

Cyclacel Pharmaceuticals, Inc.  
Form DEF 14A  
April 30, 2009

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

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 Under Rule 14a-12

**CYCLACEL PHARMACEUTICALS, INC.**

(Name of Registrant as Specified In Its Charter)

(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):
  
  
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  - o 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:
-

**Cyclacel Pharmaceuticals, Inc.**  
**200 Connell Drive, Suite 1500**  
**Berkeley Heights, New Jersey 07922**  
**United States of America**

April 30, 2009

Dear Stockholder,

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Cyclacel Pharmaceuticals, Inc. to be held at 10:00 am EST on May 21, 2009 at our corporate headquarters at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922. The attached notice of annual meeting and proxy statement describe the business we will conduct at the annual meeting and provide information about us that you should consider when you vote your shares.

At the annual meeting, you are being asked to elect Nicholas Bacopoulos, Ph.D., Christopher S. Henney, Ph.D., D.Sc. and Paul McBarron, nominees for Class 3 directors, to our Board of Directors. In addition, we will ask you to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009. The Board of Directors recommends the approval of each of these proposals. Such other business will be transacted as may properly come before the annual meeting.

We hope you will be able to attend the annual meeting. Whether you plan to attend the annual meeting or not, it is important that your shares are represented. Therefore, when you have finished reading the proxy statement, you are urged to complete, sign, date and return the enclosed proxy card promptly in accordance with the instructions set forth on the card. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting, whether or not you can attend.

You will be asked to register at the Annual Meeting prior to admission if you attend. If you wish to register in advance of the Annual Meeting, please contact our investor relations office by telephone at (908) 517-7330, by mail at Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, or by e-mail to [investor@cyclacel.com](mailto:investor@cyclacel.com).

Sincerely,

/s/ Spiro Rombotis  
Spiro Rombotis  
President and Chief Executive Officer

**Cyclacel Pharmaceuticals, Inc.  
200 Connell Drive, Suite 1500  
Berkeley Heights, New Jersey 07922  
United States of America**

April 30, 2009

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS**

TIME: 10:00 am EST

DATE: May 21, 2009

PLACE: 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922

**PURPOSES:**

1. To elect Nicholas Bacopoulos, Ph.D., Christopher S. Henney, Ph.D., D.Sc. and Paul McBarron, as Class 3 directors to serve three-year terms expiring in 2012.
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009.
3. To consider any other business that is properly presented at the meeting.

**WHO MAY VOTE:**

You may vote if you were the record owner of our common stock at the close of business on April 10, 2009. A list of stockholders of record will be available at the meeting and, during the ten days prior to the meeting, at the office of the Secretary at the above address.

**At least a majority of all issued and outstanding shares of common stock is required to constitute a quorum. Accordingly, whether you plan to attend the annual meeting or not, we ask that you complete, sign, date and return the enclosed proxy card as soon as possible in accordance with the instructions on the proxy card. A pre-addressed, postage prepaid return envelope is enclosed for your convenience. In the event you are able to attend the meeting, you may revoke your proxy and vote your shares in person.**

BY ORDER OF THE BOARD OF  
DIRECTORS

/s/ Paul McBarron  
Paul McBarron  
Secretary

TABLE OF CONTENTS

	Page
<u>GENERAL INFORMATION ABOUT THE ANNUAL MEETING</u>	1
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	5
<u>MANAGEMENT</u>	7
<u>EXECUTIVE COMPENSATION</u>	12
<u>REPORT OF AUDIT COMMITTEE</u>	21
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	21
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	22
<u>PROPOSALS TO BE VOTED UPON BY STOCKHOLDERS</u>	23
<u>PROPOSAL 1: ELECTION OF CLASS 3 DIRECTORS</u>	23
<u>PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	24
<u>CODE OF CONDUCT AND ETHICS</u>	26
<u>OTHER MATTERS</u>	26
<u>STOCKHOLDER PROPOSALS AND NOMINATIONS FOR DIRECTOR</u>	26

**Cyclacel Pharmaceuticals, Inc.  
200 Connell Drive, Suite 1500  
Berkeley Heights, New Jersey 07922  
United States of America**

**PROXY STATEMENT FOR THE CYCLACEL PHARMACEUTICALS, INC.  
2009 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 11, 2009  
GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

**Why Did You Send Me this Proxy Statement?**

We sent you this proxy statement and the enclosed proxy card because the Board of Directors of Cyclacel Pharmaceuticals, Inc. is soliciting your proxy to vote at the 2009 annual meeting of stockholders, and any adjournments of the meeting, to be held at 10:00 am EST on May 21, 2009 at our corporate headquarters at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922. This proxy statement, along with the accompanying Notice of Annual Meeting of Stockholders, summarizes the purposes of the meeting and the information you need to know to vote at the annual meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 21, 2009: The proxy statement and annual report to security holders are available at [www.proxyvote.com](http://www.proxyvote.com).**

On April 30, 2009, we began sending this proxy statement, the attached notice of annual meeting and the enclosed proxy card to all stockholders entitled to vote at the meeting. Although not part of this proxy statement, we are also sending along with this proxy statement, our proxy statement and our 2008 Annual Report, which includes our financial statements for the fiscal year ended December 31, 2008. You can also find a copy of our 2008 Annual Report on Form 10-K on the Internet through the SEC's electronic data system called EDGAR at [www.sec.gov](http://www.sec.gov) or through the Investor Relations section of our website at [www.cyclacel.com](http://www.cyclacel.com).

**Who Can Vote?**

Only stockholders who owned our common stock at the close of business on April 10, 2009 are entitled to vote at the annual meeting. On this record date, there were 20,433,129 shares of our common stock issued and outstanding and entitled to vote. Common stock is our only class of voting stock.

You do not need to attend the annual meeting to vote your shares. Shares represented by valid proxies, received in time for the meeting and not revoked prior to the meeting, will be voted at the meeting. A stockholder may revoke a proxy before the proxy is voted by delivering to our Secretary a signed statement of revocation or a duly executed proxy card bearing a later date. Any stockholder who has executed a proxy card but attends the meeting in person may revoke the proxy and vote at the meeting.

For the ten-day period immediately prior to the Annual Meeting, the list of stockholders entitled to vote will be available for inspection at our offices at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, for such purposes as are set forth in the General Corporation Law of the State of Delaware.

**How Many Votes Do I Have?**

Each share of Cyclacel Pharmaceuticals, Inc. common stock that you own entitles you to one vote.

**How Do I Vote?**

Whether you plan to attend the annual meeting or not, we urge you to vote by proxy. Voting by proxy will not affect your right to attend the annual meeting. If your shares are registered directly in your name through our transfer agent, American Stock Transfer and Trust Company, or you have stock certificates, you may vote:

**By Internet or by telephone.** Follow the instructions you receive from your broker to vote by Internet or telephone.

**By mail.** Complete and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors.

**In person at the meeting.** If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting. You will be asked to register at the Annual Meeting prior to admission if you attend. If you wish to register in advance of the Annual Meeting, please contact our investor relations office by telephone at (908) 517-7330, by mail at Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, or by e-mail to investor@cyclacel.com.

