.

On March 23, 2016, our Board of Directors accepted the recommendation of the Nominating and Corporate Governance Committee and voted to nominate Sir John Banham, Samuel L. Barker, and Gregory T. Hradsky for election at the annual meeting for a term of three years to serve until the 2019 annual meeting of stockholders, or until their respective successors have been elected and qualified.

Set forth below, as of December 31, 2015, are the names of the persons nominated as directors and directors whose terms do not expire this year, their ages, their offices in the Company, if any, their principal occupations or employment for at least the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold or have held directorships during the past five years. Additionally, information about the specific experience, qualifications, attributes or skills that led to our Board of Directors' conclusion at the time of filing of this proxy statement that each person listed below should serve as a director is set forth below:

Name	Age	Position
Spiro Rombotis	57	President and Chief Executive Officer; Class 2 Director
Paul McBarron	55	Executive Vice President—Finance, Chief Financial Officer, Chief Operating Officer and Secretary; Class 3 Director Nominee
Dr. Nicholas Bacopoulos	67	Class 3 Director Nominee
Sir John Banham	75	Class 1 Director
Dr. Christopher Henney	75	Vice Chairman; Class 3 Director Nominee
Dr. David U'Prichard	67	Chairman of the Board of Directors; Class 2 Director
Gregory T. Hradsky	55	Class 1 Director on behalf of our holders of Preferred Stock
Lloyd Sems	44	Class 2 Director on behalf of our holders of Preferred Stock
Dr. Samuel L. Barker	73	Class 1 Director

Common Stock Nominees for Class 1 Directors (Terms to Expire in 2019)

Sir John Banham. Sir John Banham has served as a director of the Company since March 2006. Sir John Banham currently serves as Chairman of Innoveas International Limited, following a merger of Innoveas ag and Sultan Scientific Limited, where he was Chairman. From January 2000 to May 2014 he served as the senior non-executive director of Invesco Limited. He previously served as Director General of the Confederation of British Industry (CBI) and has previously held Chairman positions at Johnson Matthey plc, Whitbread plc, Geest plc, ECI Partners LLP, Tarmac plc and Kingfisher plc, and is a former director of Spacelabs Healthcare Inc. His public sector appointments comprise first Controller of the Audit Commission and first Chairman of the Local Government Commission for England. He was formerly Honorary Treasurer of the United Kingdom's Cancer Research Campaign prior to its merger with Imperial Cancer Research. He is a graduate of Cambridge University in Natural Sciences and has honorary degrees from a number of British universities. We believe Sir John Banham's qualifications to serve on the Board of Directors include his diversified business experience, including in non-executive director and chairman roles as a board member of several public companies, giving him a breadth of knowledge and valuable understanding of our business.

Samuel L. Barker. Dr. Barker has served as a director of the Company since September 2014. In 2001, Dr. Barker co-founded Clearview Projects, Inc., a provider of partnering and transaction services to biopharmaceutical companies, where he worked until September 2010, having served as its president and chief executive officer from

2003 to 2004. Dr. Barker served in a series of leadership positions at Bristol-Myers Squibb Company until his retirement in 1999. His positions at Bristol-Myers Squibb included

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service as executive vice president, Worldwide Franchise Management and Strategy during 1998; president, United States Pharmaceuticals from 1992 to 1998; and president, Bristol-Myers Squibb Intercontinental Commercial Operations from 1989 to 1991. Prior to 1989, Dr. Barker held executive positions in research and development, manufacturing, business development and operations planning at Squibb Pharmaceuticals. Dr. Barker has served as a director Lexicon Pharmaceuticals, Inc. since 2001 and served as chairman from 2005 to 2012. Dr. Barker also served as a director of Cadence Pharmaceuticals, Inc. from 2006 to 2014 and of AtheroGenics, Inc. from 2005 to 2009. Dr. Barker received his B.S. from Henderson State College, his M.S. from the University of Arkansas and his Ph.D. from Purdue University. We believe that Dr. Barker’s qualifications to serve on the Board of Directors include his extensive experience in senior leadership positions in the global pharmaceutical industry, where he developed specific expertise in the identification, development, commercialization and partnering of pharmaceutical products.

Preferred Stock Nominee for Class 1 Director (Term to Expire in 2019)

Gregory T. Hradsky. Mr. Hradsky has served as a director of the Company and on behalf of holders of the Preferred Stock since May 2011. Mr. Hradsky has been an independent financial consultant since February 2006. He has served on the board of directors of Costar Technologies, Inc. since June 2008 where he is Chairman of the Audit Committee. From 2003 to 2006, Mr. Hradsky was a Vice President of Avenue Capital Group, a global investment firm, where he managed a portfolio of distressed securities and other investments. From 1999 until 2003, Mr. Hradsky was the founder and Managing Partner of Bellport Capital, an investment firm specializing in distressed securities.

Mr. Hradsky was a Managing Director and Head of the Distressed Securities Group at UBS Securities from 1993 until 1998 and joined UBS in 1991. Prior to UBS, Mr. Hradsky held investment positions at CS First Boston and T. Rowe Price. Mr. Hradsky has a B.A. from Loyola College in Maryland and an M.B.A. from the Wharton School of the University of Pennsylvania. We believe that Mr. Hradsky’s qualifications to serve on the Board of Directors include his many years of experience in finance.

Continuing Common Stock Class 2 Directors (Terms to Expire in 2017)

Spiro Rombotis. Mr. Rombotis has served as a director of the Company since March 2006. Mr. Rombotis joined Cyclacel in August 1997 as our first Chief Executive Officer and has over 30 years of experience with pharmaceutical and biotechnology companies. He was previously Vice President of International Operations and Business Development; Managing Director, Europe; and Director, Japanese joint venture, at The Liposome Company, Inc. He also served as Vice President of Pharmaceuticals for Central and Eastern Europe and as Director of International Marketing at Bristol-Myers Squibb Company. He was Head of European Marketing and Sales, Head of Corporate Development and one of the first employees of Centocor, Inc. and worked in Business Development at Novartis AG. He holds a B.A. from Williams College and an M.B.A. and Master’s degree in Hospital Management with honors, from the Kellogg Graduate School of Management, where he serves on the Kellogg Biotech Advisory Board. He also serves on the Board of Trustees of BioNJ, the biotechnology industry trade group in New Jersey. We believe Mr. Rombotis’ qualifications to serve on the Board of Directors include his role as President and Chief Executive Officer of our Company, his extensive knowledge and experience in the biotechnology and life sciences industry and his leadership, strategic guidance and operational vision.

David U’Prichard, Ph.D. Dr. U’Prichard has served as a director of the Company since March 2004. He is currently President of Druid Consulting LLC, a pharmaceutical and biotechnology-consulting firm, providing customized services to life sciences clients in the United States and Europe, and a founding partner of Druid BioVentures LLP. Dr. U’Prichard is also a board member and chair of the Advisory Board of BioMotiv, LLC, which is the for profit operating company arm of The Harrington Discovery and Development Project (Cleveland, OH), a national initiative to accelerate new drug development inspired by physician-scientists. He is a board member of Perceptive Bioscience Investments, Ltd. Previously, he served as a Venture Partner with Red Abbey Venture Partners, private equity providers, from 2005 to 2010 and as Chief Executive Officer of 3-Dimensional Pharmaceuticals, Inc. from 1999 to 2003. In addition and prior to that time, he has held a variety of positions within the pharmaceutical and biotechnology industries, including President and Chairman of Research and Development for SmithKline Beecham Pharmaceuticals; Executive Vice President and International Research Director, and a Member of the Board of Management of Zeneca Pharmaceuticals; General Manager, Research Department, ICI

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Pharmaceuticals, and Vice President Biomedical Research, ICI Pharmaceuticals; and Senior Vice President and Scientific Director for Nova Pharmaceutical Corporation. He is currently a director of Perceptive Bioscience Investments, Ltd., BioMotiv, LLC, Orca Pharmaceuticals Ltd, Dual Therapeutics, Iroko Pharmaceuticals, Vala Biosciences, and Splash Pharmaceuticals. He previously served as a director of Alpharma, Inc., Guilford Pharmaceuticals Inc., Lynx Therapeutics, Inc., Naurex Inc., Silence Therapeutics plc, Ocimum Biosolutions and non-executive Chairman of Oxagen Ltd. Dr. U’Prichard was Chairman of the Pennsylvania Biotechnology Association in 2004 to 2005, and from 1992 to 1997, he was a member of the board of directors of the Biotechnology Industry Organization (BIO). He received a B.Sc. in Pharmacology from University of Glasgow in 1970 and a Ph.D. in Pharmacology from University of Kansas in 1975. We believe Dr. U’Prichard’s qualifications to serve on the Board of Directors include his broad life sciences industry knowledge, his extensive executive leadership experience, and as a board member of several public companies, giving him a breadth of knowledge and valuable understanding of our business.

Continuing Preferred Stock Class 2 Director (Term to Expire in 2017)

Lloyd Sems. Mr. Sems has served as a director of the Company and on behalf of the holders of the Preferred Stock since May 2011. Mr. Sems currently serves as President of Sems Capital, LLC and Capital Edge, LLC, both of which he founded in October 2003. Previously, Mr. Sems served as Director of Research and Portfolio Manager for Watchpoint Asset Management. Mr. Sems served on the boards of EMAK Worldwide, Inc. (EMAK) from February 2010 to April 2010 and Sport-Haley Holdings (SPOR) from April 2009 to December 2012. He currently serves as a director of Determine, Inc. (DTRM), which he joined in June 2008. Mr. Sems holds a Bachelor of Science degree in Business Administration and Finance from Albright College. We believe that Mr. Sems’ qualifications to serve on the Board of Directors include his experience as a board member of public companies and many years of experience in finance.

Continuing Class 3 Directors (Terms to Expire in 2018)

Paul McBarron. Mr. McBarron has served as a director of the Company since March 2006. Mr. McBarron joined Cyclacel in January 2002 and has over 24 years of experience with pharmaceutical and biotechnology companies. He has served as a financial executive at Sterling Drug, Sanofi-Winthrop and SmithKline Beecham and, from 1996 to 2001, as a senior member of the finance team at Shire Pharmaceuticals plc, where he held the positions of Director of Corporate Finance and Group Financial Controller. He joined Shire when it was an emerging public company. He qualified as a chartered accountant with Ernst & Young and serves on the Scottish Lifesciences Association Board. We believe Mr. McBarron’s qualifications to serve on the Board of Directors include his role as Executive Vice President, Finance and Chief Operating Officer of our Company, his experience in the biotechnology and pharmaceutical industry and his expertise in financial areas and operations.

