

Cyclacel Pharmaceuticals, Inc.

Form DEF 14A

September 21, 2010

**Table of Contents**

**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 Pursuant to §240.14a-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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

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

September 21, 2010

Dear Stockholder,

You are cordially invited to attend the Special Meeting of the Preferred Stockholders of Cyclacel Pharmaceuticals, Inc. to be held at 1:00 p.m., EDT, on October 4, 2010 at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., The Chrysler Center, 666 Third Avenue, 25<sup>th</sup> Floor, New York, New York, 10017. The attached notice of meeting and proxy statement describe the business we will conduct at the meeting and provide information about us that you should consider when you vote your shares.

At the meeting, you are being asked to elect two directors to fill the newly created directorships on our Board of Directors pursuant to the terms of the Certificate of the Powers, Designations, Preferences and Rights governing the 6% Convertible Exchangeable Preferred Stock (the **Preferred Stock**). Lloyd Sems and Gregory T. Hradsky have been nominated by a holder of our Preferred Stock. Such other business will be transacted as may properly come before the meeting.

Whether you plan to attend the meeting or not, it is important that you cast your vote either in person or by proxy. Therefore, when you have finished reading the proxy statement, you are urged to vote in accordance with the instructions set forth in this proxy statement. 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.

If you wish to attend the meeting in person, you will need to register with us in advance. You can register by contacting our investor relations office by no later than September 27, 2010, by telephone at (908) 517-7330, by mail at Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, by fax at (866) 271-3466, or by e-mail to [ir@cyclacel.com](mailto:ir@cyclacel.com).

Thank you for your ongoing support of Cyclacel Pharmaceuticals, Inc.

Sincerely,

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

**Table of Contents**

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

September 21, 2010

**NOTICE OF SPECIAL MEETING OF PREFERRED STOCKHOLDERS**

TIME: 1:00 p.m., EDT

DATE: October 4, 2010

PLACE: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., The Chrysler Center, 666 Third Avenue, 25<sup>th</sup> Floor,  
New York, New York, 10017

**PURPOSES:**

1. To elect two directors to serve until the earlier of (a) a term expiring at the 2011 annual meeting, in the case of one director, and a term expiring at the 2013 annual meeting, in the case of the other director, of stockholders, and (b) and such time as all accrued and unpaid dividends on the Preferred Stock have been declared and paid or set apart for payment.

2. 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 6% Convertible Exchangeable Preferred Stock (the **Preferred Stock**) at the close of business on September 15, 2010. A list of holders of record of our Preferred Stock will be available at the meeting and during the ten days prior to the meeting at the office of our Secretary at the above address.

**The presence, in person or by proxy, of the holders of at least a majority of our issued and outstanding shares of Preferred Stock is required to constitute a quorum. Accordingly, whether you plan to attend the 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.**

*If you plan to attend the meeting, you must register in advance by contacting 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, by fax at (866) 271-3466, or by e-mail to [ir@cyclacel.com](mailto:ir@cyclacel.com). Only registered and beneficial owners will be permitted to register. Requests for registration will be processed in the order in which they are received and must be requested by no later than September 27, 2010. Please note that seating is limited and registration of stockholders will be accepted on a first-come, first-served basis. On the day of the meeting, each stockholder will be required to present a valid picture identification such as a driver's license or passport. Seating will begin at 12:00 p.m. and the meeting will begin at 1:00 p.m.*

**BY ORDER OF THE BOARD OF DIRECTORS**

/s/ Paul McBarron  
Paul McBarron  
Secretary

TABLE OF CONTENTS

	Page
<u>GENERAL INFORMATION ABOUT THE SPECIAL MEETING</u>	1
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	6
<u>MANAGEMENT AND CORPORATE GOVERNANCE</u>	7
<u>EXECUTIVE OFFICER AND DIRECTOR COMPENSATION</u>	14
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	24
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	24
<u>PROPOSAL TO BE VOTED UPON BY STOCKHOLDERS: ELECTION OF DIRECTORS</u>	25
<u>OTHER MATTERS</u>	26
<u>STOCKHOLDER PROPOSALS AND NOMINATIONS FOR DIRECTOR</u>	26

---

**Table of Contents**

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

**PROXY STATEMENT FOR THE CYCLACEL PHARMACEUTICALS, INC.  
SPECIAL MEETING OF PREFERRED STOCKHOLDERS  
TO BE HELD ON OCTOBER 4, 2010**

**GENERAL INFORMATION ABOUT THE MEETING**

**Why Did I Receive this Proxy Statement?**

You received this proxy statement and the enclosed proxy card because Lloyd I. Miller, a holder of 10% or more of the issued and outstanding 6% Convertible Exchangeable Preferred Stock (the **Preferred Stock**) of the Company, has requested that the Company call a special meeting of the holders of our Preferred Stock to vote and elect directors to fill two newly created directorships on the Company's Board of Directors.

Pursuant to the terms of the Company's Certificate of the Powers, Designations, Preferences and Rights governing the 6% Convertible Exchangeable Preferred Stock (the **Certificate**), holders of the Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors, out of the funds of the Company legally available therefor, cash dividends payable in equal quarterly installments on February 1, May 1, August 1 and November 1. The Certificate further provides that, if the Company is in arrears in an aggregate amount equal to at least six quarterly dividends (whether or not consecutive), the number of members of the Company's Board of Directors will be increased by two, effective as of the time of election of such directors, and the holders of Preferred Stock, voting separately as a class, will have the right to vote and elect such two additional directors. As of August 1, 2010, the Company was in arrears in an aggregate amount equal to six quarterly dividends on the Preferred Stock.