If your shares are held in street name (held in the name of a bank, broker or other nominee), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

**By Internet or by telephone.** Follow the instructions you receive from your broker to vote by Internet or telephone.

**By mail.** You will receive instructions from your broker or other nominee explaining how to vote your shares.

**In person at the meeting.** Contact the broker or other nominee who holds your shares to obtain a broker's proxy card and bring it with you to the meeting. You will not be able to vote at the meeting unless you have a proxy card from your broker.

#### **How Does the Board of Directors Recommend That I Vote on the Proposals?**

The Board of Directors recommends that you vote as follows:

**FOR** the election of Nicholas Bacopoulos, Ph.D. and Christopher S. Henney, Ph.D., D.Sc. and Paul McBarron, the three nominees for Class 3 director; and

**FOR** ratification of the selection of our independent registered public accountants for the fiscal year ending December 31, 2009.

If any other matter is presented, the proxy card provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. At the time this proxy statement was printed, we knew of no matters that needed to be acted on at the annual meeting, other than those discussed in this proxy statement.

#### **May I Revoke My Proxy?**

If you give us your proxy, you may revoke it at any time before the meeting. You may revoke your proxy in any one of the following ways:

signing a new proxy card and submitting it as instructed above;

if your shares are held in street name, re-voting by Internet or by telephone as instructed above. Only your latest Internet or telephone vote will be counted;

providing written notice of revocation to us before the annual meeting at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, Attention: Paul McBarron, Chief Operating and Chief Financial Officer and Executive Vice President, Finance, and Secretary; or

attending the meeting in person and voting in person. Attending the meeting in person will not in and of itself revoke a previously submitted proxy unless you specifically request it.





**What if I Receive More Than One Proxy Card?**

You may receive more than one proxy card or voting instruction form if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under *How Do I Vote?* for each account to ensure that all of your shares are voted.

**Will My Shares be Voted if I Do Not Return My Proxy Card?**

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the meeting as described above under *How Do I Vote?*

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under *How Do I Vote?*, the bank, broker or other nominee has the authority to vote your unvoted shares on both Proposals 1 and 2, even if it does not receive instructions from you. We encourage you to provide voting instructions. This ensures your shares will be voted at the meeting in the manner you desire. If your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your broker chooses not to vote on a matter for which it does have discretionary voting authority, this is referred to as a *broker non-vote*.

**What Vote is Required to Approve Each Proposal and How are Votes Counted?**

**Proposal 1: Elect Three Class 3 Directors**

The affirmative vote of a plurality of the shares of common stock cast by our stockholders present in person or represented by proxy at the annual meeting is required to elect Nicholas Bacopoulos, Ph.D., Christopher S. Henney, Ph.D., D.Sc. and Paul McBarron, the nominees for election as Class 3 directors. Abstentions are not counted for purposes of electing directors. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors. Brokerage firms have authority to vote customers unvoted shares held by the firms in street name for the election of directors. If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote.

**Proposal 2: Ratify Selection of Auditors**

The affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the annual meeting is required to ratify the selection of independent registered public accountants. Abstentions will have no effect on 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 have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to select our independent accountants. However, if our stockholders do not ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for 2009, our Audit Committee of our Board of Directors will reconsider its selection.

**Is Voting Confidential?**

We will keep all the proxies, ballots and voting tabulations private. We only let our Inspector of Election, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., examine these documents. Management will not know how you voted on a specific proposal unless it is necessary to meet legal requirements. We will, however, forward to management any written comments you make, on the proxy card or elsewhere.

**What Are the Costs of Soliciting these Proxies?**

The solicitation of proxies in the enclosed form is made on behalf of the Board of Directors. The entire cost of soliciting these proxies, including the costs of preparing, printing and mailing to stockholders this proxy statement and

accompanying materials, will be borne by us. We have engaged Morrow & Co., LLC, 470 West Ave., Stamford, CT 06902, Inc. to assist us with the solicitation of proxies for a fee of \$5,000, plus expenses. In addition to use of the mails, proxies may be solicited personally or by telephone or otherwise by our officers, directors and employees, who will receive no additional compensation for such activities. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by such institutions and persons. Such parties will be reimbursed for their reasonable expenses incurred in connection with these activities.

#### **What Constitutes a Quorum for the Meeting?**

The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of our common stock entitled to vote is necessary to constitute a quorum at the meeting. Votes of stockholders of record who are present at the meeting in person or by proxy, abstentions, and broker non-votes are counted for purposes of determining whether a quorum exists.

#### **What Dissenters Rights Do I Have?**

Under Delaware law, stockholders are not entitled to dissenters rights of appraisal on any proposal referred to herein.

#### **Attending the Annual Meeting**

The annual meeting will be held at 10:00 am EST on May 21, 2009, at our corporate headquarters at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922. When you arrive at our corporate headquarters, signs will direct you to the appropriate meeting rooms. You need not attend the annual meeting in order to vote.

You will be asked to register at the annual meeting prior to admission if you attend. If you wish to register in advance of the annual meeting, please contact our investor relations office by telephone at (908) 517-7330, by mail at Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922, or by e-mail to [investor@cyclacel.com](mailto:investor@cyclacel.com).

#### **Householding of Annual Disclosure Documents**

In December 2000, the Securities and Exchange Commission adopted a rule concerning the delivery of annual disclosure documents. The rule allows us or your broker to send a single set of our annual report and proxy statement to any household at which two or more of our shareholders reside, if we or your broker believe that the shareholders are members of the same family. This practice, referred to as householding, benefits both you and us. It reduces the volume of duplicate information received at your household and helps to reduce our expenses. The rule applies to our annual reports, proxy statements and information statements. Once you receive notice from your broker or from us that communications to your address will be household, the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Each shareholder will continue to receive a separate proxy card or voting instruction card.

If your household received a single set of disclosure documents this year, but you would prefer to receive your own copy, please contact Broadridge Financial Solutions, Inc., by calling their toll free number, 1-888-237-1900.

If you do not wish to participate in householding and would like to receive your own set of our annual disclosure documents in future years, follow the instructions described below. Conversely, if you share an address with another holder of our common stock and together both of you would like to receive only a single set of our annual disclosure documents, follow these instructions:

If your company shares are registered in your own name, please contact Broadridge Financial Solutions, Inc., and inform them of your request by calling them at 1-888-237-1900 or writing them at 51 Mercedes Way, Edgewood, New York, 11717.

If a broker or other nominee holds your shares, please contact the broker or other nominee directly and inform them of your request. Be sure to include your name, the name of your brokerage firm and your account number.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 15, 2009 for (a) the executive officers named in the Summary Compensation Table on page 13 of this proxy statement, (b) each of our directors and director nominees, (c) all of our current directors and executive officers as a group and (d) each stockholder known by us to own beneficially more than 5% of our common stock, relying solely upon the amounts and percentages disclosed in their public filings.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. We deem shares of common stock that may be acquired by an individual or group within 60 days of April 27, 2009 pursuant to the exercise of options or warrants to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders.

Percentage of ownership is based on 20,433,129 shares of common stock outstanding as of April 27, 2009.

The address for each of the directors and named executive officers is c/o Cyclacel Pharmaceuticals, Inc., 200 Connell Drive Suite 1500, Berkeley Heights, New Jersey 07922. Addresses of other beneficial owners are noted in the table.