Nicholas Bacopoulos, Ph.D. Dr. Bacopoulos has served as a director of the Company since September 2008. From September 2010 to December 2013, he served as the Chief Executive Officer of Mersana Therapeutics, a private biotechnology company. His previous leadership roles include Chief Executive Officer and President of Aton Pharma, Inc., where he led the development of Zolinza®, approved for the treatment of cutaneous T-cell lymphoma. Aton was subsequently acquired by Merck & Co., Inc. He was previously President and Head of Research and Development at OSI Pharmaceuticals, Inc., where he was involved with the global development of Tarceva®, approved for the treatment of non-small cell lung cancer and pancreatic cancer. Dr. Bacopoulos also worked for 17 years at Pfizer, where he held senior positions within Pfizer Central Research and Corporate Strategic Planning. He led the company’s Cancer and Neuroscience Research groups, which developed several marketed drugs, including Geodon® and Zolof®. Dr. Bacopoulos also serves on the board of directors of Priaxon, AG. He received his B.A. degree from Cornell College and his Ph.D. from the University of Iowa. He obtained postdoctoral training at Yale University School of Medicine. We believe Dr. Bacopoulos’s qualifications to serve on the Board of Directors include his experience with commercialization and product development as well as his extensive experience overseeing the operations and research and development of biotechnology and life science companies.

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Christopher S. Henney, Ph.D. D.Sc. Dr. Henney has served as a director of the Company since March 2006. Dr. Henney had served as a director of Xcyte Therapies Inc., acquired by the Company in 2006, since March 2005, and continued on as Vice Chairman of the Company. Previously, Dr. Henney co-founded three major publicly held U.S. biotechnology companies, Immunex, ICOS and Dendreon, and held a seat on the board of directors and executive positions at each company. From 1995 to January 2003, Dr. Henney was Chairman and Chief Executive Officer of Dendreon Corporation. Dr. Henney currently serves as the Chairman, Interim President and CEO of Oncothyreon, Inc. and as the Chairman of Anthera Pharmaceuticals, Inc., both biotechnology companies. He is also a director of Prothena Corporation plc. He previously served as a director of Mymetics Inc. during 2011. Dr. Henney received a Ph.D. in experimental pathology from the University of Birmingham and a D.Sc. from the same university for contributions to the field of immunology. In 2012, Dr. Henney was inducted into the International Biotechnology CEOs Hall of Fame. We believe Dr. Henney’s qualifications to serve on the Board of Directors include his extensive knowledge and business experience in the biotechnology industry, including a diversified background as an executive in public companies and as a board member of several public companies, giving him a breadth of knowledge and valuable understanding of our business.

Director Independence

Our Board of Directors has reviewed the materiality of any relationship that each of our directors has with the Company, either directly or indirectly. Based upon this review, our Board of Directors has determined that each of the following directors is an “independent director” as such term is defined by rules of The NASDAQ Stock Market, Inc., or NASDAQ:

- Nicholas Bacopoulos, Ph.D.

- Sir John Banham

- Christopher Henney, Ph.D., D.Sc.

- David U’Prichard, Ph.D.

- Gregory T. Hradsky

- Lloyd Sems

- Samuel L. Barker, Ph.D.

The Board of Directors has established three standing committees, (1) the Compensation and Organization Development Committee, (2) the Audit Committee, and (3) the Nominating and Corporate Governance Committee. The Board of Directors has also determined that each member of these committees meets the independence requirements applicable to each such committee as prescribed by NASDAQ and the SEC.

Committees of the Board of Directors and Meetings

Meeting Attendance. During the fiscal year ended 2015, there were six meetings of our Board of Directors, and the various committees of the Board met a total of ten times. No director attended fewer than 75% of the total number of meetings of the Board of Directors and of committees of the Board on which he served during fiscal 2015.

Audit Committee. Our Audit Committee met four times during fiscal 2015. The Audit Committee during such period had four members: Sir John Banham (Chairman), Dr. Christopher Henney, Gregory T. Hradsky and Samuel L.

Barker. All members of the Audit Committee satisfy the current independence standards promulgated by the NASDAQ and SEC, as such standards apply specifically to members of audit committees. The Board of Directors has determined that Sir John Banham is an “audit committee financial expert,” as the SEC has defined that term in Item 407 of Regulation S-K.

Our Audit Committee’s role and responsibilities are set forth in the Audit Committee’s written charter and include the authority to retain and terminate the services of our independent registered public accounting firm. In addition, the Audit Committee reviews annual financial statements, considers matters relating to accounting policy and internal controls and reviews the scope of annual audits. Please also see the report of the Audit Committee set forth elsewhere in this proxy statement.

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A copy of the Audit Committee’s written charter is publicly available on our website at www.cyclacel.com. Compensation and Organization Development Committee. Our Compensation and Organization Development Committee met five times during fiscal 2015. The Compensation and Organization Development Committee is composed entirely of directors who are not our current or former employees, all of whom qualify as independent under the definition promulgated by the NASDAQ and SEC. The Compensation and Organization Development Committee currently has four members: Dr. Nicholas Bacopoulos (Chairman), Dr. Christopher Henney, Dr. David U’Prichard and Dr. Samuel L. Barker. Our Compensation and Organization Development Committee’s role and responsibilities are set forth in its written charter and includes reviewing, approving and making recommendations regarding our compensation policies, practices and procedures to ensure that legal and fiduciary responsibilities of the Board of Directors are carried out and that such policies, practices and procedures contribute to our success. The Compensation and Organization Development Committee also administered our 2015 Equity Incentive Plan and our Amended and Restated 2006 Equity Incentive Plan, as amended. Our Compensation and Organization Development Committee is responsible for the determination of the compensation of our chief executive officer, and shall conduct its decision making process with respect to that issue without the chief executive officer present.

A copy of the Compensation and Organization Development Committee’s written charter is publicly available on our website at www.cyclacel.com.

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee met one time during fiscal 2015. The Nominating and Corporate Governance Committee consists of Dr. Christopher Henney (Chairman), Sir John Banham, Lloyd Sems and David U’Prichard, all of whom qualify as independent under the definition promulgated by the NASDAQ and SEC. The functions of the Nominating and Corporate Governance Committee are set forth in the Nominating and Corporate Governance Committee’s charter and include evaluating and making recommendations to the full Board of Directors as to the size and composition of the Board of Directors and its committees, evaluating and making recommendations as to potential candidates, and evaluating the performance of the Board of Directors. The Nominating and Corporate Governance Committee does not consider issues of diversity among its members identifying and considering nominees for director.

If a stockholder wishes to nominate a candidate for director who is not to be included in our proxy statement, it must follow the procedures described in our By-Laws and in “Stockholder Proposals and Nominations For Director” at the end of this proxy statement.

In addition, under our current corporate governance policies, the Nominating and Corporate Governance Committee may consider candidates recommended by stockholders as well as from other sources, such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the Nominating and Corporate Governance Committee may consider all factors it deems relevant, such as a candidate’s personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board of Directors, and concern for the long-term interests of the stockholders. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources.

A copy of the Nominating and Corporate Governance Committee’s written charter is publicly available on our website at www.cyclacel.com.

Board Leadership Structure

Dr. U’Prichard serves as the Chairman of our Board of Directors and Mr. Rombotis serves as our President and Chief Executive Officer. Dr. U’Prichard is an independent director under the definition promulgated by the NASDAQ and SEC, and we believe that it is preferable for one of our independent directors to serve as Chairman of the Board of Directors. We also believe that this structure is the most effective structure for us and our stockholders at this time because a separate chairman (i) can provide the Chief Executive Officer with guidance and feedback on his performance, (ii) provides a more effective channel for the Board of Directors to express its views on management, and (iii) allows the Chairman to

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focus on stockholder interests and corporate governance while providing Mr. Rombotis with the ability to focus his attention on managing our day-to-day operations. As Dr. U'Prichard has significant senior level pharmaceutical industry experience, he is particularly well-suited to serve as Chairman.

We recognize that different board leadership structures may be appropriate for companies in different situations. We will continue to re-examine our corporate governance policies and leadership structures on an ongoing basis to ensure that they continue to meet the Company's needs.

Role in Risk Oversight

Management is responsible for managing the risks that we face. The Board of Directors is responsible for overseeing management's approach to risk management that is designed to support the achievement of organizational objectives, including strategic objectives and risks associated with our clinical trials, to improve long-term organizational performance and enhance stockholder value. The involvement of the full Board of Directors in reviewing our strategic objectives and plans, including with respect to our clinical trials, is a key part of the Board of Directors' assessment of management's approach and tolerance to risk. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. In setting our business strategy, our Board of Directors assesses the various risks being mitigated by management and determines what constitutes an appropriate level of risk for us.

While the Board of Directors has ultimate oversight responsibility for overseeing management's risk management process, various committees of the Board of Directors assist it in fulfilling that responsibility.

The Audit Committee assists the Board of Directors in its oversight of risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, the Nominating and Corporate Governance Committee reviews legal and regulatory compliance risks and the Compensation and Organization Development Committee assists the Board of Directors in its oversight of the evaluation and management of risks related to our compensation policies and practices.

Stockholder Communications to the Board of Directors

Generally, stockholders who have questions or concerns should contact our Investor Relations department at (908) 517-7330 or e-mail at ir@cyclacel.com. However, stockholders wishing to submit written communications directly to the Board of Directors should send their communications to our Secretary, Paul McBarron, Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922. All stockholder communications will be considered by the independent members of our Board of Directors. Items that are unrelated to the duties and responsibilities of the Board may be excluded, such as:

- junk mail and mass mailings;
- resumes and other forms of job inquiries;
- surveys; and
- solicitations or advertisements.

In addition, any material that is unduly hostile, threatening, or illegal in nature may be excluded, provided that any communication that is filtered out will be made available to any outside director upon request.

Executive Officer

The following table sets forth certain information regarding Dr. Judy Chiao, an executive officer during fiscal 2015, who is also not a member of our Board of Directors. Dr. Chiao is currently an at-will employee.