Mr. Miller has nominated Lloyd Sems and Gregory T. Hradsky as the two additional directors. We have not received any other nominations for directors by the holders of the Preferred Stock. Pursuant to the terms of the Certificate, the Board of Directors shall determine which class of directors on the Company's classified board to appoint any individuals elected by the holders of Preferred Stock. The Board of Directors has determined that Mr. Sems, if elected, would be appointed to Class 2, with a term expiring at the Company's 2011 annual meeting of stockholders, and Mr. Hradsky, if elected, would be appointed to Class 1, with a term expiring at the Company's 2013 annual meeting of stockholders. If elected, Messrs. Sems and Hradsky would serve as directors until the earlier of (a) the annual meeting of stockholders at which the class of such director to which such individual has been appointed expires, and (b) such time as all accrued and unpaid dividends on the Preferred Stock have been declared and paid or set apart for payment. The special meeting will be held at 1:00 p.m., EDT, on October 4, 2010 at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., The Chrysler Center, 666 Third Avenue, 25<sup>th</sup> Floor, New York, New York, 10017. This proxy statement, along with the accompanying Notice of Special Meeting of Preferred Stockholders, summarizes the purposes of the meeting and the information you need to know to vote at the special meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on October 4, 2010. The proxy statement is available at [www.proxyvote.com](http://www.proxyvote.com).**

On or about September 21, 2010, we began sending this proxy statement, the attached notice of special meeting and the enclosed proxy card to all Preferred Stockholders entitled to vote at the meeting.

## **Table of Contents**

### **Who Can Vote?**

Only stockholders who owned our Preferred Stock at the close of business on September 15, 2010 are entitled to vote at the special meeting. On this record date, there were 1,213,142 shares of our Preferred Stock issued and outstanding and entitled to vote.

You do not need to attend the special 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. For instructions on how to change or revoke your proxy, see **May I Change or Revoke My Proxy?** below.

For the ten-day period immediately prior to the special 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. Preferred Stock that you own entitles you to one vote.

### **How Do I Vote?**

You may either attend the special meeting or vote by proxy. If you vote by proxy, the individuals named on the proxy card, or your proxies, will vote your shares in the manner you indicate. You may specify whether your shares should be voted for all, some or none of the nominees for directors or withheld from all or any one of the nominees for director. Voting by proxy will not affect your right to attend the special 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 registered in your name, you may vote:

**By Internet or by telephone.** Follow the instructions attached to the proxy card to submit a proxy 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 in favor of the nominees.

**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 in advance of the special meeting if you plan to attend the meeting in person. If you wish to register in advance of the special meeting, please contact our investor relations office by no later than September 27, 2010, by telephone at (908) 517-7330, by mail at Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey, 07922, by fax at (866) 271-3466, or by e-mail to [ir@cyclacel.com](mailto:ir@cyclacel.com).

Telephone and Internet voting facilities for stockholders of record will be available 24-hours a day and will close at 11:59 p.m., EDT, on October 3, 2010.

If your shares are held in street name (held in the name of a bank, broker or other nominee who is the holder of record), 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 the record holder to vote by Internet or telephone.

**By mail.** You should receive instructions from the record holder explaining how to vote your shares.



## **Table of Contents**

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

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

The Board of Directors makes no recommendation on whether to vote in favor of or against the election of Lloyd Sems, as a Class 2 director, and Gregory T. Hradsky, as a Class 1 director.

If any other matter is properly presented at the special meeting, your proxy provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. We know of no matters that need to be acted on at the special meeting, other than those described in this proxy statement, and the Company's Amended and Restated Bylaws provide that only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Company's notice of meeting.

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

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

- By submitting a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;

- By re-voting by Internet or by telephone as instructed above;

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

- By attending the special meeting in person and voting in person. Attending the special meeting in person will not in and of itself change or revoke a previously submitted proxy.

Your most current proxy card or proxy submission by telephone or Internet is the one that will be counted.

### **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 Preferred 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 Vote?**

If your shares are registered in your name, they will not be voted if you do not return your proxy card by mail or vote 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 broker, bank or other nominee who holds your shares as described above under **How Do I Vote?**, the bank, broker or other nominee that holds your shares does not have the authority to vote your unvoted shares. If your broker cannot vote your shares on a particular matter because it has not received instructions from you, this is referred to as a broker non-vote.

**Table of Contents**

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

The nominees for directors who receive the most votes (also known as a plurality of the votes cast) will be elected. 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 do not have authority to vote customers' unvoted shares held by the firms in street name for the election of directors. As a result, any shares not voted by a customer will be treated as a broker non-vote. Such broker non-votes will have no effect on the results of this vote.

**What is the Effect of Not Casting Your Vote?**

If you hold your shares in street name, it is critical that you cast your vote if you want your vote to be counted for the election of directors. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank, broker or other nominee was allowed to vote those shares on your behalf in the election of directors in the bank, broker or other nominee's discretion.

Recent changes in regulation were made to take away the ability of your bank, broker or other nominee to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank, broker or other nominee how to vote in the election of directors, no votes will be cast on this proposal on your behalf. If you are a stockholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the special meeting.

**Is Voting Confidential?**

We will keep all of the proxies, ballots and voting tabulations private. We only let our Inspector of Election, an attorney from 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 not engaged a third party solicitor to assist us with the solicitation of proxies. Proxies may be solicited personally, by telephone or otherwise by our officers, directors and employees, who will receive no additional compensation for these services. We will ask banks, brokers and other nominees to forward these proxy materials to their principals and obtain authority to execute proxies. We will then reimburse such parties 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 Preferred Stock entitled to vote at the meeting 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 and abstentions are counted for purposes of determining whether a quorum exists. Broker non-votes will not be counted for purposes of determining whether a quorum exists.