	<b>Number of Shares Beneficially Owned<sup>(1)</sup></b>	<b>Percentage Owned</b>
<i>Directors and Executive Officers</i>		
Sir John Banham <sup>(2)</sup>	81,510	*
Dr. Nicholas Bacopoulos <sup>(3)</sup>	2,500	*
Dr. Judy Chiao <sup>(4)</sup>	181,512	*
Dr. Christopher Henney <sup>(5)</sup>	117,494	*
Paul McBarron <sup>(6)</sup>	286,611	1.39%
Dr. Gregory Reyes <sup>(7)</sup>	3,000	*
Spiro Rombotis <sup>(8)</sup>	708,131	3.42%
Daniel Spiegelman <sup>(9)</sup>	62,175	*
Dr. David U Prichard <sup>(10)</sup>	114,633	*
Executive officers and directors as a group (9 persons)	1,557,566	7.31%
<i>5% Stockholders</i>		
Federated Investors, Inc. (sole voting power), Voting Shares Irrevocable Trust (sole voting power), John F. Donahue (shared voting power), Rhodora J. Donahue (shared voting power) and J. Christopher Donahue (shared voting power) <sup>(11)</sup> Federated Investors Tower, Pittsburgh, PA 15222-3779	1,450,267	7.10%
Morgan Stanley & Co. Incorporated <sup>(12)</sup> 1585 Broadway, New York NY 10036	2,780,024	13.61%

\* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

- (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 stock subject to options and warrants currently exercisable or convertible, or exercisable or convertible within 60 days of April 16, 2008. 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 36,847 shares of common stock beneficially owned and 41,015 shares of common stock issuable upon

the exercise of  
options to  
purchase  
common stock.

- (3) Includes 5,000 shares of common stock beneficially owned.
- (4) Includes 48,168 shares of common stock beneficially owned and 123,655 shares of common stock issuable upon the exercise of options to purchase common stock.
- (5) Includes 7,167 shares of common stock beneficially owned and 103,030 shares of common stock issuable upon the exercise of options to purchase common stock.
- (6) Includes 126,054 shares of common stock beneficially owned and 149,618 shares of common stock issuable upon the exercise of options to purchase common stock.
- (7) Includes 3,000 shares of common stock beneficially

owned and no shares of common stock issuable upon the exercise of options to purchase common stock.

(8) Includes 441,548 shares of common stock beneficially owned and 247,208 shares of common stock issuable upon the exercise of options to purchase common stock.

(9) Includes 5,999 shares of common stock beneficially owned and 51,265 shares of common stock issuable upon the exercise of options to purchase common stock.

(10) Includes 25,306 shares of common stock beneficially owned and 82,030 shares of common stock issuable upon the exercise of options to purchase common stock.

(11) Based on a Schedule 13G/A filed on

February 12,  
2009 with the  
SEC jointly by  
the following  
parties:

Federated  
Investors, Inc.  
(the Parent ),  
Federated Equity  
Management  
Company of  
Pennsylvania  
and Federated  
Global  
Investment  
Management  
Corp. (the  
Investment  
Advisers ),  
Voting Shares  
Irrevocable Trust  
(the Trust ) and  
John F.  
Donahue,  
Rhodora J.  
Donahue and J.  
Christopher  
Donahue, each  
as trustee of the  
Trust  
(collectively, the  
Trustees ). The  
Parent is the  
parent holding  
company of the  
Investment  
Advisers, which  
act as investment  
advisers to  
registered  
investment  
companies and  
separate  
accounts that  
own shares of  
our common  
stock. The  
Investment  
Advisers are  
wholly owned



subsidiaries of FII Holdings, Inc., which is wholly owned subsidiary of the Parent. All of the Parent's outstanding voting stock is held in the Trust. The Trustees have collective voting control over the Parent. The Parent, the Trust, and each of the Trustees expressly disclaim beneficial ownership of these securities.

- (12) Based on a Form 4 filed on February 17, 2009 with the SEC by Morgan Stanley & Co. Incorporated. The reported securities are held directly by certain funds (each, a Fund and collectively, the Funds) managed by indirect subsidiary entities of Morgan Stanley & Co. Incorporated. FrontPoint Partners LLC, an indirect wholly owned subsidiary of Morgan Stanley & Co.

Incorporated, is  
the parent  
company of each  
entity that is the  
investment  
manager of one  
or more of the  
Funds.

## MANAGEMENT

### The Board of Directors

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as amended, provide for our business to be managed by or under the direction of the 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 eight members, classified into three classes as follows: (1) Spiro Rombotis and David U Prichard, Ph.D. constitute a class with a term ending at the 2011 annual meeting; (2) Paul McBarron, Nicholas Bacopoulos, Ph.D. and Christopher S. Henney, Ph.D., D.Sc. constitute a class with a term ending at the 2009 annual meeting; and (3) Sir John Banham and Daniel Spiegelman constitute a class with a term ending at the 2010 annual meeting.

On February 10, 2008, our Board of Directors voted to nominate Nicholas Bacopoulos, Ph.D., Chris Henney and Paul McBarron, for election as Class 3 directors at the annual meeting for a term of three years to serve until the 2012 annual meeting of stockholders, and until their respective successors have been elected and qualified.

Set forth below 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 the past five years, the length of their tenure as directors and the names of other public companies in which such persons hold directorships.

Name	Age	Position
Spiro Rombotis	50	President and Chief Executive Officer; Director
Paul McBarron	48	Chief Operating Officer & Executive Vice President, Finance; Secretary and Director
Sir John Banham	68	Director
Dr. Nicholas Bacopoulos	60	Director
Dr. Christopher Henney	68	Vice Chairman; Director
Daniel Spiegelman	50	Director
Dr. David U Prichard	60	Chairman; Director

### Continuing Class 1 Directors (Term to Expire in 2010)

**Sir John Banham.** Sir John Banham is currently Chairman of Spacelabs Healthcare, Inc. and Chairman of Johnson Matthey plc, senior non-executive director of AMVESCAP plc and non-executive director of Merchant Trust plc. He is past Director General of the Confederation of British Industry (CBI) and past Chairman of Whitbread plc, Geest plc, ECI Partners LLP, Tarmac plc and Kingfisher plc. His public sector appointments comprise first Contoller 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.

**Daniel Spiegelman, M.B.A.** Mr. Spiegelman had served as one of Xcyte's directors since September 2004, and continued on as a director of the company. Mr. Spiegelman has served as the Senior Vice President and Chief Financial Officer of CV Therapeutics, Inc. since September 1999. From January 1998 to September 1999, Mr. Spiegelman served as the Vice President and Chief Financial Officer of CV Therapeutics, Inc. From 1991 until 1998, Mr. Spiegelman was employed by Genentech, Inc., a biotechnology company, holding various positions in the Treasury department, including the position of Treasurer from 1996 to 1998. Mr. Spiegelman also serves as a member of the board of directors of Affymax, Inc. and Oncothyreon, Inc., both publicly-traded biopharmaceuticals companies. Mr. Spiegelman holds a B.A. in Economics from Stanford University and an M.B.A. from Stanford Graduate School of Business.

**Continuing Class 2 Directors (Term to Expire in 2011)**

***Spiro Rombotis***. Mr. Rombotis joined Cyclacel in August 1997 and has over 25 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. Mr. Rombotis also served as Vice President, 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 and Head of Corporate Development at Centocor, Inc. as well as working 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.