Name	Age	Position
Dr. Judy Chiao	56	Vice President, Clinical Development and Regulatory Affairs

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Judy Chiao, M.D. Dr. Chiao joined Cyclacel in December 2004. From December 2001 to September 2004, she was employed at Aton Pharma, Inc., a wholly owned subsidiary of Merck & Co. Inc., most recently as Vice President, Oncology Clinical Research and Development. Prior to Aton's acquisition by Merck, she was responsible for leading the clinical development of Zolinza®, a histone deacetylase inhibitor, for hematologic and solid tumor indications. From July 2000 to December 2001, Dr. Chiao was a Senior Medical Reviewer, Division of Oncology Drug Products, Center for Drug Evaluation and Research, U.S. Food and Drug Administration, where she was the agency's primary reviewer for a range of oncology drugs and regulatory subjects. She also presented the FDA's views in several New Drug Application reviews at Oncology Drug Advisory Committees. Dr. Chiao earned her Bachelor of Science in Chemistry (summa cum laude) at Columbia University and received her medical degree from Harvard Medical School. Her internship and residency in internal medicine was carried out at Columbia-Presbyterian Medical Center, New York and she held a Research Fellowship in Molecular Pharmacology at Sloan Kettering Institute for Cancer Research and a Clinical Fellowship in Hematology/Oncology at Memorial Sloan Kettering Cancer Center, both in New York. She has also been a member of a number of FDA-related working groups and has also been a Core Member of the Pharsight-FDA Cooperative Research and Development Agreement (CRADA) on clinical trial simulation and population pharmacokinetic analysis software for drug development.

EXECUTIVE AND DIRECTOR COMPENSATION

Summary Compensation Table

The following table shows the compensation paid or accrued during the last two fiscal years ended December 31, 2014 and 2015 to (1) our President and Chief Executive Officer, (2) our Executive Vice President, Finance, Chief Financial Officer and Chief Operating Officer, and (3) our next most highly compensated executive officer, other than our President and Chief Executive Officer and our Executive Vice President, Finance, Chief Financial Officer and Chief Operating Officer, who earned more than \$100,000 during the year ended December 31, 2015.

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Option Awards \$(2)	All Other Compensation \$(3)	Total (\$)
Spiro Rombotis President and Chief Executive Officer	2015	530,553	185,694	237,021	28,777	982,045
	2014	530,553	—	—	27,808	558,361
Paul McBarron(4) Executive Vice President, Finance, Chief Operating Officer, Chief Financial Officer, Secretary	2015	319,283	111,749	143,963	22,252	597,247
	2014	324,442	—	—	22,315	346,757
Judy Chiao, MD Vice President, Clinical Development and Regulatory Affairs	2015	348,379	97,546	124,509	18,238	588,672
	2014	348,379	—	—	17,984	366,363

(1)

These amounts represent bonuses earned in respect of 2014 but for which payment was deferred subject to certain factors occurring before December 31, 2015. The Compensation and Organization Development Committee determined that these factors had occurred and the bonus payments were made in 2015.

(2)

These amounts represent the aggregate grant date fair value for option awards for fiscal year 2014 and 2015, respectively, computed in accordance with FASB ASC Topic 718. The grant date fair value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 11 to our Financial Statements included in our Annual Report on Form 10-K for the years ended December 31, 2014 and 2015.

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(3)

Consists of the following for all executive officers: Payments for private medical and health insurance, life insurance and permanent health insurance; and matching contributions made under the Company's U.S. 401(k) Plan and U.K. Group Personal Pension Plan.

(4)

Mr. McBarron's compensation was translated from British pound sterling to the U.S. dollar using the exchange rates of 1.5534 as of December 31, 2014 and 1.5287 as of December 31, 2015.

Narrative Disclosure to Summary Compensation Table

The Compensation and Organization Development Committee of our Board of Directors makes decisions regarding the compensation of our President and Chief Executive Officer. The Compensation and Organization Development Committee is composed entirely of independent directors and meets in executive session to discuss and formulate its recommendation for the Chief Executive Officer's base salary and bonus. The Compensation and Organization Development Committee does not rely solely on any predetermined formula or a limited set of criteria in evaluating the Chief Executive Officer's performance for the year. The evaluation is based on the Chief Executive Officer's success in achieving his performance goals, which include financial, strategic and leadership objectives. The Chief Executive Officer also provides the Compensation and Organization Development Committee with a self-review of his performance as part of the Company's review process.

The Compensation and Organization Development Committee also approves the annual compensation (including base salary, bonus, and stock-based compensation) for our other named executive officers based on:

- the executive's scope of responsibilities;
- an informed market assessment of competitive practices for similar roles within peer group companies;
- evaluations of performance for the year, as assessed by the Chief Executive Officer, supported by the Company's performance review process and the executive's self-assessment; and
- recommendations by our Chief Executive Officer for each named executive officer with respect to base salary, cash bonus, and stock-based compensation.

The Compensation and Organization Development Committee is authorized to engage and retain independent consultants and other experts to assist in fulfilling its responsibilities, and the Committee does intend to engage periodically an external consultant to provide independent verification of market position and ensure the appropriateness of executive compensation.

During the most recent year, the Board of Directors and the Compensation and Organization Development Committee reviewed the annual compensation for our executive officers. The Compensation and Organization Development Committee determined to provide Dr. Judy Chiao an increase of 3.5% to her base salary, and to pay our executive officers bonuses for their performance during both the fiscal year ended December 31, 2014 (which the Compensation and Organization Development Committee had determined had been earned in respect of the fiscal year 2014 but had not previously been paid), and the fiscal year ended 2015. Pursuant to the determination that achievement had been attained during the fiscal year ended 2015 at a level of 70%, bonuses in the form of options with a weighted value exercise price of \$0.589 were granted to Spiro Rombotis, Paul McBarron, and Dr. Judy Chiao, in the amounts of 437,569, 260,432, and 229,858, respectively, which options are exercisable over a three-year period, with 1/36 of the options granted vesting on a monthly basis.

No restricted stock units, or RSUs, were granted during the years ended December 31, 2015 or 2014. During the year ended December 31, 2014, 60,000 RSUs vested upon the fulfillment of certain clinical and financial conditions. No RSUs vested in the year ended December 31, 2015.

During the year ended December 31, 2015, in addition to the options described above, the Company granted options to purchase shares of Common Stock, with a weighted value exercise price of \$0.86, to Spiro Rombotis, Paul McBarron, and Dr. Judy Chiao, in the amounts of 81,742, 53,095, and 42,940, respectively, which options are exercisable over a three-year period, with 1/36 of the options granted vesting

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on a monthly basis. No options to purchase Common Stock were granted to our executive officers during the year ended December 31, 2014.

We currently have employment agreements with two of our named executive officers: Spiro Rombotis, our President and Chief Executive Officer, and Paul McBarron, our Executive Vice President—Finance, Chief Financial Officer, Chief Operating Officer and Secretary.

Spiro Rombotis, President and Chief Executive Officer. On March 20, 2008, we entered into a three-year employment agreement with Mr. Spiro Rombotis, effective January 1, 2008, which agreement was most recently renewed on substantially the same terms, effective January 1, 2014, for an additional three years. Mr. Rombotis' current annual base salary is \$530,553, which may be increased in the future in accordance with the terms of his employment agreement. Mr. Rombotis was paid an annual base salary of \$530,553 for the years ending December 31, 2014 and 2015, respectively. Mr. Rombotis is also eligible for a yearly incentive cash bonus, based on a percentage of his then current base salary, if he meets certain corporate and individual performance criteria set by the Compensation and Organization Development Committee at the beginning of each year of employment, subject to the approval of our Board of Directors. The agreement also provides for reimbursement of reasonable and necessary expenses incurred by Mr. Rombotis in connection with his the performance of his services. In addition, Mr. Rombotis is entitled to certain employment benefits.

In addition, Mr. Rombotis also agreed to certain confidentiality and assignment of inventions obligations and will be subject to certain non-competition obligations for a period of one year following termination of his employment. For further information on terms regarding termination and change-in-control in the Company, see "Potential Payments upon Termination or Change-in-Control" below.

Paul McBarron, Executive Vice President—Finance, Chief Financial Officer, Chief Operating Officer and Secretary. On March 31, 2008, we entered into a three-year employment agreement with Mr. Paul McBarron effective January 1, 2008, which agreement was most recently renewed on substantially the same terms, effective January 1, 2014, for an additional three years. Mr. McBarron's current annual base salary is £208,859, which may be increased in the future in accordance with the terms of his employment agreement. Mr. McBarron was paid an annual base salary of £208,859 for the years ending December 31, 2014 and 2015, respectively. Mr. McBarron is also eligible for a yearly incentive cash bonus, based on a percentage of his then current base salary, if he meets certain corporate and individual performance criteria set by the Compensation and Organization Development Committee at the beginning of each year of employment, subject to the approval of our Board of Directors. The agreement also provides for reimbursement of reasonable and necessary expenses incurred by Mr. McBarron in connection with his the performance of his services. In addition, Mr. McBarron is entitled to certain employment benefits.

In addition, Mr. McBarron also agreed to certain confidentiality and assignment of inventions obligations and will be subject to certain non-competition obligations for a period of one year following termination of his employment. For further information on terms regarding termination and change-in-control in the Company, see "Potential Payments upon Termination or Change-in-Control" below.

Outstanding Equity Awards at 2015 Fiscal Year-End

The following table shows grants of stock options and grants of unvested stock or unvested stock units outstanding on the last day of the fiscal year ended December 31, 2015, including non-performance based awards, to each of the executive officers named in the Summary Compensation Table. The Company does not have any unearned equity incentive awards.

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Name	Option Awards			Option Expiration Date	Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price(1) (\$)		Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested(1) (\$)
Spiro Rombotis	13,976	—(2)	44.80	06/14/2016	—	—
	22,857	—(3)	48.65	12/20/2016	—	—
	28,571	—(4)	38.71	12/06/2017	—	—
	21,429	—(5)	3.08	11/18/2018	—	—
	10,714	—(6)	11.13	12/10/2020	—	—
	105,000	35,000(7)	4.61	12/09/2023	—	—
	22,706	59,036(8)	0.86	02/18/2025	—	—
	—	437,569(9)	0.589	12/07/2025	—	—
Paul McBarron	9,097	—(2)	44.80	06/14/2016	—	—
	14,286	—(2)	48.65	12/20/2016	—	—
	14,286	—(4)	38.71	12/06/2017	—	—
	21,429	—(5)	3.08	11/18/2018	—	—
	10,714	—(6)	11.13	12/10/2020	—	—
	46,667	23,333(7)	4.61	12/09/2023	—	—
	14,749	38,346(8)	0.86	02/18/2025	—	—
	—	260,432(9)	0.589	12/07/2025	—	—
Judy Chiao	6,995	—(2)	44.80	06/14/2016	—	—
	11,429	—(3)	48.65	12/20/2016	—	—
	14,286	—(4)	38.71	12/06/2017	—	—
	10,714	—(5)	3.08	11/18/2018	—	—
	8,929	—(6)	11.13	12/10/2020	—	—
	43,333	21,667(7)	4.61	12/09/2023	—	—
	11,928	31,012(8)	0.86	02/18/2025	—	—
	—	229,858(9)	0.589	12/07/2025	—	—

(1)

The market value of the shares underlying stock awards is determined by multiplying the number of shares by \$0.50, the closing price of our Common Stock on the NASDAQ Capital Market on December 31, 2015, the last day of our fiscal year.