**What Appraisal Rights Would I Have as a Dissenter?**

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

**Attending the Special Meeting**

The special meeting will be held at 1:00 p.m., EDT, on October 4, 2010, at the offices of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., The Chrysler Center, 666 Third Avenue, 25<sup>th</sup> Floor, New York, New York, 10017. When you arrive at our corporate headquarters, signs will direct you to the appropriate meeting room. You need not attend the special meeting in order to vote.

## **Table of Contents**

If you plan to attend the meeting, you must register in advance by no later than September 27, 2010. Registration will be granted only to registered and beneficial owners. You may register by contacting 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, by fax at (866) 271-3466, or by e-mail to [ir@cyclacel.com](mailto:ir@cyclacel.com). When contacting us, please provide the name under which you hold shares of record or the evidence of your beneficial ownership of shares described below.

Please note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to send a written request for registration either by regular mail, fax or e-mail, along with proof of share ownership, such as a copy of the portion of your voting instruction form showing your name and address, a bank or brokerage firm account statement or a letter from the broker, trustee, bank or nominee holding your shares, confirming ownership. Requests for registration will be processed in the order in which they are received and must be requested no later than September 27, 2010. Please note that seating is limited and requests for registration will be accepted on a first-come, first-served basis. On the day of the meeting, each stockholder will be required to present a valid picture identification such as a driver's license or passport. Seating will begin at 12:00 p.m. EDT and the meeting will begin at 1:00 p.m. EDT.

### **Householding of Annual Reports, Proxy Statements or Notice of Internet Availability of Proxy Materials**

In December 2000, the Securities and Exchange Commission, or the SEC, 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 stockholders reside, if we or your broker believe that the stockholders 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 householded, the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Each stockholder 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 stock and together both of you would like to receive only a single set of our annual disclosure documents, follow these instructions:

If your 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, bank or other nominee holds your shares, please contact the broker, bank 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.

### **Electronic Delivery of Company Stockholder Communications**

Most stockholders can elect to view future proxy statements over the Internet instead of receiving paper copies in the mail. You can choose this option and save the cost of producing and mailing these documents by:

- following the instructions provided on your proxy card or voter instruction form;
- following the instructions provided when you submit a proxy to vote over the Internet; or

going to *proxyvote.com* and following the instructions provided.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our Preferred Stock as of September 17, 2010 for (a) the executive officers named in the Summary Compensation Table located elsewhere in 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 Preferred Stock, relying solely upon the amounts and percentages disclosed in their public filings or other information made available to us.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days of September 17, 2010, including through the exercise of options or warrants. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. 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 Preferred Stock shown to be beneficially owned by them based on information provided to us by these stockholders.

Percentage of ownership is based on 1,213,142 shares of Preferred Stock outstanding as of September 17, 2010.

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>		
Dr. Nicholas Bacopoulos	0	0%
Sir John Banham	0	0%
Dr. Judy Chiao	0	0%
Dr. Christopher Henney	0	0%
Paul McBarron	0	0%
Spiro Rombotis	0	0%
Daniel K. Spiegelman	0	0%
Dr. David U Prichard	0	0%
Lloyd Sems (nominee)	0	0%
Gregory T. Hradsky (nominee)	0	0%
Executive officers and current directors as a group (9 persons)	0	0%
<i>5% Stockholders</i>		
Lloyd I. Miller <sup>(2)</sup>		
4550 Gordon Drive, Naples, FL 34102	245,163	20.21%

(1) 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  
Preferred Stock  
shown as  
beneficially  
owned.

- (2) Based on a letter dated August 4, 2010, sent to the Company by Mr. Miller.

Table of Contents**MANAGEMENT AND CORPORATE GOVERNANCE****The Board of Directors**

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as amended, provide that our business is 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 seven 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 2012 annual meeting; and (3) Sir John Banham and Daniel K. Spiegelman constitute a class with a term ending at the 2013 annual meeting.

At the special meeting, however, the holders of our Preferred Stock, voting separately as a class, will be entitled to vote and elect two additional directors pursuant to the terms of the Certificate. Thus, after the special meeting, our Board of Directors will consist of nine members, provided that the right of the holders of Preferred stock to elect directors as a separate class will end at such time as all accrued and unpaid dividends on the Preferred Stock have been declared and paid or set apart for payment. Such directorships shall also expire at such time.

Set forth below are the names of the persons nominated as directors and our current directors, 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 or have held directorships during the past five years. In addition, the following paragraphs include specific information about the experience, qualifications, attributes or skills of each of our directors, other than Messrs. Sems and Hradsky, who were nominated by Mr. Miller, that led the Board of Directors to the conclusion that the individual is qualified to serve on the Board of Directors as of the time of this filing, in light of our business and structure.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Spiro Rombotis	51	President and Chief Executive Officer; Director
Paul McBarron	50	Executive Vice President Finance, Chief Financial Officer, Chief Operating Officer and Secretary; Director
Dr. Nicholas Bacopoulos	61	Director
Sir John Banham	69	Director
Dr. Christopher Henney	69	Vice Chairman; Director
Daniel K. Spiegelman	51	Director
Dr. David U. Prichard	61	Chairman of the Board of Directors
Lloyd Sems	39	Director nominee
Gregory T. Hradsky	50	Director nominee

**Nominee for Class 1 Director (Term to Expire in 2013)**

Based on information provided to us by Mr. Miller, **Gregory T. Hradsky** has been an independent financial consultant since February 2006. He has served on the board of directors of Sielox, Inc. since June 2008 where he is Chairman of the Audit Committee. Between May 2003 and February 2006, Mr. Hradsky was a Vice President of Avenue Capital Group, a global investment firm, where he managed a portfolio of distressed securities, post-reorganization equities and other investments. From 1999 until 2003, Mr. Hradsky was the founder and Managing Partner of Bellport Capital, an investment firm specializing in distressed securities. Prior to that, Mr. Hradsky was a Managing Director and Head of the Distressed Securities Group at UBS Securities LLC from 1993 until 1998. Mr. Hradsky joined UBS in 1991 as a research analyst focusing on distressed credits. Prior to UBS, Mr. Hradsky was a member of the Distressed Securities Group and the High Yield Research Department at the First Boston Corporation from 1988-1991. He began his career at T. Rowe Price Associates in 1983 and worked in the Fixed Income Department until 1986. Mr. Hradsky has a B.A. from Loyola College in Maryland and a M.B.A. from the Wharton School of the University of Pennsylvania.