***David U Prichard, Ph.D.*** Dr. U Prichard joined the Board of Directors of Cyclacel in May 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. He is also a Venture Partner with Red Abbey Venture Partners, private equity providers. Previously, he was Chief Executive Officer of 3-Dimensional Pharmaceuticals, Inc. from 1999 to 2003. In addition, he 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 Pharmaceuticals, and Vice President Biomedical Research, ICI Pharmaceuticals; and Senior Vice President and Scientific Director for Nova Pharmaceutical Corporation. He is a director of Life Technologies, Inc. and Silence Therapeutics plc. He is the non-executive Chairman of Oxagen Ltd. He was Chairman of the Pennsylvania Biotechnology Association in 2004-2005. From 1992 to 1997 he was a member of the board 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.

**Nominees for Class 3 Directors (Term to Expire in 2012)**

***Paul McBarron***. Mr. McBarron joined Cyclacel in January 2002 and has over 16 years of experience as a financial executive with pharmaceutical and biotechnology companies. Since 1996, he was a senior member of the finance team at Shire Pharmaceuticals Group 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 employing fewer than 100 people. He was previously employed in various financial positions at Sterling Drug, Inc. and SmithKline Beecham Pharmaceuticals and qualified as a chartered accountant with Ernst & Young.

***Nicholas Bacopoulos, Ph.D.*** Dr. Bacopoulos joined the Board of Directors of Cyclacel in September 2008. He is currently a consultant to biotech and pharmaceutical companies. His previous leadership roles include CEO and President of Aton Pharma, where he led the development of Zolinza<sup>®</sup>, approved for the treatment of cutaneous T-cell lymphoma. Aton was subsequently acquired by Merck. He was previously President and Head of R&D at OSI Pharmaceuticals, where he was involved with the global development of Tarceva<sup>®</sup>, 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<sup>®</sup> and Zoloft<sup>®</sup>, and produced a significant pipeline of oncology drug candidates, several of which are in clinical trials. Dr. Bacopoulos is currently a consultant to various biotech and pharmaceutical companies. He also serves on the Board of Directors of Mersana Therapeutics, Inc. and Medexis Biotech, S.A., both privately-held biotechnology companies. He received his B.A. degree from Cornell College and his Ph.D. from the University of Iowa. He completed additional coursework and obtained a postdoctoral fellowship at Yale University School of Medicine.

***Christopher S. Henney, Ph.D., D.Sc.*** Dr. Henney had served as one of Xcyte's directors 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 Chairman of Oncothyreon, Inc. and is a director of AVI BioPharma Inc. 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.



### **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 The NASDAQ Stock Market, Inc., or NASDAQ:

David U Prichard, Ph.D.

Sir John Banham

Nicholas Bacopoulos, Ph.D.

Christopher Henney, Ph.D, D.Sc.

Daniel Spiegelman, M.B.A.

The Board of Directors has established three standing committees, (1) 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 December 31, 2008, there were five meetings of our Board of Directors, and the various committees of the Board met a total of nine times. All of our directors attended, either in person or by teleconference, our annual meeting of stockholders held in 2008.

During fiscal 2008, Professor Gordon McVie served as a member of the Compensation and Organization Development Committee. Professor McVie resigned from the Board of Directors, and as a member of the foregoing committee, on February 10, 2009. During fiscal 2008, Pierre Legault served as a member, and was Chairman of, the Audit Committee. Mr. Legault resigned from the Board of Directors and the Audit Committee on March 17, 2009.

*Audit Committee.* Our Audit Committee met five times during fiscal 2008. This committee currently has three members, Dan Spiegelman (Chairman), Sir John Banham and Dr. Christopher Henney. All members of the Audit Committee satisfy the current independence standards promulgated by the SEC and NASDAQ, as such standards apply specifically to members of audit committees. The Board has determined that Mr. Spiegelman is an audit committee financial expert, as the Securities and Exchange Commission has defined that term in Item 407 of Regulation S-K.

The Audit Committee of the Board of Directors oversees and monitors the processes management has in place to maintain the reliability and integrity of our accounting policies and financial reporting processes, to ensure the adequacy of internal accounting, financial reporting and disclosure controls, and to comply with legal and regulatory requirements that may impact our financial reporting and disclosure obligations. The Audit Committee is also responsible for reviewing the qualifications, independence and performance of, and selecting or replacing, if necessary, our independent registered public accounting firm and approving all audit and non-audit services and fees related thereto. In addition, the Audit Committee is responsible for reviewing, in consultation with our management and independent registered public accounting firm, the scope and results of (1) reviews of our quarterly financial statements, (2) audits of our annual financial statements, and (3) audits of our system of internal control over financial reporting and management's assessment of the effectiveness thereof. The Audit Committee may also perform other duties and responsibilities as the Audit Committee or the Board of Directors deems appropriate or necessary, including reviewing, evaluating and approving related-party or similar transactions or relationships. The Audit Committee maintains a written charter that outlines its responsibilities, which it reviews and reassesses annually and recommends any changes to the Board of Directors for approval. A copy of the Audit Committee's written charter is publicly available on our website at [www.cyclacel.com](http://www.cyclacel.com). Please also see the report of the Audit Committee set forth elsewhere in this proxy statement.

*Compensation and Organization Development Committee.* Our Compensation and Organization Development Committee met four times during fiscal 2008. This 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 NASDAQ. The

committee currently has three members: Dr. Christopher Henney (Chairman), Dr. Nicholas Bacopoulos and Dr. David U Prichard. Generally, our Compensation and Organization Development Committee reviews, approves and makes 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. This committee also develops and implements policies, principles and procedures for the selection and performance review of the Company's executive officers (including our Chief Executive Officer), officers, directors, employees, consultants, and advisors; interprets and administers our Amended and Restated 2006 Equity Incentive Plan; reviews management's Compensation Discussion and Analysis and submits the Compensation Committee Report, which is set forth elsewhere in this proxy statement.

A copy of the Compensation and Organization Development Committee's written charter is publicly available on our website at [www.cyclacel.com](http://www.cyclacel.com).

*Nominating and Corporate Governance Committee.* Our Nominating and Corporate Governance Committee conducted its affairs during meetings of our Board of Directors during fiscal 2008, including the nomination of Nicholas Bacopoulos, Ph.D. to our Board of Directors and the introduction of a self-evaluation process to be undertaken by our Board of Directors, and did not meet separately. The Nominating and Corporate Governance Committee has two members, Sir John Banham (Chairman) and Mr. Daniel Spiegelman, all of whom qualify as independent under the definition promulgated by NASDAQ. The functions of the Nominating and Corporate Governance Committee include making recommendations to the full Board of Directors as to particular nominees for election or appointment to the Board of Directors; making recommendations to the full Board of Directors as to the membership, structure and operations of the committees of the Board; reviewing and assessing the adequacy of our corporate governance guidelines, principles and practices and recommending changes to the full Board of Directors for approval; monitoring compliance with our Corporate Code of Conduct and Ethics; and reviewing and maintaining oversight of matters relating to the independence, operation and effectiveness of the Board of Directors and committee members.