(2)

These options were granted on June 14, 2006, two-thirds of which vested immediately, and the balance of which vested ratably on a monthly basis over the following twelve months.

(3)

These options were granted on December 21, 2006, and are exercisable over a four-year period with one-fourth of the options granted vesting on December 21, 2007, the first anniversary of the grant date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

(4)

These options were granted on December 6, 2007, and are exercisable over a four-year period with one-fourth (1/4) of the options granted vesting on December 6, 2008, the first anniversary of the grant date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

(5)

These options were granted on November 18, 2008, and vested over a three-year period, with one-third of the options granted vesting on November 18, 2009, the first anniversary of the grant date, and the balance of the options granted vesting ratably on a monthly basis over the following 24 months.

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(6)
These options were granted on December 10, 2010, and vest ratably on a monthly basis over 48 months.

(7)
These options were granted on December 9, 2013, and vest ratably on a monthly basis over 36 months.

(8)
These options were granted on February 18, 2015, and vest ratably on a monthly basis over 36 months.

(9)
These options were granted on December 7, 2015, and vest ratably on a monthly basis over 36 months.

Potential Payments Upon Termination or Change-in-Control

We have entered into agreements that require us to make payments and/or provide benefits to certain of our executive officers in the event of a termination of employment or change-in-control. Our 2006 Plan and our 2015 Plan provided for payments to named executive officers in connection with a termination or a change-in-control of the Company. The following summarizes the potential payments to each named executive officer for which we have entered into such an agreement, assuming that one of the events identified below occurs.

Spiro Rombotis, President and Chief Executive Officer. Mr. Rombotis' employment agreement provides for certain severance arrangements. In the event that Mr. Rombotis' employment is terminated "without cause," other than termination for a "change of control" (each as defined in the employment agreement), we will be required to pay Mr. Rombotis (i) all accrued but unpaid compensation up to the time of such termination; (ii) for a period of twelve months following such termination, severance payments in the form of continuation of his base salary as in effect immediately prior to such termination (the "Severance Payments"), including coverage of his medical care and life insurance pursuant to COBRA, on the same terms as applicable to other executive employees, unless Mr. Rombotis obtains substitute coverage; and (iii) a period of six months in which to exercise all vested options held by Mr. Rombotis. In the event that Mr. Rombotis' employment is terminated within six months following a "change-in-control" event, Mr. Rombotis will be entitled to (i) all accrued but unpaid compensation up to the time of such termination; (ii) Severance Payments for a period of 24 months; (iii) out-of-pocket expenses reasonably incurred by Mr. Rombotis in connection with his and his family's relocation to London; and (iv) eighteen months' accelerated vesting of any options held by him. In the event of termination due to his death or disability, we will pay Mr. Rombotis (or his estate, as the case may be) (i) all accrued but unpaid compensation up to the time of such termination and (ii) Severance Payments for a period of twelve months. He (or his estate, as the case may be) would also be entitled to a period of twelve months in which all of his vested options can be exercised.

Paul McBarron, Executive Vice President—Finance, Chief Financial Officer, Chief Operating Officer and Secretary. Mr. McBarron's employment agreement provides for certain severance arrangements. In the event that Mr. McBarron's employment is terminated "without cause," other than termination for a "change of control" (each as defined in his employment Agreement), we will be required to pay Mr. McBarron (i) all accrued but unpaid compensation up to the time of such termination; (ii) Severance Payments for a period of twelve months following such termination; and (iii) a period of six months in which to exercise all vested options held by Mr. McBarron. In the event that Mr. McBarron's employment is terminated within six months following a "change-in-control" event, Mr. McBarron will be entitled (i) all accrued but unpaid compensation up to the time of such termination; (ii) Severance Payments for a period of twelve months; and (iii) eighteen months' accelerated vesting of any options held by him and, in the event of termination due to his death or disability, we will pay Mr. McBarron (or his estate, as the case may be) (i) all accrued but unpaid compensation up to the time of such termination and (ii) Severance Payments for a period of twelve months. He (or his estate, as the case may be) would also be entitled to a period of twelve months in which all of his vested options can be exercised.

Dr. Judy Chiao, Vice President, Clinical Development and Regulatory Affairs. On December 10, 2010, we entered into a Change in Control Agreement (the "CIC Agreement"), with Dr. Chiao.

In the event of a Change in Control (as defined below) of the Company, and Dr. Chiao's employment with the continuing or surviving company (the "Controlling Company") is terminated (including if Dr. Chiao voluntarily terminates her employment for Good Reason, as defined below) at any time within six months following the effective date of a Change in Control, unless such termination is For Cause, death,

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disability or Dr. Chiao voluntarily leaves without Good Reason (as each such term is defined below), Dr. Chiao will be entitled to receive the following benefits from the Controlling Company in lieu of any further salary and bonus payments to Dr. Chiao for certain periods subsequent to the date of termination in consideration for Dr. Chiao’s execution and delivery of a general release in favor of the Controlling Company: (i) payment by the Controlling Company of a lump sum severance payment equal to Dr. Chiao’s annual salary for a period of twelve months from the date of termination; (ii) payment by the Controlling Company of all unpaid, accrued vacation through the date of termination; (iii) all options to purchase shares of the Company’s Common Stock held by Dr. Chiao shall be vested and exercisable for twelve months following the effective date of the Change in Control; and (iv) the Controlling Company shall arrange coverage for Dr. Chiao and her dependents, as the case may be, under medical care and life insurance benefit plans substantially similar to those which Dr. Chiao and her dependents were entitled immediately prior to the effective date of the Change in Control for a period of up to twelve months after the effective date of the Change in Control, subject to certain exceptions as set forth in more detail in the CIC Agreement.

Under the terms of the CIC Agreement, a “Change-in-Control” shall be deemed to have taken place in the event of: (i) any consolidation or merger of the Company is consummated in which Company is not the continuing or surviving corporation or pursuant to any transaction in which shares of the Company’s capital stock are converted into cash, securities or other property, or any sale, lease, exchange or other transfer in one transaction or a series of transactions contemplated or arranged by any party as a single plan of all or substantially all of the assets of the Company, or the approval of a plan of complete liquidation or dissolution of the Company adopted by the stockholders of the Company; (ii) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act, shall, after the date of the CIC Agreement, become the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the voting power of all then outstanding securities of the Company having the right under ordinary circumstances to vote in an election of the board of directors; or (iii) individuals who, at the date of the CIC Agreement, constitute the entire Board and any new directors whose election by the Board, or whose nomination for election by the Company’s stockholders, shall have been approved by a vote of at least a majority of the directors then in office who either were directors as of such date or whose election or nomination for election shall have been so approved shall cease for any reason to constitute a majority of the members of the Board.

Dr. Chiao’s employment shall have been terminated “For Cause” if the Controlling Company shall have terminated Dr. Chiao as a result of: (A) improper conduct, consisting of any willful act or omission with the intent of obtaining, to the material detriment of the Controlling Company, any benefit to which Dr. Chiao would not otherwise be entitled; (B) gross negligence, consisting of wanton and reckless acts or omissions in the performance of Dr. Chiao’s duties to the material detriment of the Controlling Company; (C) addiction to drugs or chronic alcoholism; or (D) any conviction of, or plea of nolo contendere to, a crime (other than a traffic violation) under the laws of the United States or any political subdivision thereof, subject to certain requirements, as set forth in more detail in the CIC Agreement.

Dr. Chiao shall be deemed to have terminated her employment for “Good Reason” if the Controlling Company (A) materially reduces Dr. Chiao’s duties, responsibilities or authority commensurate with his or her position immediately prior to the effective date of the Change in Control; (B) reduces Dr. Chiao’s base salary in effect immediately prior to the effective date of the Change of Control; (C) requires Dr. Chiao to relocate to another office more than 50 miles of her office location immediately prior to the effective date of the Change of Control, subject to certain exceptions, as more fully set forth in detail in the CIC Agreement; or (D) fails to offer Dr. Chiao all material benefits offered to all other employees of the Controlling Company, and the Controlling Company fails to correct or cure the acts giving rise to the termination of Dr. Chiao’s employment for “Good Reason,” after receipt of Dr. Chiao’s notice of such acts.

Potential payments to each named executive officer under our 2015 Equity Incentive Plan and our Amended and Restated 2006 Equity Incentive Plan in connection with a termination or a change-in-control of the Company.

The following summarizes the potential payments to each named executive officer under the 2006 and 2015 Plans in connection with a termination or a change-in-control of the Company.

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Termination For Cause. If an award recipient's service relationship with the Company terminates for "cause" (as defined in the 2006 and 2015 Plans), then any unexercised award shall terminate immediately upon his or her termination of service.

Termination Without Cause. If an award recipient's service relationship with the Company terminates for any reason other than for "cause" (excluding death or disability), then the recipient generally may exercise the award, to the extent vested, within 30 days or three months (in our 2006 and 2015 Plans, respectively), of such termination to the extent that the award is vested on the date of termination (but in no event later than the expiration of the term of the award as set forth in the award agreement). If the recipient dies within three months following such a termination, the award generally may be exercised, to the extent vested, within 180 days' or one year (as per the 2006 and 2015 Plans, respectively) of the recipient's death. If an award recipient's service relationship with the Company terminates due to his or her death, the award recipient's personal representative, estate, or the person who acquires the right to exercise the award by bequest or inheritance, as the case may be, generally may exercise the award, to the extent the award was vested on the date of termination, within one year from the date of the recipient's death.