## Table of Contents

### **Continuing Class 1 Directors (Term to Expire in 2013)**

**Sir John Banham.** Sir John Banham is currently the Chairman of Johnson Matthey plc and Sultan Scientific Limited, and senior non-executive director of Invesco Limited. 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 Controller of the Audit Commission and first Chairman of the Local Government Commission for England. He was formerly Honorary Treasurer of the United Kingdom's Cancer Research Campaign prior to its merger with Imperial Cancer Research. He is a graduate of Cambridge University in Natural Sciences and has honorary degrees from a number of British universities.

Sir John Banham is qualified for service on our Board of Directors based on his professional experience and public service involvement in the business and scientific arenas in which our Company operates.

**Daniel K. 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., Omeros Inc, Oncothyreon, Inc. and Anthera Pharmaceuticals, Inc, publicly-traded biopharmaceuticals companies, as well as some private biotech companies. Mr. Spiegelman holds a B.A. in Economics from Stanford University and an M.B.A. from Stanford Graduate School of Business.

Mr. Spiegelman is qualified for service on our Board of Directors based on his extensive background in finance as well as his senior management experience with other biotechnology public companies. In addition, his current service on the board of directors of other public companies in the biopharmaceutical industry brings invaluable expertise to our Board of Directors.

### **Nominee for Class 2 Director (Term to Expire in 2011)**

Based on information provided to us by Mr. Miller, **Lloyd Sems** has served as President of Sems Capital, LLC and of Capital Edge, LLC, both of which he founded, since October 2003. He has also served as a director of Selectica, Inc. since June 2, 2008, and as Chairperson of the Nominating/Corporate Governance Committee of the Selectica Board since May 20, 2009. Previously, Mr. Sems served as Director of Research and Portfolio Manager for Watchpoint Asset Management. Mr. Sems holds a Bachelor of Science degree in Business Administration and Finance from Albright College. Mr. Sems also serves on the Board of Directors of Sport-Haley, Inc. (OTC Pink Sheets: SPOR), which he joined in April 2009. Mr. Sems also served on the Board of Directors of EMAK Worldwide, Inc. from February 2010 to April 2010.

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

**Spiro Rombotis.** Mr. Rombotis joined Cyclacel in August 1997 and has over 27 years of experience with pharmaceutical and biotechnology companies. He was previously Vice President of International Operations and Business Development; Managing Director, Europe; and Director, Japanese joint venture, at The Liposome Company, Inc. He also served as Vice President of Pharmaceuticals for Central and Eastern Europe and as Director of International Marketing at Bristol-Myers Squibb Company. He was Head of European Marketing and Sales, Head of Corporate Development and one of the first employees of Centocor, Inc. and worked in Business Development at Novartis AG. He holds a B.A. from Williams College and an M.B.A. and Master's degree in Hospital Management with honors, from the Kellogg Graduate School of Management, where he serves on the Kellogg Biotech Advisory Board. He also serves on the Board of Trustees of BioNJ, the biotechnology industry trade group in New Jersey.



## **Table of Contents**

Mr. Rombotis is qualified for service on our Board of Directors due to his many years of experience in the pharmaceutical and biotechnology industries as well as his managerial expertise and leadership skills. As the Company's Chief Executive Officer, Mr. Rombotis brings to the Board of Directors valuable knowledge of the Company's business, operations, strategy and future development prospects.

**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. and he served as a director of Alkermes, Inc., Guilford Pharmaceuticals Inc. and Lynx Therapeutics, Inc. He is the non-executive Chairman of Oxagen Ltd and he was Chairman of the Pennsylvania Biotechnology Association in 2004-2005. From 1992 to 1997, he was a member of the board of directors of the Biotechnology Industry Organization (BIO). He received a B.Sc. in Pharmacology from University of Glasgow in 1970 and a Ph.D. in Pharmacology from University of Kansas in 1975. Dr. U Prichard is qualified for service on our Board of Directors based on his significant senior level pharmaceutical industry experience and his extensive background in the consulting and financing realms of the pharmaceutical industry.

### **Continuing Class 3 Directors (Term to Expire in 2012)**

**Paul McBarron.** Mr. McBarron joined Cyclacel in January 2002 and has over 20 years of experience with pharmaceutical and biotechnology companies. He has served as a financial executive at Sterling Drug, Sanofi-Winthrop and SmithKline Beecham and most recently, from 1996 to 2001, as a senior member of the finance team at Shire Pharmaceuticals plc, where he held the positions of Director of Corporate Finance and Group Financial Controller. He joined Shire when it was an emerging public company. He qualified as a chartered accountant with Ernst & Young and serves on the Life Sciences Industry Advisory Board for the Scottish Government.

Mr. McBarron is qualified for service on our Board of Directors based on his financial expertise and his extensive experience in the pharmaceutical industry. As the Company's Chief Financial Officer and Chief Operating Officer, Mr. McBarron also provides the Board of Directors with unique insight into the Company's financial and operations, as well as the Company's strategy.