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, 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. If a stockholder wishes to nominate a candidate to be considered for election as a director at our 2010 annual meeting of stockholders, such a recommendation should be submitted in writing to the Nominating and Corporate Governance Committee, c/o Paul McBarron, Secretary, Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922. Any such written recommendation should include a minimum of the following: (a) all information relating to such person that would be required to be disclosed pursuant to Regulation 14A under the Exchange Act (including such person's consent to being named in the proxy statement as a nominee and to serving as a director, if elected); (b) the name(s) and address(es) of the stockholder(s) making the recommendation; and (c) appropriate biographical information and a statement as to the qualification for service on our Board of Directors of the recommended person. Any such recommendation should be submitted in the time frame for stockholder proposals which are to be included in proxy materials for the Annual Meeting to be held in 2010 under the caption, "Stockholders' Proposals and Nominations for Director for 2009 Annual Meeting" set forth elsewhere in this proxy statement.

A copy of the Nominating Committee's written charter is publicly available on the Company's website at [www.cyclacel.com](http://www.cyclacel.com).

*Compensation Committee Interlocks and Insider Participation.* None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation and Organization Development Committee.

#### **Stockholder Communications to the Board**



Generally, stockholders who have questions or concerns should contact our Investor Relations department at (908) 517-7330 or email at [investor@cyclacel.com](mailto:investor@cyclacel.com). 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 non-employee members of our Board of Directors.

**Executive Officers**

The following table sets forth certain information regarding our current executive officers who are not also members of our Board of Directors. All such executive officers are at-will employees.

Name	Age	Position
Dr. Judy Chiao	49	Vice President, Clinical Development and Regulatory Affairs
Robert Sosnowski	50	Vice President, Sales & Marketing

**Judy Chiao, M.D.** Dr. Chiao joined Cyclacel in December 2004. From September 2002 to December 2004, she was at Aton Pharma, Inc., a wholly owned subsidiary of Merck & Co., laterally as Vice President, Oncology Clinical Research and Development. Prior to Aton's acquisition by Merck, she was responsible for leading the clinical development of SAHA, 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, New York, 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 City. 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.

**Robert Sosnowski.** Mr. Sosnowski joined Cyclacel in April 2008 and has more than 20 years experience in sales and marketing roles in several pharmaceutical companies. Prior to joining Cyclacel, Mr. Sosnowski held the position of Senior Thought Leader Liaison at Genentech, responsible for building advocacy with Key Opinion Leaders. Previously, he was President, CEO and Founding Partner with Dexgen Pharmaceuticals, after holding senior sales and marketing roles with Centocor, Inc., The Liposome Company and Amgen. Mr Sosnowski earned his Bachelor of Science degree in 1980 from the University of Connecticut.

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table shows the compensation paid or accrued during the last two fiscal years ended December 31, 2007 and 2008 to (1) our President and Chief Executive Officer, (2) our Executive Vice President, Finance, Chief Operating Officer and Chief Financial Officer, and (3) our next most highly compensated executive officer(s), other than our President and Chief Executive Officer and our Executive Vice President, Finance, Chief Operating Officer and Chief Financial Officer, who earned more than \$100,000 during the year ended December 31, 2008. The table also includes one additional executive who would have been among the most highly compensated executive officers except for the fact that he was not serving as an executive officer as of December 31, 2008.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock	Option	All	Total (\$)
				Awards (\$) <sup>(1)</sup>	Awards (\$) <sup>(2)</sup>	Other Compensation (\$) <sup>(3)</sup>	
Spiro Rombotis	2008	440,000	180,000	648 <sup>(4)</sup>	425,620 <sup>(5)</sup>	28,610	1,074,878
President and Chief Executive Officer	2007	420,000	136,500		317,849 <sup>(6)</sup>	20,964	895,313
Paul McBarron <sup>(7)</sup>	2008	251,935	103,525	648 <sup>(8)</sup>	243,185 <sup>(9)</sup>	15,636	614,929
Executive Vice President, Finance, Chief Operating Officer, Chief Financial Officer, Secretary	2007	324,804	107,854		198,826 <sup>(10)</sup>	20,170	651,654
Greg Reyes, MD, Ph.D. <sup>(11)</sup>	2008	221,200	0		0	41,255	262,455
Senior Vice President, Research	2007	156,923	24,000		37,891 <sup>(12)</sup>	27,636	246,450
Judy Chiao, MD	2008	290,000	95,200	328 <sup>(13)</sup>	212,810 <sup>(14)</sup>	19,444	617,782
Vice President, Clinical Development and Regulatory Affairs	2007	275,000	90,000		158,960 <sup>(15)</sup>	15,711	539,671

(1) This column represents the dollar amount recognized for financial statement reporting purposes for the fair value of stock awards. The fair value, a non-cash expense, was estimated using the Black-Scholes option-pricing method in accordance with

FAS 123R. See Note 13 to our Financial Statements reported in our Form 10-K for our fiscal year ended December 31, 2007 and Note 14 to our Financial Statements reported in our Form 10-K for our fiscal year ended December 31, 2008 for details as to the assumptions used to determine the fair value of the stock awards and stock options. See also our discussion of stock-based compensation under Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates.

- (2) This column represents the dollar amount recognized for financial statement reporting purposes for the fair value of stock options. The fair value, a non-cash expense, was estimated using the Black-Scholes option-pricing

method in accordance with FAS 123R. See Note 13 to our Financial Statements reported in our Form 10-K for our fiscal year ended December 31, 2007 and Note 14 to our Financial Statements reported in our Form 10-K for our fiscal year ended December 31, 2008 for details as to the assumptions used to determine the fair value of the stock awards and stock options. See also our discussion of stock-based compensation under Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates.

- (3) Consists of the following for all executive officers:  
Payments for private medical and health insurance, life insurance and permanent health insurance; matching contributions made

under the  
Company's UK  
Group

Personal Pension Plan and the US 401(k) Plan. In addition, Dr. Reyes was paid accommodation expenses related to his time spent in the UK during 2007 and 2008, respectively.

- (4) The company's stock-based compensation program includes restricted stock awards. Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2008 for restricted stock unit awards granted during 2008 as calculated under FAS 123R in connection with our November 18, 2008 award of 50,000 restricted stock units.
- (5) The company's stock-based compensation program includes incentive and non-statutory

stock options.  
Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2008 as calculated under FAS 123R in connection with our November 18, 2008 grant of 150,000 options.

(6) The company's stock-based compensation program includes incentive and non-statutory stock options. Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2007 as calculated under FAS 123R in connection with our December 6, 2007 grant of 200,000 options.

(7) Mr. McBarron's compensation was translated from pounds to the U.S. dollar using the exchange rate of \$1.9973 as of December 31, 2007 and \$1.4479 as of December 31, 2008.



(8) The company's stock-based compensation program includes restricted stock awards. Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2008 for restricted stock awards granted during 2008 as calculated under FAS 123R in connection with our November 18, 2008 award of 50,000 restricted shares of common stock.

(9) The company's stock-based compensation program includes incentive and non-statutory stock options. Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2008 as calculated under FAS 123R in connection with our November 18, 2008 grant of 150,000 options.

(10) The company's stock-based compensation program includes incentive and non-statutory stock options. Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2007 as calculated under FAS 123R in connection with our December 6, 2007 grant of 100,000 options.