Disability. Pursuant to the 2006 Plan, if an award recipient's service relationship with the Company terminates due to his or her disability, the recipient, the recipient's personal representative, estate, or the person who acquires the right to exercise the award by bequest or inheritance, as the case may be, generally may exercise the award, to the extent exercised on the date of termination, within one year from the date of the recipient's termination, or if the recipient dies during such one-year period, within the later of one year from the date of the recipient's termination and 180 days from the recipient's death. In no event may an award be exercised later than the expiration of the term of the award as set forth in the award agreement. Pursuant to the 2015 Plan, with regard to options outstanding on the date of an individual's termination due do disability, he or she may exercise any option to the extent that the options are exercisable but have not been exercised on the date of termination. Such an individual is also entitled to any additional vesting rights that would have accrued on the next vesting date had the he or she not become disabled. Exercise may only occur during the one-year period after the date of termination. With regard to stock grants and stock-based awards outstanding on the date of an individual's termination due to disability, to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, they shall lapse to the extent of a pro rata portion of the shares subject to such stock grant or stock-based award through the date of disability as would have lapsed had the individual not become disabled.

Change-in-Control. Pursuant to the terms of the 2006 and 2015 Plans, in the event of a change-in-control (as defined in the Plans), all outstanding options, SARs and other awards granted under the 2006 and 2015 Plans will be either:

- assumed by the successor corporation or a parent or subsidiary of the successor corporation; or
- substituted with an equivalent award by the successor corporation or a parent or subsidiary of the successor corporation.

However, in the event that the successor corporation refuses to assume or substitute an award:

- awards consisting of options, SARs and rights to purchase restricted stock will become fully vested and immediately exercisable, including awards that would not otherwise have become vested or exercisable; and
- all other awards will become fully earned and eligible to receive a payout.

For the purposes of the 2006 and 2015 Plans, a participant's award will be considered assumed if, following the change-in-control, the assumed award confers, for each share of the Company's Common Stock subject to the award immediately prior to the change-in-control, the right to receive the consideration (whether stock, cash, or other securities or property) received in the change-in-control for each share of Common Stock held on the effective date of

the transaction; provided, however, that if the consideration received in the change-in-control is not solely common stock of the successor corporation or its parent, the committee administering the plan may, with the consent of the successor corporation, provide for the

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consideration per share to be received upon the exercise of the award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of the Company's Common Stock in the change-in-control.

Under the 2006 and 2015 Plans, a change-in-control is the occurrence of one of the following events:

- a person, partnership, joint venture, corporation or other entity, or two or more of any of the foregoing acting as a group (or any "person" within the meaning of Sections 13(d)(3) and 14(d) of the Exchange Act), other than the Company, a Subsidiary, or an employee benefit plan (or related trust) of the Company or a Subsidiary, become(s) the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of 30% or more of the then-outstanding voting stock of the Company;
- during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors (together with any new director whose election by the Board of Directors or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;
- all or substantially all of the business of the Company is disposed of pursuant to a merger, consolidation or other transaction in which the Company is not the surviving corporation or the Company combines with another Company and is the surviving corporation (unless the stockholders of the Company immediately following such merger, consolidation, combination, or other transaction beneficially own, directly or indirectly, more than 50% of the aggregate voting stock or other ownership interests of (x) the entity or entities, if any, that succeed to the business of the Company or (y) the combined company);
- the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which the Board of Directors in office immediately prior to such transaction or event constitutes less than a majority of the Board of Directors thereafter; or
- the stockholders of the Company approve a sale of all or substantially all of the assets of the Company or a liquidation or dissolution of the Company.

Director Compensation

The following table shows the total compensation paid or accrued during the fiscal year ended December 31, 2015 to each of our non-employee directors. Directors who are employed by us are not compensated for their service on our Board of Directors.

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Total (\$)
David U'Prichard, Ph.D.	\$ 85,000	\$ 8,857(2)	\$ 93,857
Sir John Banham	\$ 57,000	\$ 8,857(2)	\$ 65,857
Nicholas Bacopoulos, Ph.D.	\$ 55,000	\$ 8,857(2)	\$ 63,857
Christopher S. Henney, Ph.D., D.Sc.	\$ 73,000	\$ 8,857(2)	\$ 81,857

Gregory T. Hradsky	\$ 45,000	\$ 8,857(2)	\$ 53,857
Lloyd Sems	\$ 45,000	\$ 8,857(2)	\$ 53,857
Samuel L. Barker, Ph.D.	\$ 45,000	\$ 8,857(2)	\$ 53,857

(1)

These amounts represent the aggregate grant date fair value of options granted to each director during the year ended December 31, 2015 computed in accordance with FASB ASC Topic 718. A discussion of the assumptions used in determining grant date fair value may be found in Note 11 to our financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

(2)

Fair value of the options granted on May 22, 2015 was \$0.66 per share. \$105,000 options remain outstanding as of December 31, 2015.

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Director Compensation Program

Under the terms of our Director Compensation Program, the non-employee members of our Board of Directors are paid a fixed annual fee, payable on a quarterly basis, in arrears, on the first day of each quarter, as follows:

Chairman of the Board	\$ 85,000
Vice Chairman of the Board	\$ 65,000
Other Non-Management Board Members	\$ 45,000

The Chair of each of the various committees of the Board of Directors will also receive the following fixed annual fee, payable on a quarterly basis, in arrears, on the first day of each quarter, as follows:

Audit Committee	\$ 12,000
Compensation and Organization Development	\$ 10,000
Nominating and Corporate Governance	\$ 8,000

In addition, the non-employee members of our Board of Directors are entitled to receive stock options on an annual basis on the date of the Company's annual meeting, such options to vest fully on the first anniversary of the date of the grant. During 2015, each member received 15,000 stock options. This was increased from 9,000 stock options per member for the year ended December 31, 2014.

The non-employee directors are also reimbursed for customary business expenses in connection with attending Board of Directors and committee meetings.

Equity Compensation Plan Information

The following table provides certain aggregate information with respect to all of our equity compensation plans in effect as of December 31, 2015:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Total equity compensation plans approved by security holders ⁽¹⁾	2,475,579	\$ 6.18	2,264,795
Equity compensation plans not approved by security holders	—	—	—

(1)

Consists of our 2015 Equity Incentive Plan and our Amended and Restated 2006 Equity Incentive Plan, as amended (the "2006 Plan"). The 2006 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units and performance units. There were no shares available for issuance, as of the date hereof, under the 2006 Plan.

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REPORT OF AUDIT COMMITTEE

The Audit Committee of the Board of Directors, which consists entirely of directors who meet the independence and experience requirements of NASDAQ Capital Market, has furnished the following report:

The Audit Committee assists the Board of Directors in overseeing and monitoring the integrity of our financial reporting process, compliance with legal and regulatory requirements and the quality of internal and external audit processes. The Audit Committee's role and responsibilities are set forth in our charter adopted by the Board of Directors. The Audit Committee reviews and reassesses our charter annually and recommends any changes to the Board of Directors for approval.

In fiscal 2015, the Audit Committee met with management to consider the adequacy of the Company's internal controls and the objectivity of its financial reporting. The Audit Committee discussed these matters with the Company's independent registered public accounting firm and with appropriate Company financial personnel.

The Audit Committee is responsible for overseeing our overall financial reporting process, and for the appointment, retention, and oversight of the work of RSM US LLP (formerly known as McGladrey LLP), or RSM.

The Audit Committee reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2015 with management and RSM, our independent registered public accounting firm.

The Audit Committee discussed with RSM the matters required to be discussed in accordance with Auditing Standard No. 16—Communications with Audit Committees.

The Audit Committee received written disclosures and the letter from RSM regarding its independence as required by applicable requirements of the Public Company Accounting Oversight Board regarding RSM's communications with the Audit Committee and the Audit Committee further discussed with RSM their independence. The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate.

Based on the Audit Committee's review of the audited consolidated financial statements and discussions with management and RSM, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

Members of the Audit Committee

Sir John Banham (Chairman)

Dr. Christopher Henney

Gregory T. Hradsky

Dr. Samuel L. Barker

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. These persons are required by regulation to furnish us with copies of all Section 16(a) reports that they file. Based on our review of the copies of these reports received by us, or written representations from the reporting persons that no other reports were required, we believe that, during fiscal year 2015, all reports to be filed pursuant to Section 16(a) of the Exchange Act were filed on a timely basis.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Our Audit Committee reviews and approves in advance all related-party transactions. There have been no transactions during our last two fiscal years with our directors and officers and beneficial owners of more than 5% of our voting securities and their affiliates.

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PROPOSALS TO BE VOTED UPON BY HOLDERS OF COMMON STOCK

PROPOSAL 1: ELECTION OF CLASS 1 DIRECTORS

Background

Under our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as amended, the number of directors is fixed from time to time by the Board of Directors. We have a staggered Board of Directors comprised of three classes, and each director serves until the annual meeting in which his term expires. Each of Sir John Banham and Samuel L. Barker is a Class 1 director, the term of which class expires at the 2019 annual meeting, and, if elected, would serve until our 2019 annual meeting.

The Board of Directors has voted to nominate Sir John Banham and Samuel L. Barker for re-election at the 2016 annual meeting to serve as a Class 1 director until the 2019 annual meeting of stockholders and until their respective successors have been elected and qualified.

Unless authority to vote for either of these nominees is withheld, the shares represented by the enclosed proxy will be voted FOR the re-election as director of each of Sir John Banham and Samuel L. Barker. In the event that any nominee shall become unable or unwilling to serve, the shares represented by the enclosed proxy will be voted for the election of such other person as the Board of Directors may recommend in his place. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve.

Required Vote

A plurality of the votes cast at the annual meeting by the holders of our Common Stock is required to elect the nominees as director.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THE RE-ELECTION BY HOLDERS OF COMMON STOCK OF EACH OF SIR JOHN BANHAM AND SAMUEL L. BARKER AS CLASS 1 DIRECTORS, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY CARD.

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The Audit Committee has appointed RSM US LLP (formerly known as McGladrey LLP), or RSM, as our independent registered public accounting firm, to audit our consolidated financial statements for the fiscal year ended December 31, 2016. The Board of Directors proposes that our holders of Common Stock ratify this appointment. We expect that representatives of RSM will be present at the annual meeting via conference call, will be able to make a statement if they so desire, and will be available to respond to appropriate questions.

The following table presents fees for professional audit services rendered by RSM for the audit of Cyclacel's annual financial statements for the years ended December 31, 2014 and 2015, and fees billed for other services rendered by them during those periods.

	2014	2015
Audit fees(1)	\$ 250,500	\$ 228,500
Tax fees(2)	\$ 22,100	\$ 19,350
Total	\$ 272,600	\$ 247,850

(1)

Audit fees represent fees for the audit of the Company's annual consolidated financial statements, review of the Company's interim financial statements included in quarterly reports on Form 10-Q, services that an independent auditor would customarily provide in connection with subsidiary audits, other regulatory filings and similar engagements for each fiscal year shown, such as attest services, comfort letters, consents and assistance with review of reports filed with the SEC. The table does not include fees paid to our former accounting firm, Ernst & Young LLP for services relating to the issuance of a consent in 2014 totaling \$52,500.