**Nicholas Bacopoulos, Ph.D.** Dr. Bacopoulos joined the Board of Directors of Cyclacel in September 2008. He is currently the Chief Executive Officer of Mersana Therapeutics, a private biotechnology company. From July 2009 to September 2010, Dr. Bacopoulos was chief executive officer of Kotinos Pharmaceuticals, Inc., a private company focused on the development of drugs for cancer and other disorders. His previous leadership roles include Chief Executive Officer and President of Aton Pharma, Inc., where he led the development of Zolinza®, approved for the treatment of cutaneous T-cell lymphoma. Aton was subsequently acquired by Merck & Co., Inc. He was previously President and Head of Research and Development at OSI Pharmaceuticals, Inc. where he was involved with the global development of Tarceva®, approved for the treatment of non-small cell lung cancer and pancreatic cancer.

Dr. Bacopoulos also worked for 17 years at Pfizer, where he held senior positions within Pfizer Central Research and Corporate Strategic Planning. He led the company's Cancer and Neuroscience Research groups, which developed several marketed drugs, including Geodon® and Zoloft®, and produced a significant pipeline of oncology drug candidates, several of which are in clinical trials. Dr. Bacopoulos 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, his Ph.D. from the University of Iowa and obtained a postdoctoral training at Yale University School of Medicine.



## **Table of Contents**

Dr. Bacopoulos is qualified for service on our Board of Directors based on his senior executive level experience in pharmaceutical companies, his educational background and his breadth of knowledge in the development of drugs for cancer, which enable Dr. Bacopoulos to contribute to the Company's strategy and strategic initiatives.

**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 the Chairman of Oncothyreon, Inc. and Anthera Pharmaceuticals, Inc. and on the board of directors 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.

Dr. Henney is qualified for service on our Board of Directors based on his senior executive experience in biotechnology companies. Dr. Henney has extensive knowledge and educational background in the relevant industry and he provides the Board of Directors with valuable leadership skills.

### **Director Independence**

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

Nicholas Bacopoulos, Ph.D.  
 Sir John Banham  
 Christopher Henney, Ph.D, D.Sc.  
 Daniel K. Spiegelman, M.B.A.  
 David U. Prichard, Ph.D.

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

### **Committees of the Board of Directors and Meetings**

**Meeting Attendance.** During the fiscal year ended December 31, 2009, there were ten meetings of our Board of Directors, and the various committees of the Board of Directors met a total of seven times. No director attended fewer than 75% of the total number of meetings of the Board of Directors and of committees of the Board of Directors on which he served during fiscal 2009. Three of our directors attended, in person, our annual meeting of stockholders held in 2009. During fiscal 2009, 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 2009, 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. Both Professor McVie and Mr. Legault were independent directors, as such term is defined by NASDAQ, while serving on our Board of Directors.

**Audit Committee.** Our Audit Committee met four times during fiscal 2009. The Audit Committee currently has three members, Daniel K. Spiegelman (Chairman), Sir John Banham and Dr. Christopher Henney. All members of the Audit Committee satisfy the current independence standards promulgated by the NASDAQ and SEC, as such standards apply specifically to members of audit committees. The Board of Directors has determined that Mr. Spiegelman is an audit committee financial expert, as the SEC has defined that term in Item 407 of Regulation S-K.

## **Table of Contents**

Our Audit Committee 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. Please also see the report of the Audit Committee set forth elsewhere in this proxy statement.

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).

*Compensation and Organization Development Committee.* Our Compensation and Organization Development Committee met three times during fiscal 2009. The Compensation and Organization Development Committee is composed entirely of directors who are not our current or former employees, all of whom qualify as independent under the definition promulgated by the NASDAQ and SEC. The Compensation and Organization Development Committee currently has 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. The Compensation and Organization Development 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), other officers, directors, employees, consultants and advisors and interprets and administers our Amended and Restated 2006 Equity Incentive Plan.

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 2009, including a self-evaluation process which was 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 K. Spiegelman, both of whom qualify as independent under the definition promulgated by the NASDAQ and SEC. 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 of Directors; 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.

## **Table of Contents**

The Nominating and Corporate Governance Committee may consider candidates recommended by stockholders as well as from other sources, such as other directors or officers, third party search firms or other appropriate sources for all potential candidates. The Nominating and Corporate Governance Committee may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, knowledge of the industry in which we operate, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board of Directors, and concern for the long-term interests of the stockholders. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to nominate a candidate to be considered for election as a director at our 2011 special 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) as to the nominee, (i) the name(s), age(s) and business address(es) of the nominee(s); (ii) the principal occupation or employment of such person; (iii) the class and number of shares of the Company that are beneficially owned by the nominee; and (iv) any other information relating to such person that would be required to be disclosed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's consent to being named in the proxy statement as a nominee and to serving as a director, if elected); and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and address of the stockholder, as they appear on the Company's books; and (ii) the class and number of shares of the Company which are owned of record by such stockholder and beneficially owned by such stockholder. Any such recommendation should be submitted in the time frame for stockholder proposals which are to be included in proxy materials for the special meeting to be held in 2011 under the caption, "Stockholder Proposals and Nominations for Director," set forth elsewhere in this proxy statement.

We have no formal policy regarding board diversity. Our Nominating and Corporate Governance Committee and Board of Directors may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity, which is not only limited to race, gender or national origin. Our Nominating and Corporate Governance Committee and Board of Directors' priority in selecting members is identification of persons who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members and professional and personal experiences and expertise relevant to our growth strategy.