(11) Dr. Reyes's employment commenced on June 22, 2007. Dr. Reyes's employment terminated on September 15, 2008.

(12) The company's stock-based compensation program includes incentive and non-statutory stock options. Total amounts disclosed reflect stock-based compensation expense incurred by us in fiscal 2007 as calculated under FAS 123R in connection with

our June 22,  
2007 grant of  
55,000 options,  
our December 6,  
2007 grant of  
25,000 options,  
and our  
December 22,  
2007 grant of  
25,000 options.

(13) The company's  
stock-based  
compensation  
program  
includes  
restricted stock  
awards. Total  
amounts  
disclosed reflect  
stock-based  
compensation  
expense  
incurred by us  
in fiscal 2008  
for restricted  
stock unit  
awards granted  
during 2008 as  
calculated under  
FAS 123R in  
connection with  
our  
November 18,  
2008 award of  
25,000 restricted  
stock units.

(14) The company's  
stock-based  
compensation  
program  
includes  
incentive and  
non-statutory  
stock options.  
Total amounts  
disclosed reflect  
stock-based  
compensation  
expense

incurred by us  
in fiscal 2008 as  
calculated under  
FAS 123R in  
connection with  
our  
November 18,  
2008 grant of  
75,000 options.

- (15) The company's  
stock-based  
compensation  
program  
includes  
incentive and  
non-statutory  
stock options.  
Total amounts  
disclosed reflect  
stock-based  
compensation  
expense  
incurred by us  
in fiscal 2007 as  
calculated under  
FAS 123R in  
connection with  
our December 6,  
2007 grant of  
100,000 options.

**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 Committee is composed entirely of independent directors and meets in executive session to discuss and formulate its recommendation for the CEO's base salary and bonus. The Committee does not rely solely on any predetermined formula or a limited set of criteria in evaluating the CEO's performance for the year. The evaluation is based on the CEO's success in achieving his performance goals, which include financial, strategic and leadership objectives. The CEO also provides the Compensation Committee with a self review of his performance as part of the company's review process.

The Compensation 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 Committee is authorized to engage and retain independent third party compensation and legal advisors to obtain advice and assistance on all matters related to executive compensation and benefit plans. During 2008, the Compensation Committee selected and engaged a representative of Radford Surveys and Consulting, a business unit of AON, to be the independent compensation consultant to the Committee, to assess our 2007 and 2008 executive compensation program. Using this extensive analysis, the Committee acted on the recommendations made to determine executive compensation and implement our compensation program structures for 2008 and 2009.

The company intends to engage periodically an external consultant to provide independent verification of market position and ensure the appropriateness of executive compensation.

On November 18, 2008, our board of directors, at the recommendation of the Compensation Committee, made stock option grants and restricted stock unit grants under our Amended and Restated 2006 Equity Incentive Plan to our executive officers.

The stock options were granted at an exercise price of \$0.44 per share, and are exercisable over a three-year period, with one-third of the options granted vesting on 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.

The restricted stock units vest over a four-year period, with one-fourth of the restricted stock units granted vesting on the first anniversary of the grant date, and the balance of the restricted stock units granted vesting ratably on a monthly basis over the following 36 months. Each restricted stock unit granted entitles the holder to one share of the Company's common stock. Our board of directors, at the recommendation of the Compensation Committee, also reviewed and made changes to the non-equity aspect of our executive compensation program, as described more fully below.

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 Operating Officer, Chief Financial Officer and Secretary.

On March 20, 2008, we entered into a three-year employment agreement with Mr. Spiro Rombotis, effective January 1, 2008. This agreement provides for an initial annual base salary of \$440,000, which was increased by our compensation committee on November 18, 2008 to \$460,000, and may be increased again in the future. 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 committee at the beginning of each year of employment, subject to the approval of our board of directors. The agreement was amended effective December 31, 2008, to make certain payments to be made under the agreement compliant with Section 409A of the Internal Revenue Code of 1986, as amended.

On March 31, 2008, we entered into a three-year employment agreement with Mr. Paul McBarron effective January 1, 2008. This agreement provides for an initial annual base salary of £174,000, which was increased by our compensation committee on November 18, 2008 to £181,000 and may be increased again in the future. 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 committee at the beginning of each year of employment, subject to the approval of the our board of directors.



**Outstanding Equity Awards At 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, 2008, 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.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested <sup>(1)</sup>
Spiro Rombotis	97,834		\$ 6.40	06/13/2016		
	80,000	80,000 <sup>(2)</sup>	\$ 6.95	12/20/2016		
	50,000	150,000 <sup>(3)</sup>	\$ 5.53	12/06/2017		
		150,000 <sup>(4)</sup>	\$ 0.44	11/18/2018	50,000 <sup>(5)</sup>	21,000
Paul McBarron	63,680		\$ 6.40	06/13/2016		
	50,000	50,000 <sup>(6)</sup>	\$ 6.95	12/20/2016		
	25,000	75,000 <sup>(7)</sup>	\$ 5.53	12/06/2017		
		150,000 <sup>(8)</sup>	\$ 0.44	11/18/2018	50,000 <sup>(9)</sup>	21,000
Judy Chiao	48,967		\$ 6.40	06/13/2016		
	40,000	40,000 <sup>(10)</sup>	\$ 6.95	12/20/2016		
	25,000	75,000 <sup>(11)</sup>	\$ 5.53	12/06/2017		
		75,000 <sup>(12)</sup>	\$ 0.44	11/18/2018	25,000 <sup>(13)</sup>	10,500

(1) The market value of the shares is determined by multiplying the number of shares by \$0.42, the closing price of our common stock on the NASDAQ Global Market on

December 31, 2008, the last day of our fiscal year.

(2) These options were granted on December 21, 2006, and are exercisable over a four-year period with one-quarter 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.

(3) These options were granted on December 6, 2007, and are exercisable over a four-year period with one-quarter 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.



(4) These options were granted on November 18, 2008, and vest over a three-year period, with one-third (1/3) 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.

(5) The restricted stock units were granted on November 18, 2008, and vest over a four-year period, with one-fourth (1/4) of the restricted stock units granted vesting on November 18, 2009, the first anniversary of the grant date, and the balance of the restricted stock units granted vesting ratably on a monthly basis over the following 36 months.

- (6) These options were granted on December 21, 2006, and are exercisable over a four-year period with one-quarter 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.

(7) These options were granted on December 6, 2007, and are exercisable over a four-year period with one-quarter 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.

(8) These options were granted on November 18, 2008, and vest over a three-year period, with one-third (1/3) 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.

(9) These shares of common stock

represent restricted stock and are subject to forfeiture; the restrictions shall lapse over a four-year period, as follows: the restrictions with respect to one-fourth (1/4) of the restricted stock granted shall lapse on November 18, 2009, the first anniversary of the grant date, and the restrictions with respect to the balance of the restricted stock granted shall lapse ratably on a monthly basis over the following 36 months.

- (10) These options were granted on December 21, 2006, and are exercisable over a four-year period with one-quarter 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.

(11) These options were granted on December 6, 2007, and are exercisable over a four-year period with one-quarter 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.

(12) These options were granted on November 18, 2008, and vest over a three-year period, with one-third (1/3) 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.