(2)

Tax fees represent tax compliance and return preparation and tax planning and advice.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-audit Services of Independent Auditors
Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation, and overseeing the work of our independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm.

Prior to engagement of the independent auditor for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

1. Audit services include audit work performed in the preparation of financial statements, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits and attest services and consultation regarding financial accounting and/or reporting standards.

2. Audit-Related services are for assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits and special procedures required to meet certain regulatory requirements.

3. Tax services include all services performed by the independent registered public accounting firm's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning and tax advice.

4. Other Fees are those associated with services not captured in the other categories. The Company generally does not request such services from our independent registered public accounting firm.

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Prior to engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires our independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage our independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

In the event the stockholders do not ratify the appointment of RSM as our independent registered public accounting firm, the Audit Committee will reconsider its appointment.

Required Vote

The affirmative vote of a majority of the votes cast at the annual meeting is required to ratify the appointment of the independent registered public accounting firm.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE TO RATIFY THE APPOINTMENT OF RSM US, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR OF SUCH RATIFICATION UNLESS A STOCKHOLDER INDICATES OTHERWISE ON THE PROXY CARD.

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PROPOSAL 3: APPROVAL OF A REVERSE STOCK SPLIT OF
OUR COMMON STOCK

General

We are requesting that you vote to approve the proposal that the Company's Certificate of Incorporation be amended, by way of a Certificate of Amendment, to effect a Reverse Stock Split of the issued and outstanding shares of Common Stock (such split to combine a number of outstanding shares of our Common Stock up to twenty (20), such number consisting of only whole shares, into one (1) share of Common Stock) (the "Reverse Stock Split"). The full text of the proposed Certificate of Amendment is attached to this proxy statement as Appendix A. If approved by our stockholders, the Reverse Stock Split would become effective at a time, and at a ratio, to be designated by the Board of Directors. The Board of Directors may effect only one Reverse Stock Split as a result of this authorization. The decision of the Board of Directors as to whether and when to effect the Reverse Stock Split will be based on a number of factors, including market conditions, existing and expected trading prices for our Common Stock and the continued listing requirements of the NASDAQ Capital Market. Even if the stockholders approve the Reverse Stock Split, Cyclacel reserves the right not to effect the Reverse Stock Split if the Board of Directors does not deem it to be in the best interests of Cyclacel and its stockholders. The Reverse Stock Split, if authorized pursuant to this resolution and if deemed by the Board of Directors to be in the best interests of Cyclacel and its stockholders, will be effected, if at all, at a time that is not later than ten or more consecutive trading days prior to June 14, 2016. See "NASDAQ Requirements for Continued Listing" below.

The proposed Certificate of Amendment, as more fully described below, will effect the Reverse Stock Split but will not change the number of authorized shares of Common Stock or Preferred Stock, or the par value of Common Stock or Preferred Stock. Although the primary purpose of the proposed Reverse Stock Split is to enable the Company to regain compliance with \$1.00 per share minimum bid price for continued listing, the Board of Directors also considers it to be in the best interest of the Company to have a sufficient number of shares of Common Stock available for issuance in order to provide the Company with business and financing flexibility in the future. The Company does not, however, currently have any specific plans, arrangements or understandings relating to the issuance of any additional shares of authorized Common Stock that will become available following the Reverse Stock Split.

Purpose

On March 23, 2016, our Board of Directors approved the proposal authorizing the Reverse Stock Split because it believes that effecting the Reverse Stock Split may be an effective means of regaining compliance with the minimum bid price requirement for continued listing of our Common Stock on the NASDAQ Global Market or the NASDAQ Capital Market.

NASDAQ Requirements for Continued Listing

Our Common Stock is currently listed for trading on the NASDAQ Capital Market under the symbol "CYCC." One of the requirements for continued listing on the NASDAQ Capital Market is maintenance of a minimum closing bid price of \$1.00.

On February 2, 2016, the Company received a letter from the Listing Qualifications Staff (the "Staff") of The NASDAQ Stock Market LLC ("NASDAQ") indicating that the Company had not regained compliance with the \$1.00 minimum bid price requirement for continued listing on The NASDAQ Capital Market, as set forth in NASDAQ Listing Rule 5450(a)(1), by the end of the previously granted compliance period that expired on February 2, 2016. As a result, the Staff indicated that the Company would be subject to delisting unless it timely requests a hearing before a NASDAQ Listing Qualifications Panel (the "Panel").

The Company had a hearing before the Panel on March 31, 2016, at which it presented its plan to regain compliance with the minimum bid price requirement, and requested a further extension of time to do so. The Panel granted the Company's request to remain listed on the NASDAQ Capital Market subject to the condition that on or before June 14, 2016, it must have evidenced a closing bid price of \$1.00 per share or more for a minimum of ten prior consecutive trading days.

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We cannot be sure that our share price will comply with the requirements for continued listing of our common stock on The NASDAQ Capital Market in the future, or that we will comply with the other continued listing requirements. If our shares of Common Stock lose their status on the NASDAQ Capital Market, we believe that our shares of Common Stock would likely be eligible to be quoted on the inter-dealer electronic quotation and trading system operated by Pink OTC Markets Inc., commonly referred to as the Pink Sheets and now known as the OTCQB market. Our shares of Common Stock may also be quoted on the Over-the-Counter Bulletin Board, or the OTCBB, an electronic quotation service maintained by the Financial Industry Regulatory Authority (“FINRA”), provided that a market maker in our Common Stock files the appropriate application with, and such application is cleared by, FINRA. These markets are generally not considered to be as efficient as, and not as broad as, the NASDAQ Capital Market. Selling our shares of Common Stock on these markets could be more difficult because smaller quantities of shares would likely be bought and sold, and transactions could be delayed. In addition, in the event our shares of Common Stock are delisted, broker-dealers have certain regulatory burdens imposed upon them, which may discourage broker-dealers from effecting transactions in our Common Stock, further limiting the liquidity of our Common Stock. These factors could result in lower prices and larger spreads in the bid and ask prices for our Common Stock. Such delisting from NASDAQ and continued or further declines in our share price could also greatly impair our ability to raise additional necessary capital through equity or debt financing, and could significantly increase the ownership dilution to stockholders caused by our issuing equity in financing or other transactions.

In light of the factors mentioned above, our Board of Directors unanimously approved the Reverse Stock Split, by way of a Certificate of Amendment, as a potential means of increasing the share price of our Common Stock to above \$1.00 per share, and of maintaining the share price of our Common Stock above \$1.00 per share, so as to comply with NASDAQ’s requirements.

Exchange Ratios

The Board will determine whether to effect the Reverse Stock Split and, if so, pursuant to which Exchange Ratio, based upon a number of market and business factors deemed relevant by the Board at that time, including, but not limited to:

- historical trading price and volumes of our Common Stock;
- existing marketability and liquidity of our Common Stock and the expected impact of the Reverse Stock Split on the trading market, including the anticipated post-split market price, for our Common Stock;
- the listing requirements of NASDAQ and our ability to regain compliance with the Minimum Bid Price Requirement;
- potential business and strategic alternatives, if any, that are available to us at that time; and
- prevailing general stock market and economic conditions.

If the Board elects to effect the Reverse Stock Split, before we file Certificate of Amendment with the Secretary of State of the State of Delaware, we intend to issue a press release announcing the terms, including the Exchange Ratio, and effective date of the Reverse Stock Split.

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The following table contains examples of approximate information, as of December 31, 2015, relating to the impact of Proposal 3 on our Common Stock based on certain of the Exchange Ratios available for selection by our Board, without giving effect to any adjustments for fractional shares of Common Stock:

Status	Number of Shares of Common Stock Authorized	Number of Shares of Common Stock Issued and Outstanding(1)	Number of Shares of Common Stock Reserved for Future Issuance	Number of Shares of Common Stock Authorized and Available for Issuance
Pre-Reverse Split	100,000,000	35,582,492	3,019,696	61,397,812
Post-Reverse Split 1:10	100,000,000	3,558,249	301,970	96,139,781
Post-Reverse Split 1:12	100,000,000	2,965,187	251,641	96,783,172
Post-Reverse Split 1:15	100,000,000	2,372,166	201,313	97,426,521
Post-Reverse Split 1:18	100,000,000	1,976,805	167,761	97,855,434
Post Reverse Split 1:20	100,000,000	1,779,125	150,985	98,069,890

(1)

As of December 31, 2015, and does not take into account the cancellation of any fractional shares, with respect to which holders would be entitled to a cash payment. See, "Fractional Shares."

Potential Increased Investor Interest

In approving this proposal, the Board of Directors considered that our Common Stock may not appeal to brokerage firms that are reluctant to recommend lower priced securities to their clients. Investors may also be dissuaded from purchasing lower priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for such stocks. Moreover, the analysts at many brokerage firms do not monitor the trading activity or otherwise provide coverage of lower priced stocks.

There are risks associated with the Reverse Stock Split, including that the Reverse Stock Split may not result in a sustained increase in the per share price of our Common Stock.

We cannot predict whether the Reverse Stock Split will increase the market price for our Common Stock on a sustained basis. The history of similar stock split combinations for companies in like circumstances is varied. There is no assurance that:

- the market price per share of our Common Stock after the Reverse Stock Split will rise in proportion to the reduction in the number of shares of our Common Stock outstanding before the Reverse Stock Split;
- the Reverse Stock Split will result in a per share price that will attract brokers and investors who do not trade in lower priced stocks;
- the Reverse Stock Split will result in a per share price that will increase our ability to attract and retain employees and other service providers; and
- the market price per share will either exceed or remain in excess of the \$1.00 minimum bid price as required by NASDAQ, or that we will otherwise meet the requirements of NASDAQ for continued inclusion for trading on the

NASDAQ Capital Market.

The market price of our Common Stock will also be based on our performance and other factors, some of which are unrelated to the number of shares outstanding. If the Reverse Stock Split is effected and the market price of our Common Stock declines, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of a Reverse Stock Split. Furthermore, the liquidity of our Common Stock could be adversely affected by the reduced number of shares that would be outstanding after the Reverse Stock Split.