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

### **Board Leadership Structure**

Dr. U Prichard serves as the Chairman of our Board of Directors and Mr. Rombotis serves as our President and Chief Executive Officer. Dr. U Prichard is an independent director under the definition promulgated by the NASDAQ and SEC and we believe that it is preferable for one of our independent directors to serve as Chairman of the Board of Directors. We also believe that this structure is the most effective structure for us and our stockholders at this time because a separate chairman (i) can provide the Chief Executive Officer with guidance and feedback on his performance, (ii) provides a more effective channel for the Board of Directors to express its views on management, (iii) allows the Chairman to focus on stockholder interests and corporate governance while providing Mr. Rombotis with the ability to focus his attention on managing our day-to-day operations. As Dr. U Prichard has significant senior level pharmaceutical industry experience, he is particularly well-suited to serve as Chairman.

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

### **Role in Risk Oversight**

Management is responsible for managing the risks that we face. The Board of Directors is responsible for overseeing management's approach to risk management that is designed to support the achievement of organizational objectives, including strategic objectives and risks associated with our clinical trials, to improve long-term organizational performance and enhance stockholder value. The involvement of the full Board of Directors in reviewing our strategic

objectives and plans, including with respect to our clinical trials, is a key part of the Board of Directors' assessment of management's approach and tolerance to risk. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us. In setting our business strategy, our Board of Directors assesses the various risks being mitigated by management and determines what constitutes an appropriate level of risk for us.

## **Table of Contents**

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

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

### **Stockholder Communications to the Board of Directors**

Generally, stockholders who have questions or concerns should contact our Investor Relations department at (908) 517-7330 or email at [ir@cyclacel.com](mailto:ir@cyclacel.com). However, stockholders wishing to submit written communications directly to the Board of Directors should send their communications to our Secretary, Paul McBarron, Cyclacel Pharmaceuticals, Inc., 200 Connell Drive, Suite 1500, Berkeley Heights, New Jersey 07922. All stockholder communications will be considered by the independent members of our Board of Directors.

### **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.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Dr. Judy Chiao	50	Vice President, Clinical Development and Regulatory Affairs
Robert Sosnowski	52	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. Inc., most recently as Vice President, Oncology Clinical Research and Development. Prior to Aton's acquisition by Merck, she was responsible for leading the clinical development of Zolinza®, a histone deacetylase inhibitor, for hematologic and solid tumor indications. From July 2000 to December 2001, Dr. Chiao was a Senior Medical Reviewer, Division of Oncology Drug Products, Center for Drug Evaluation and Research, U.S. Food and Drug Administration, where she was the agency's primary reviewer for a range of oncology drugs and regulatory subjects. She also presented the FDA's views in several New Drug Application reviews at Oncology Drug Advisory Committees. Dr. Chiao earned her Bachelor of Science in Chemistry (*summa cum laude*) at Columbia University, 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 27 years experience in sales and marketing roles at several pharmaceutical and major biotechnology companies. Prior to joining Cyclacel, Mr. Sosnowski was President, Chief Executive Officer and Co-Founder, Dexgen Pharmaceuticals, Inc., a specialty pharmaceutical company, and Vice President, Sales and Marketing, Algos Pharmaceutical Corporation. In addition, he has held senior sales and marketing roles with Genentech, Inc., Centocor, Inc., The Liposome Company, Inc., Amgen, Inc. and The Upjohn Company. Mr. Sosnowski earned his Bachelor of Science degree in 1980 from the University of Connecticut.

**Table of Contents****EXECUTIVE OFFICER AND DIRECTOR COMPENSATION****Summary Compensation Table**

The following table shows the compensation paid or accrued during the last two fiscal years ended December 31, 2008 and 2009 to (1) our President and Chief Executive Officer, (2) our Executive Vice President, Finance, Chief Financial Officer and Chief Operating Officer, and (3) our next most highly compensated executive officer, other than our President and Chief Executive Officer and our Executive Vice President, Finance, Chief Financial Officer and Chief Operating Officer, who earned more than \$100,000 during the year ended December 31, 2009.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Spiro Rombotis President and Chief Executive Officer	2009	460,000	138,000 <sup>(11)</sup>			32,188	630,188
	2008	440,000	180,000	22,000 <sup>(4)</sup>	42,000 <sup>(5)</sup>	28,610	712,610
Paul McBarron <sup>(6)</sup> Executive Vice President, Finance, Chief Operating Officer, Chief Financial Officer, and Secretary	2009	288,297	86,489 <sup>(11)</sup>			17,903	392,689
	2008	251,935	103,525	22,000 <sup>(7)</sup>	42,000 <sup>(8)</sup>	15,636	434,823
Judy Chiao, MD Vice President, Clinical Development and Regulatory Affairs	2009	302,000	72,480 <sup>(11)</sup>			20,552	395,032
	2008	290,000	95,200	11,000 <sup>(9)</sup>	21,000 <sup>(10)</sup>	19,444	436,644

(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 ASC Topic 718. See Note 14 to our Financial Statements



reported in our  
Form 10-K/A for  
our fiscal year  
ended  
December 31,  
2008 and Note 13  
to our Financial  
Statements  
reported in our  
Form 10-K/A for  
our fiscal year  
ended  
December 31,  
2009 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) These amounts  
represent the  
aggregate grant  
date fair value for  
option awards for  
fiscal years 2009  
and 2008,  
respectively,  
computed in  
accordance with  
FASB ASC Topic  
718. The grant  
date fair value of  
performance  
awards is  
determined based

on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 13 to our Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2009.

- (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 U.S. 401(k) Plan.
- (4) The Company's stock-based compensation program includes restricted stock awards. These amounts represent the aggregate grant date fair value for restricted stock units awarded for fiscal year 2008

computed in accordance with FASB ASC Topic 718. The grant date fair value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 13 to our Financial Statements, included in our Annual Report on Form 10-K for the year ended 2009. Total amounts disclosed reflect stock-based compensation the Company expects to incur as calculated under FASB ASC Topic 718 in connection with our November 18, 2008 grant of 50,000 restricted stock units.