- (13) The restricted stock units were granted on November 18, 2008, and vest over a four-year period, with one-fourth (1/4) of the restricted stock units granted vesting on November 18, 2009, the first anniversary of the grant date, and the balance of the restricted stock units granted vesting ratably on a monthly basis over the following 36 months.

**Nonqualified Deferred Compensation**

We do not have any non-qualified deferred compensation plans.

**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 Amended and Restated 2006 Equity Incentive Plan already provides 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. The discussion assumes that the event occurred on December 31, 2008, the last business day of our fiscal year, at which time the closing price of our common stock as listed on the NASDAQ Global Market was \$0.42 per share.

*Spiro Rombotis, President and Chief Executive Officer*

On March 20, 2008, we entered into a three-year employment agreement, amended as of December 31, 2008, with Mr. Spiro Rombotis. Pursuant to this agreement, Mr. Rombotis received an initial annual base salary of \$440,000, which was increased by our compensation committee on November 18, 2008 to \$460,000 and may be increased again in the future, and he may also be 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 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 the performance of his services. In addition, Mr. Rombotis is entitled to certain employment benefits.

The agreement also provides for certain severance arrangements for Mr. Rombotis. In the event that Mr. Rombotis's employment is terminated without cause, other than termination for a change of control (each as defined in the 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's 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) 18 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; (ii) Severance Payments for a period of twelve months; and (iii) he will be entitled to a period of twelve months in which all of his vested options can be exercised.

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.

Mr. Rombotis's employment agreement was amended effective December 31, 2008, to make certain payments to be made under the agreement compliant with Section 409A of the Internal Revenue Code of 1986, as amended.

*Paul McBarron, Executive Vice President, Finance, Chief Operating Officer, Chief Financial Officer and Secretary*

On March 31, 2008, we entered into a three-year employment agreement with Mr. Paul McBarron effective January 1, 2008. Pursuant to this agreement, Mr. McBarron received an initial annual base salary of £174,000, which was increased to £181,000 by our compensation committee on November 18, 2008 and may be increased further in the future, and he may also be 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 committee at the beginning of each year of employment, subject to the approval of the our board of directors. The agreement also provides for reimbursement of reasonable and necessary expenses incurred by Mr. McBarron in connection with the performance of his services. In addition, Mr. McBarron is entitled to certain employment benefits.

The agreement also provides for certain severance arrangements for Mr. McBarron. In the event that Mr. McBarron's employment is terminated without cause, other than termination for a change of control (each as defined in the 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 12 months; and (iii) 18 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; (ii) Severance Payments for a period of twelve months; and (iii) he will be entitled to a period of twelve months in which all of his vested options can be exercised.

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.

The following summarizes the potential payments to each named executive officer under our Amended and Restated 2006 Equity Incentive Plan in connection with a termination or a change-in-control of the company.

#### **Termination**

*Termination For Cause* If an award recipient's service relationship with the Company terminates for cause (as defined in the Amended and Restated 2006 Equity Incentive Plan, or the 2006 Plan), 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 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 of the recipient's death.

**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** 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 the award was vested 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.

***Change of Control***

Pursuant to the terms of the Amended and Restated 2006 Equity Incentive Plan, in the event of a change in control (as defined in the 2006 Plan), all outstanding options, SARs and other awards granted under the 2006 Plan 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 Amended and Restated 2006 Equity Incentive Plan, 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 of 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 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 of control.

Under the 2006 Plan, a change of 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 1934 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 1934 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 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 in office immediately prior to such transaction or event constitutes less than a majority of the Board 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.

Notwithstanding the foregoing, a change of control shall not be deemed to have occurred if Cyclacel Group plc is or becomes the beneficial owner of 30% or more of the outstanding voting stock of the Company.

### Director Compensation

The following table shows the total compensation paid or accrued during the fiscal year ended December 31, 2008 to each of our directors:

Name	Fees Earned	Option	Total
	or Paid in Cash	Awards	
	(\$)	(\$) <sup>(1)</sup>	(\$)
David U Prichard, Ph.D.	74,000	94,782 <sup>(2)</sup>	168,782
Sir John Banham	30,250	50,191 <sup>(3)</sup>	80,441
Nicholas Bacopoulos, Ph.D.	12,666	1,360 <sup>(4)</sup>	14,026
Christopher S. Henney, Ph.D., D.Sc.	67,000	94,782 <sup>(5)</sup>	161,782
Pierre Legault	48,000	56,548 <sup>(7)</sup>	104,548
Daniel Spiegelman	34,000	50,191 <sup>(8)</sup>	84,191
Gordon McVie, M.D., Ph.D.	38,000	50,191 <sup>(9)</sup>	88,191

(1) This column represents the dollar amount recognized for financial statement reporting purposes for the fair value of stock options. The fair value, a non-cash expense, was estimated using the Black-Scholes option-pricing method in

accordance with  
FAS 123R.

- (2) Fair value of the options granted on February 19, 2008 was \$2.29 per share. 150,000 options remain outstanding as of December 31, 2008.
- (3) Fair value of the options granted on February 19, 2008 was \$2.29 per share. 75,000 options remain outstanding as of December 31, 2008.
- (4) Dr. Bacopoulos joined the Board of Directors on September 4, 2009. Fair value of the options granted on September 4, 2008, was \$0.79 per share. 25,000 options remain outstanding as of December 31, 2008.
- (5) Fair value of the options granted on February 19, 2008 was \$2.29 per share. 151,000 options remain outstanding as of December 31, 2008.

- (6) Mr. Legault resigned as a member of the Board of Directors effective as of March 17, 2009.
  
- (7) Fair value of the options granted on February 19, 2008 was \$2.29 per share. 70,000 options remain outstanding as of December 31, 2008. Pierre Legault resigned from the Board of Directors effective March 17, 2009.
  
- (8) Fair value of the options granted on February 19, 2008 was \$2.29 per share. 87,500 options remain outstanding as of December 31, 2008.

- (9) Fair value of the options granted on February 19, 2008 was \$2.29 per share. 75,000 options remain outstanding as of December 31, 2008. Professor McVie resigned from the Board of Directors effective February 10, 2009.
- (10) Professor McVie resigned as a member of the Board of Directors effective as of February 10, 2009.

**Director Compensation Program**

Non-employee directors are compensated for their services as members of the board of directors and any committee of the board of directors, each in the amount of an annual cash retainer of \$20,000. The chairmen of the Compensation and Organization Development Committee and the Nominating and Corporate Governance Committee are each entitled to an additional annual cash retainer of \$7,000. The chairman of the Audit Committee is entitled to an additional annual cash retainer of \$10,000. The chairman of our Board of Directors receives a \$54,000 annual cash retainer for his services, and the vice chairman receives a \$34,000 annual cash retainer for his services.

In addition to the annual cash retainers, the non-employee members of our board of directors are entitled to \$2,000 for each board meeting attended in person and \$1,000 for each board meeting attended telephonically. The non-employee directors are also reimbursed for certain customary business expenses in connection with attending board and committee meetings.

In addition to the cash compensation outlined above, the chairman and vice chairman of the board of directors are each entitled to receive annually an option to purchase 50,000 shares of our common stock. Each of the other non-employee directors is entitled to receive annually an option to purchase 25,000 shares of our common stock; the chairman of the Audit Committee is entitled to receive annually an option to purchase 10,000 shares of our common stock.