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Principal Effects of the Reverse Stock Split

If our holders of Common Stock approve the proposal to authorize our Board of Directors to implement the Reverse Stock Split and our Board of Directors implements the Reverse Stock Split, we will amend Article IV(C) of our Certificate of Incorporation, as amended, by way of the Certificate of Amendment, to say the following:

Effective as of [TIME], New York City time, on [DATE] (the “Effective Time”), each () shares of Common Stock issued and outstanding or held as treasury shares immediately prior to the Effective Time (the “Old Common Stock”) shall automatically and without any action on the part of the holder thereof be reclassified, combined and converted into one (1) share of Common Stock (the “New Common Stock”) (such reclassification, combination and conversion, the “Reverse Stock Split”). Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to holders of record of Old Common Stock as of the Effective Time. In lieu thereof, each holder of record of Old Common Stock as of the Effective Time that would otherwise be entitled to receive a fractional share of New Common Stock as a result of the Reverse Stock Split shall be entitled to receive, upon surrender of certificates representing such Old Common Stock, a cash payment in an amount equal to the fraction to which the stockholder would otherwise be entitled multiplied by the per share closing price of the Common Stock on the business day immediately prior to the Effective Time, as reported by the NASDAQ Stock Market (or if such price is not available, then such other price as determined by the Board of Directors). The ownership of a fractional share of New Common Stock shall not give the holder any voting, dividend or other rights, except the right to receive the cash payment described in the immediately preceding sentence. Whether or not the Reverse Stock Split would result in fractional shares for a holder of record of Old Common Stock as of the Effective Time shall be determined on the basis of the total number of shares of Old Common Stock held by such holder of record as of the Effective Time. Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, combined and converted in the Reverse Stock Split (as well as the right to receive cash in lieu of fractional shares as described above); provided, however, that each holder of record of a certificate representing Old Common Stock shall be entitled to receive, upon surrender of such certificate, a new certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, combined and converted in the Reverse Stock Split (as well as the right to receive cash in lieu of fractional shares as described above). The New Common Stock issued in the Reverse Stock Split shall have the rights, preferences and privileges as the Common Stock.¹

The Reverse Stock Split will be effected simultaneously for all of the issued and outstanding shares of Common Stock, and the exchange ratio will be the same for all issued and outstanding shares of Common Stock. The Reverse Stock Split will affect all of our stockholders uniformly and will not affect any stockholder’s percentage ownership interests in the Company, except to the extent that the Reverse Stock Split results in any of our stockholders owning a fractional share. Common stock issued pursuant to the Reverse Stock Split will remain fully paid and non-assessable. The Reverse Stock Split will not affect the Company continuing to be subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

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By approving this amendment, stockholders will approve the combination of any whole number of shares of Common Stock up to and including twenty (20) into one (1) share. The Certificate of Amendment filed with the Secretary of State of the State of Delaware will include only that number determined by the Board of Directors to be in the best interests of the Company and its stockholders. In accordance with such resolutions, the Board of Directors will not implement any amendment providing for a different split ratio. If a stockholder holds Common Stock with a bank, broker, custodian or other nominee, and has any questions in this regard, stockholders are encouraged to contact their bank, broker, custodian or other nominee.

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Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates

If the proposal for the Reverse Stock Split is approved by the Company’s holders of Common Stock, and if, at such time, the Board of Directors still believes that a Reverse Stock Split is in the best interests of the Company and its stockholders, the Board will determine the ratio of the Reverse Stock Split to be implemented. The Company will file the Certificate of Amendment with the Secretary of State of the State of Delaware at such time as the Board of Directors has determined the appropriate effective time for the Reverse Stock Split. The Board of Directors may delay effecting the Reverse Stock Split without re-soliciting stockholder approval. The Reverse Stock Split will become effective on the effective date of the split. Beginning on the effective date of the split, each certificate representing pre-split shares will be deemed for all corporate purposes to evidence ownership of post-split shares.

If the Reverse Stock Split is effected, the Common Stock will have a new Committee on Uniform Securities Identification Procedures (CUSIP) number, which is a number used to identify our equity securities, and share certificates with the former CUSIP number will need to be exchanged for share certificates with the new CUSIP number by following the procedures described below.

Beneficial Holders of Common Stock (i.e., stockholders who hold in street name)

Upon completion of the Reverse Stock Split, we would intend to treat the Common Stock held by stockholders through a bank, broker, custodian or other nominee, in the same manner as registered stockholders whose shares of Common Stock are registered in their names. Banks, brokers, custodians or other nominees will be instructed to reflect the Reverse Stock Split for their beneficial holders holding Common Stock in street name. However, these banks, brokers, custodians or other nominees may have different procedures than registered stockholders for processing the Reverse Stock Split and making payment for fractional shares.

Registered “Book-Entry” Holders of Common Stock (i.e., stockholders that are registered in the registry of members but do not hold share certificates)

Certain of our registered holders of Common Stock may hold some or all of their Common Stock in book-entry form with the transfer agent. These stockholders do not have share certificates evidencing their ownership of the Common Stock. They are, however, provided with a statement reflecting the number of shares of Common Stock registered in their name. If a stockholder holds registered shares of Common Stock in book-entry form, the Reverse Stock Split, if effected, will automatically be reflected in the transfer agent’s records and on their next statement.

Holders of Certificated Shares of Common Stock

If the Reverse Stock Split is approved and effected, stockholders holding Common Stock in certificated form will be sent a transmittal letter by the transfer agent after the Reverse Stock Split is effected. The letter of transmittal will contain instructions on how a stockholder should surrender his, her or its certificate(s) representing the shares of Common Stock (the “Old Certificates”) to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-Reverse Stock Split Common Stock (the “New Certificates”). No New Certificates will be issued to a stockholder until such stockholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No stockholder will be required to pay a transfer or other fee to exchange his, her or its Old Certificates. Stockholders will then receive New Certificate(s) representing the number of whole shares of Common Stock to which they are entitled as a result of the Reverse Stock Split. Until surrendered, we will deem outstanding Old Certificates held by stockholders to be cancelled and only to represent the number of whole shares of post-Reverse Stock Split Common Stock to which these stockholders are entitled. Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of shares, will automatically be exchanged for New Certificates. If an Old Certificate has restrictive legends on the back of the Old Certificate(s), the New Certificate will be issued with the same restrictive legends that are on the back of the Old Certificate(s). If a stockholder is entitled to a payment in lieu of any fractional share interest, such payment will be made as described below under “—Fractional Shares.”

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The Company expects that our transfer agent will act as exchange agent for purposes of implementing the exchange of stock certificates. No service charges will be payable by holders of shares of Common Stock in connection with the exchange of certificates. All of such expenses will be borne by the Company.

STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Fractional Shares

No fractional shares will be issued in connection with the Reverse Stock Split. Stockholders of record who otherwise would be entitled to receive fractional shares because they hold a number of pre-split shares not evenly divisible by the number of pre-split shares for which each post-split share is to be exchanged, will be entitled, upon surrender to the exchange agent of certificates representing such shares, to a cash payment in lieu thereof at a price equal to the fraction to which the stockholder would otherwise be entitled multiplied by the closing price of the Common Stock, as reported by the NASDAQ Stock Market, on the last trading day prior to the effective date of the split (or if such price is not available, the average of the last bid and asked prices of the Common Stock on such day or other price determined by the Board of Directors). The ownership of a fractional interest will not give the holder thereof any voting, dividend or other rights, except to receive payment therefor as described herein.

Stockholders should be aware that, under the escheat laws of the various jurisdictions where stockholders reside, where the Company is domiciled, and where the funds will be deposited, sums due for fractional interests that are not timely claimed after the effective date of the split may be required to be paid to the designated agent for each such jurisdiction, unless correspondence has been received by the Company or the exchange agent concerning ownership of such funds within the time permitted in such jurisdiction. Thereafter, stockholders otherwise entitled to receive such funds will have to seek to obtain them directly from the state to which they were paid.

Accounting Matters

The Reverse Stock Split will not affect the Common Stock capital account on our balance sheet. However, because the par value of our Common Stock will remain unchanged on the effective date of the split, the components that make up the Common Stock capital account will change by offsetting amounts. Depending on the size of the Reverse Stock Split the Board of Directors decides to implement, the stated capital component will be reduced to an amount up to and including one-twentieth (1/20) of its present amount, and the additional paid-in capital component will be increased with the amount by which the stated capital is reduced. The per share net income or loss and net book value of our Common Stock will be increased because there will be fewer shares of Common Stock outstanding. Prior periods' per share amounts will be restated to reflect the Reverse Stock Split.

Potential Anti-Takeover Effect

Although the increased proportion of unissued authorized shares to issued shares could, under certain circumstances, have an anti-takeover effect (for example, by permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the Board of Directors or contemplating a tender offer or other transaction for the combination of the Company with another company), the Reverse Stock Split proposal is not being proposed in response to any effort of which we are aware to accumulate shares of our Common Stock or obtain control of the Company, nor is it part of a plan by management to recommend a series of similar amendments to the Board of Directors and stockholders. Other than the Reverse Stock Split proposal, the Board of Directors does not currently contemplate recommending the adoption of any other actions that could be construed to affect the ability of third parties to take over or change control of the Company.

No Dissenters' Rights

Under the Delaware General Corporation Law, the Company's stockholders are not entitled to dissenters' rights with respect to the Reverse Stock Split, and the Company will not independently provide stockholders with any such right.

TABLE OF CONTENTS**Certain U.S. Federal Income Tax Consequences of the Reverse Stock Split**

The following summary describes certain anticipated U.S. federal income tax consequences of the Reverse Stock Split to certain U.S. holders (as defined below) of our Common Stock. This summary does not address all of the U.S. federal income tax consequences that may be relevant to any particular holder of our Common Stock, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally assumed to be known by investors. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, partnerships (or other entities classified as partnerships for U.S. federal income tax purposes) and investors therein, “U.S. holders” whose functional currency is not the U.S. dollar, U.S. expatriates, persons subject to the alternative minimum tax, persons who acquired our Common Stock through the exercise of employee stock options or otherwise as compensation, traders in securities that elect to mark to market and dealers in securities or currencies, (ii) persons that hold our Common Stock as part of a position in a “straddle” or as part of a “hedging,” “conversion” or other integrated investment transaction for U.S. federal income tax purposes, (iii) persons that do not hold our Common Stock as “capital assets” (generally, property held for investment), or (iv) non-U.S. holders of our Common Stock. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, U.S. Treasury regulations, administrative rulings and judicial authority, all as in effect as of the date hereof. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of the Reverse Stock Split. This summary does not address the Medicare tax on net investment income or the effects of any state, local or foreign tax laws. We have not obtained a ruling from the IRS or an opinion of legal or tax counsel with respect to the tax consequences of the Reverse Stock Split. This discussion is for information purposes only and is not interpreted as tax or legal advice. Each holder of our Common Stock should consult its own tax advisor regarding the U.S. federal, state, local, and foreign income and other tax consequences of the Reverse Stock Split.