**Table of Contents**

- (5) The Company's stock-based compensation program includes incentive and non-statutory stock options. These amounts represent the aggregate grant date fair value for option awards for fiscal years 2009, 2008 and 2007, respectively, computed in accordance with FASB ASC Topic 718. The grant date fair value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 13 to our Financial Statements, included in our Annual Report on Form 10-K for the year ended 2009. Total amounts

disclosed reflect  
stock-based  
compensation  
the Company  
expects to incur  
as calculated  
under FASB  
ASC Topic 718  
in connection  
with our  
November 18,  
2008 grant of  
150,000 options.

(6) Mr. McBarron's  
compensation  
was translated  
from British  
pounds to the  
U.S. dollar  
using the  
exchange rate of  
\$1.4479 as of  
December 31,  
2008 and  
\$1.59280 as of  
December 31,  
2009.

(7) The Company's  
stock-based  
compensation  
program  
includes  
restricted stock  
awards. These  
amounts  
represent the  
aggregate grant  
date fair value  
for restricted  
stock units  
awarded for  
fiscal year 2008  
computed in  
accordance with  
FASB ASC  
Topic 718. The  
grant date fair  
value of  
performance

awards is determined based on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 13 to our Financial Statements, included in our Annual Report on Form 10-K for the year ended 2009. Total amounts disclosed reflect stock-based compensation the Company expects to incur as calculated under FASB ASC Topic 718 in connection with our November 18, 2008 grant of 50,000 restricted stock.

- (8) The Company's stock-based compensation program includes incentive and non-statutory stock options. These amounts represent the aggregate grant date fair value

for option awards for fiscal years 2009, 2008 and 2007, respectively, computed in accordance with FASB ASC Topic 718. The grant date fair value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 13 to our Financial Statements, included in our Annual Report on Form 10-K for the year ended 2009. Total amounts disclosed reflect stock-based compensation the Company expects to incur as calculated under FASB ASC Topic 718 in connection with our November 18, 2008 grant of 150,000 options.

(9)

The Company's stock-based compensation program includes restricted stock awards. These amounts represent the aggregate grant date fair value for restricted stock units awarded for fiscal year 2008 computed in accordance with FASB ASC Topic 718. The grant date fair value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date. A discussion of the assumptions used in determining grant date fair value may be found in Note 13 to our Financial Statements, included in our Annual Report on Form 10-K for the year ended 2009. Total amounts disclosed reflect stock-based compensation the Company expects to incur



as calculated  
under FASB  
ASC Topic 718  
in connection  
with our  
November 18,  
2008 grant of  
25,000  
restricted stock  
units.

- (10) The Company's  
stock-based  
compensation  
program  
includes  
incentive and  
non-statutory  
stock options.  
These amounts  
represent the  
aggregate grant  
date fair value  
for option  
awards for fiscal  
years 2009,  
2008 and 2007,  
respectively,  
computed in  
accordance with  
FASB ASC  
Topic 718. The  
grant date fair  
value of  
performance  
awards is  
determined  
based on the  
probable  
outcome of such  
performance  
conditions as of  
the grant date. A  
discussion of  
the assumptions  
used in  
determining  
grant date fair  
value may be  
found in Note  
13 to our

Financial  
Statements,  
included in our  
Annual Report  
on Form 10-K  
for the year  
ended 2009.  
Total amounts  
disclosed reflect  
stock-based  
compensation  
the Company  
expects to incur  
as calculated  
under FASB  
ASC Topic 718  
in connection  
with our  
November 18,  
2008 grant of  
75,000 options.

- (11) Bonuses earned  
in 2009 were  
paid during  
fiscal year 2010  
and were not  
accrued in the  
Company's  
Financial  
Statements.

**Table of Contents**

**Narrative Disclosure to Summary Compensation Table**

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

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

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

The Compensation and Organization Development Committee is authorized to engage and retain independent 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 and Organization Development Committee selected and engaged a representative of Radford Surveys and Consulting, a business unit of AON, to be the independent compensation consultant to the Compensation and Organization Development Committee, to assess our 2007 and 2008 executive compensation program. Using this extensive analysis, the Compensation and Organization Development Committee acted on the recommendations made to determine executive compensation and implement our compensation program structures for 2008 and 2009. No external compensation consultant was engaged during 2009, although the Compensation and Organization Development Committee did consult independent external compensation survey data as part of the decision making process.

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 and Organization Development 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. During 2009, the Company granted 221,000 stock options to employees and directors of the Company with a weighted value exercise price of \$0.39 per share. No stock options were granted to our named executive officers during 2009.

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 and Organization Development Committee, also reviewed and made changes to the non-equity aspect of our executive compensation program, as described more fully below. During 2009, the Company did not grant any restricted stock units or restricted stock.

**Table of Contents**

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

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 and Organization Development Committee on November 18, 2008 to \$460,000, and may be increased again in the future. For 2009, Mr. Rombotis' annual salary remained at \$460,000. Mr. Rombotis is also eligible for a yearly incentive cash bonus, based on a percentage of his then current base salary, if he meets certain corporate and individual performance criteria set by the Compensation and Organization Development Committee at the beginning of each year of employment, subject to the approval of our Board of Directors. The agreement 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 and Organization Development Committee on November 18, 2008 to £181,000 and may be increased again in the future. For 2009, Mr. McBarron's annual salary remained at £181,000. Mr. McBarron is also eligible for a yearly incentive cash bonus, based on a percentage of his then current base salary, if he meets certain corporate and individual performance criteria set by the Compensation and Organization Development Committee at the beginning of each year of employment, subject to the approval of our Board of Directors.