### **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, has furnished the following report:

The Audit Committee assists the Board 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. This committee's role and responsibilities are set forth in our charter adopted by the Board. This committee reviews and reassesses our charter annually and recommends any changes to the Board for approval.

In fiscal 2008, 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 accountants 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 Ernst & Young LLP.

The Audit Committee reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2008 with management and Ernst & Young LLP, our independent registered public accountants.

The Audit Committee discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to the conduct of the audit.

The Audit Committee received written disclosures and the letter from Ernst & Young LLP regarding its independence as required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Committee and the Committee further discussed with Ernst & Young LLP their independence. The 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 Committee determined appropriate.

Based on the Audit Committee's review of the audited consolidated financial statements and discussions with management and Ernst & Young LLP, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for filing with the SEC.

#### **Members of the Audit Committee**

Daniel Spiegelman (Chairman)

Sir John Banham

Dr. Christopher Henney

Prior to his resignation on March 17, 2009, Mr. Legault served as the Chairman of the Audit Committee. As such, he oversaw all matters related to, and up until, the filing of the Company's Annual Report on Form 10-K for the year ending December 31, 2008 and recommended to the Board of Directors the matters identified in the foregoing Report of the Audit Committee.

#### **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 2008, all reports to be filed pursuant to Section 16(a) of the Exchange Act were filed on a timely basis, except that an initial report of ownership was filed late by Morgan Stanley, one report, covering an aggregate of 29 transactions, was filed late by Morgan Stanley, and one report, covering one transaction, was inadvertently filed late by Gregory Reyes, MD, Ph.D.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

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



**PROPOSALS TO BE VOTED UPON BY STOCKHOLDERS  
PROPOSAL 1: ELECTION OF CLASS 3 DIRECTORS**

**Background**

Under our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, 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 class is nominated. Dr. Nicholas Bacopoulos, Dr. Christopher Henney and Mr. Paul McBarron, are in the class of directors whose term expires at the Annual Meeting and, if elected, would serve until our 2012 annual meeting.

The Board of Directors has voted to nominate and Dr. Nicholas Bacopoulos, Dr. Christopher Henney and Paul McBarron, for election at the Annual Meeting to serve as Class 3 directors until the 2012 annual meeting of stockholders and until their respective successors have been elected and qualified.

Unless authority to vote for either of the nominees named above is withheld, the shares represented by the enclosed proxy will be voted FOR the election as directors of such nominees. 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 is required to elect each nominee as a director.

**Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THE ELECTION OF DR. NICHOLAS BACOPOULOS, DR. CHRISTOPHER HENNEY AND PAUL MCBARRON AS CLASS 3 DIRECTORS, AND PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.**

**PROPOSAL 2: RATIFICATION OF APPOINTMENT  
OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Ernst & Young LLP, independent registered public accounting firm, to audit our consolidated financial statements for the fiscal year ending December 31, 2009. The Board proposes that the stockholders ratify this appointment. Ernst & Young LLP, or E&Y, audited our consolidated financial statements for the fiscal year ended December 31, 2008. We expect that representatives of E&Y will be present at the 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 E&Y for the audit of Cyclacel's annual financial statements for the years ended December 31, 2008 and 2007, and fees billed for other services rendered by E&Y during those periods.

	<b>2007</b>	<b>2008</b>
Audit fees: <sup>(1)</sup>	\$739,041	\$431,770
Audit related fees:		
Tax fees: <sup>(2)</sup>	93,891	71,127
All other fees:		
Total	\$832,932	\$502,897

(1) Audit fees represent fees of E&Y for the audit of the company's annual consolidated financial statements; reviews of the company's quarterly results of operations and reports on Form 10-Q; the audit of management's assessment of the effectiveness of the company's internal control over financial reporting and the audit of internal control over financial reporting; and the 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, consents, and assistance with review of documents filed with the SEC. The reduction in audit fees from fiscal year end 2007 to fiscal year end 2008 is due primarily to the exchange rate between the English pound and the U.S. dollar.

- (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 the independent auditor. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

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 auditor 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 auditor, 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 auditor'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 the independent auditor.

Prior to engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires the independent auditor 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 the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor.

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 Ernst & Young LLP as our independent registered public accounting firm, the Audit Committee will reconsider its appointment.

**Required Vote**

The affirmative vote of a majority of the shares present, in person or by proxy, 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 ERNST & YOUNG, LLP OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, AND PROXIES SOLICITED BY THE BOARD WILL BE VOTED IN FAVOR OF SUCH RATIFICATION UNLESS A STOCKHOLDER INDICATES OTHERWISE ON THE PROXY.**

### **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](http://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, Chief Operating and Chief Financial Officer and Executive Vice President, Finance, 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 NASDAQ.

### **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 2010 Annual Meeting of Stockholders, stockholder proposals must be received no later than December 18, 2009. To be considered for presentation at the 2009 Annual Meeting of Stockholders, although not included in the proxy statement, proposals must be received no earlier than December 30, 2009 and no later than February 6, 2010. Proposals that are not received in a timely manner will not be voted on at the 2009 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 30, 2009

**Our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (other than exhibits thereto) filed with the SEC, which provides additional information about us, is available on the Internet at [www.cyclacel.com](http://www.cyclacel.com) and is available in paper form to beneficial owners of our common stock without charge upon written request to 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922, Attention: Paul McBarron, Chief Financial and Chief Operating Officer and Executive Vice President, Finance, and Secretary.**

VOTE BY INTERNET [www.proxyvote.com](http://www.proxyvote.com) Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web CYCLACEL PHARMACEUTICALS, INC. site and follow the instructions to obtain your records and to create an 200 CONNELL DRIVE electronic voting instruction form. SUITE 1500 ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS BERKELEY HEIGHTS, NJ 07922 If you would like to reduce the costs incurred by Cyclacel Pharmaceuticals, Inc. in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years. VOTE BY PHONE 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Cyclacel Pharmaceuticals, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: M14301 KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. CYCLACEL PHARMACEUTICALS, INC. For Withhold For All To withhold authority to vote for any individual All All Except nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1 AND 2. 0 0 0 Vote on Directors 1. ELECTION OF DIRECTORS Nominees: 01) Nicholas Bacopoulos, Ph.D. 02) Christopher Henney, Ph.D., D. Sc. 03) Paul McBarron Vote on Proposal For Against Abstain 2. Proposal to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending 0 0 0 December 31, 2009. The shares represented by this proxy, when properly executed, will be voted in the manner directed herein by the undersigned Stockholder(s). If no direction is made, this proxy will be voted FOR items 1 and 2. If any other matters properly come before the meeting, or if cumulative voting is required, the person named in this proxy will vote in their discretion. (NOTE: Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name, by authorized officer. If a partnership, please sign in partnership name by authorized person.) Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). M14302 CYCLACEL PHARMACEUTICALS, INC. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS ANNUAL MEETING OF STOCKHOLDERS May 21, 2009 The stockholder(s) hereby appoint(s) Spiro Rombotis and Paul McBarron, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Cyclacel Pharmaceuticals, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 a.m. Eastern Time on May 21, 2009, at the company's headquarters at 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, and any adjournment or postponement thereof. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR THE PROPOSAL. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE CONTINUED AND TO BE SIGNED ON REVERSE SIDE