If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our Common Stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our Common Stock, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Reverse Stock Split.

U.S. Holders. The discussion in this section is addressed to “U.S. holders.” A “U.S. holder” is a beneficial owner of our Common Stock that is a citizen or individual resident of the United States, a corporation (or other entity classified as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any state thereof or the District of Columbia or otherwise subject to U.S. federal income taxation on a net income basis in respect of our Common Stock. The Reverse Stock Split should be treated as a recapitalization for U.S. federal income tax purposes. Therefore, except as described below with respect to cash in lieu of fractional shares, no gain or loss will be recognized upon the Reverse Stock Split. Accordingly, the aggregate tax basis in the Common Stock received pursuant to the Reverse Stock Split should equal the aggregate tax basis in the Common Stock surrendered (excluding the portion of the tax basis that is allocable to any fractional share), and the holding period for the Common Stock received should include the holding period for the Common Stock surrendered. A U.S. holder who receives cash in lieu of a fractional share of our Common Stock pursuant to the Reverse Stock Split should recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the U.S. holder’s tax basis in the shares of our Common Stock surrendered that is allocated to the fractional share of our Common Stock. The capital gain or loss should be long term capital gain or loss if the U.S. holder’s holding period for our Common Stock surrendered exceeded one year at the Effective Time. The deductibility of net capital losses by individuals and corporations is subject to limitations.

U.S. Information Reporting and Backup Withholding. Information returns generally will be required to be filed with the Internal Revenue Service (“IRS”) with respect to the receipt of cash in lieu of a fractional share of our Common Stock pursuant to the Reverse Stock Split, unless a U.S. holder is an exempt recipient. In addition, U.S. holders may be subject to a backup withholding tax (at the current applicable rate of 28%) on the payment of this cash if they do not provide their taxpayer identification

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numbers in the manner required or otherwise fail to comply with applicable backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or allowed as a credit against the U.S. holder's federal income tax liability, if any, provided the required information is timely furnished to the IRS.

Approval of the amendment to our certificate of incorporation to effect the Reverse Stock Split, by way of a Certificate of Amendment, requires an affirmative vote of a majority of the Common Stock outstanding and entitled to vote at the Special Meeting. Abstentions will be treated as votes against this proposal. Brokerage firms have authority to vote customers' unvoted shares held by the firms in street name on this proposal. If a broker does not exercise this authority, such broker non-votes will be treated as votes against this proposal.

Required Vote

The affirmative vote of at least a majority of the Company's outstanding common stock is required to approve the proposals described herein.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS, IN ITS DISCRETION, TO AMEND THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION, BY WAY OF A CERTIFICATE OF AMENDMENT, TO EFFECT A REVERSE STOCK SPLIT OF THE ISSUED AND OUTSTANDING SHARES OF OUR COMMON STOCK (SUCH SPLIT TO COMBINE A NUMBER OF OUTSTANDING SHARES OF OUR COMMON STOCK UP TO AND INCLUDING TWENTY (20), SUCH NUMBER CONSISTING OF ONLY WHOLE SHARES, INTO ONE (1) SHARE OF OUR COMMON STOCK), AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR OF THE AMENDMENT UNLESS A STOCKHOLDER INDICATES OTHERWISE ON THE PROXY.

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PROPOSALS TO BE VOTED UPON BY HOLDERS OF PREFERRED STOCK

PROPOSAL 1: ELECTION OF CLASS 1 DIRECTORS

GENERAL

Pursuant to the terms of the Certificate, holders of the Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors, out of the funds of the Company legally available therefor, cash dividends payable in equal quarterly installments on February 1, May 1, August 1 and November 1. The Certificate further provides that, if the Company is in arrears in an aggregate amount equal to at least six quarterly dividends (whether or not consecutive), the number of members of the Company's Board of Directors will be increased by two, effective as of the time of election of such directors, and the holders of Preferred Stock, voting separately as a class, will have the right to vote and elect such two additional directors. This right accrued to the holders of our Preferred Stock as of August 2, 2010. The Company is still in arrears in an aggregate amount in excess of six quarterly dividends on the Preferred Stock. Gregory T. Hradsky has been serving as a Class 1 director since the Company's 2011 annual meeting. We have not received any other nominations for director by the holders of the Preferred Stock. If elected, Mr. Hradsky would continue to serve as a Class 1 director until the earlier of (a) the 2019 annual meeting and his successor is duly elected and qualified, and (b) such time as all accrued and unpaid dividends on the Preferred Stock have been declared and paid or set apart for payment.

Unless authority to vote for the nominee named above is withheld, the shares of Preferred Stock represented by the enclosed proxy will be voted FOR the re-election as Class 1 director of Gregory T. Hradsky.

Required Vote

A plurality of the votes cast at the annual meeting by the holders of our Preferred Stock is required to elect the nominees as director.

Recommendation

THE BOARD OF DIRECTORS DOES NOT MAKE A RECOMMENDATION IN FAVOR OF OR AGAINST THE ELECTION OF GREGORY T. HRADSKY AS A CLASS 1 DIRECTOR.

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CODE OF CONDUCT AND ETHICS

We have adopted a code of conduct and ethics that applies to all of our employees, including our chief executive officer and chief financial and accounting officers. The text of the code of conduct and ethics is posted on our website at www.cyclacel.com, is filed as an exhibit to our Annual Report on Form 10-K, and will be made available to stockholders without charge, upon request, in writing to the Corporate Secretary at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922, Attention: Paul McBarron, Executive Vice President—Finance, Chief Financial Officer, Chief Operating Officer and Secretary. Disclosure regarding any amendments to, or waivers from, provisions of the code of conduct and ethics that apply to our directors, principal executive and financial officers will be included in a Current Report on Form 8-K within four business days following the date of the amendment or waiver, unless website posting of such amendments or waivers is then permitted by the rules of The NASDAQ Stock Market.

OTHER MATTERS

The Board of Directors knows of no other business which will be presented to the annual meeting. If any other business is properly brought before the annual meeting, proxies in the enclosed form will be voted in accordance with the judgment of the persons voting the proxies.

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR DIRECTOR

To be considered for inclusion in the proxy statement relating to our 2017 Annual Meeting of Stockholders, we must receive stockholder proposals (other than for director nominations) by no later than December 12, 2016. To be considered for presentation at the 2017 Annual Meeting of Stockholders, although not included in the proxy statement, proposals (including director nominations that are not requested to be included in our proxy statement) must be received no earlier than January 26, 2017 and no later than February 25, 2017. Proposals that are not received in a timely manner will not be presented or voted on at the 2017 Annual Meeting of Stockholders. If a proposal is received on time, the proxies that management solicits for the meeting may still exercise discretionary voting authority on the proposal under circumstances consistent with the proxy rules of the SEC. All stockholder proposals should be marked for the attention of Secretary, Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922.

Berkeley Heights, New Jersey

April 11, 2016

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as amended (other than exhibits thereto), filed with the SEC, which provides additional information about us, is available on the Internet at www.cyclacel.com and is available in paper form to beneficial owners of our stock without charge upon written request to 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922, Attention: Paul McBarron, Executive Vice President—Finance, Chief Financial Officer, Chief Operating Officer and Secretary.

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Appendix A

CERTIFICATE OF AMENDMENT

TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
CYCLACEL PHARMACEUTICALS, INC.

Cyclacel Pharmaceuticals, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Corporation”), does hereby certify:

FIRST: On March 23, 2016, the Board of Directors of the Corporation duly adopted resolutions approving the following amendment to the Corporation’s Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”), declaring said amendment to be advisable and providing for the consideration of such amendment at a special meeting of stockholders of the Corporation.

SECOND: On May 26, 2016, the annual meeting of stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares required by statute were voted in favor of the amendment.

THIRD: Said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: Section (C) of Article FOURTH of the Certificate of Incorporation is hereby amended in its entirety to state the following:

“Effective as of [TIME], New York City time, on [DATE] (the “Effective Time”), each () shares of Common Stock issued and outstanding or held as treasury shares immediately prior to the Effective Time (the “Old Common Stock”) shall automatically and without any action on the part of the holder thereof be reclassified, combined and converted into one (1) share of Common Stock (the “New Common Stock”) (such reclassification, combination and conversion, the “Reverse Stock Split”). Notwithstanding the immediately preceding sentence, no fractional shares of New Common Stock shall be issued to holders of record of Old Common Stock as of the Effective Time. In lieu thereof, each holder of record of Old Common Stock as of the Effective Time that would otherwise be entitled to receive a fractional share of New Common Stock as a result of the Reverse Stock Split shall be entitled to receive, upon surrender of certificates representing such Old Common Stock, a cash payment in an amount equal to the fraction to which the stockholder would otherwise be entitled multiplied by the per share closing price of the Common Stock on the business day immediately prior to the Effective Time, as reported by the NASDAQ Stock Market (or if such price is not available, then such other price as determined by the Board of Directors). The ownership of a fractional share of New Common Stock shall not give the holder any voting, dividend or other rights, except the right to receive the cash payment described in the immediately preceding sentence. Whether or not the Reverse Stock Split would result in fractional shares for a holder of record of Old Common Stock as of the Effective Time shall be determined on the basis of the total number of shares of Old Common Stock held by such holder of record as of the Effective Time. Each stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, combined and converted in the Reverse Stock Split (as well as the right to receive cash in lieu of fractional shares as described above); provided, however, that each holder of record of a certificate representing Old Common Stock shall be entitled to receive, upon surrender of such certificate, a new certificate representing the number of whole shares of New Common Stock into which the shares of Old Common Stock represented by such certificate shall have been reclassified, combined and converted in the Reverse Stock Split (as well as the right to receive cash in lieu of fractional shares as described above). The New Common Stock issued in the Reverse Stock Split shall have the rights, preferences and privileges as the Common Stock.”

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FIFTH: The foregoing amendment to the Certificate of Incorporation shall be effective as of 12:01 a.m. Eastern Daylight Time on [DATE].

IN WITNESS WHEREOF, Cyclacel Pharmaceuticals, Inc. has caused this Certificate of Amendment to the Certificate of Incorporation to be signed by the undersigned, thereunto duly appointed, this [DATE].

By:

/s/ Spiro Rombotis

Spiro Rombotis

President and Chief Executive Officer

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