**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, 2009, 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	Number of Securities	Option 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> \$
	Underlying Unexercised Options Exercisable	Underlying Unexercised Options Unexercisable				
Spiro Rombotis	97,834	0	\$ 6.40	06/13/2016		
	120,000	40,000 <sup>(2)</sup>	\$ 6.95	12/20/2016		
	87,500	112,500 <sup>(3)</sup>	\$ 5.53	12/06/2017		
	54,167	95,833 <sup>(4)</sup>	\$ 0.44	11/18/2018		
					36,458 <sup>(5)</sup>	37,916
Paul McBarron	63,680	0	\$ 6.40	06/13/2016		
	75,000	25,000 <sup>(6)</sup>	\$ 6.95	12/20/2016		
	43,756	56,244 <sup>(7)</sup>	\$ 5.53	12/06/2017		
	54,167	95,833 <sup>(8)</sup>	\$ 0.44	11/18/2018		
					36,458 <sup>(9)</sup>	37,916
Judy Chiao	48,967	0	\$ 6.40	06/13/2016		
	60,000	20,000 <sup>(10)</sup>	\$ 6.95	12/20/2016		

44,756	56,244 <sub>(11)</sub>	\$ 5.53	12/06/2017		
27,083	47,917 <sub>(12)</sub>	\$ 0.44	11/18/2018		
				18,229 <sub>(13)</sub>	18,958

(1) The market value of the shares is determined by multiplying the number of shares by \$1.04, the closing price of our common stock on the NASDAQ Global Market on December 31, 2009, 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-fourth (1/4) 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.

**Table of Contents**

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

(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-fourth (1/4) 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-fourth (1/4) of the options granted vesting on December 6, 2008, the first anniversary of the grant date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

- (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-fourth (1/4) 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-fourth (1/4) of the options granted vesting on December 6, 2008, the first anniversary of the grant date, and the balance of the options granted vesting ratably on a monthly basis over the following 36 months.

(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.

**Table of Contents**

**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, 2009, 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 \$1.04 per share. Our change-in-control arrangements with our executive officers are currently being reviewed and assessed by our Compensation and Organization Development Committee, in consultation with our Board of Directors. The reviewing process is on-going and has not yet been finalized.

*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 and Organization Development Committee on November 18, 2008 to \$460,000 and again to \$476,000 on February 11, 2010. He is also eligible to receive a yearly incentive cash bonus, based on a percentage of his then current base salary, if he meets certain corporate and individual performance criteria set by the Compensation and Organization Development Committee at the beginning of each year of employment, subject to the approval of our Board of Directors. The agreement also provides for reimbursement of reasonable and necessary expenses incurred by Mr. Rombotis in connection with 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.

## **Table of Contents**

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 Financial Officer, Chief Operating Officer and Secretary*

On March 31, 2008, we entered into a three-year employment agreement with Mr. Paul McBarron effective January 1, 2008. Pursuant to this agreement, Mr. McBarron received an initial annual base salary of £174,000, which was increased to £181,000 by our Compensation and Organization Development Committee on November 18, 2008 and again to £187,000 on February 11, 2010. He is also eligible to receive a yearly incentive cash bonus, based on a percentage of his then current base salary, if he meets certain corporate and individual performance criteria set by the Compensation and Organization Development Committee at the beginning of each year of employment, subject to the approval of 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.



**Table of Contents**

***Change in 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 of Directors or whose nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;

**Table of Contents**

all or substantially all of the business of the Company is disposed of pursuant to a merger, consolidation or other transaction in which the Company is not the surviving corporation or the Company combines with another Company and is the surviving corporation (unless the stockholders of the Company immediately following such merger, consolidation, combination, or other transaction beneficially own, directly or indirectly, more than 50% of the aggregate voting stock or other ownership interests of (x) the entity or entities, if any, that succeed to the business of the Company or (y) the combined company); the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which the Board of Directors in office immediately prior to such transaction or event constitutes less than a majority of the Board of Directors thereafter; or the stockholders of the Company approve a sale of all or substantially all of the assets of the Company or a liquidation or dissolution of the Company.

**Director Compensation**

The following table shows the total compensation paid or accrued during the fiscal year ended December 31, 2009 to each of our non-employee directors:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)<sup>(1)</sup></b>	<b>Total (\$)</b>
David U Prichard, Ph.D.	68,000	9,424 <sup>(2)</sup>	77,424
Sir John Banham	34,000	4,712 <sup>(3)</sup>	38,712
Nicholas Bacopoulos, Ph.D.	33,000	4,712 <sup>(4)</sup>	37,712
Christopher S. Henney, Ph.D., D.Sc.	54,000	9,424 <sup>(5)</sup>	63,424
Pierre Legault <sup>(6)</sup>	11,500	0 <sup>(7)</sup>	11,500
Daniel K. Spiegelman	41,500	6,597 <sup>(8)</sup>	45,597
Gordon McVie, M.D., Ph.D. <sup>(9)</sup>	10,000	0 <sup>(10)</sup>	10,000

(1) These amounts represent the grant date fair value of stock awards granted to each director in 2009 computed in accordance with FASB ASC Topic 718. The grant date fair value of performance awards is determined based on the probable outcome of such performance conditions as of the grant date. A



discussion of  
the assumptions  
used in  
determining  
grant date fair  
value may be  
found in Note  
13 to our  
Financial  
Statements,  
included in our  
Annual Report  
on Form 10-K  
for the year  
ended 2009.

- (2) Fair value of the  
options granted  
on March 27,  
2009 was \$0.27  
per share.  
200,000 options  
remain  
outstanding as  
of December 31,  
2009.
- (3) Fair value of the  
options granted  
on March 27,  
2009, was \$0.27  
per share.  
100,000 options  
remain  
outstanding as  
of December 31,  
2009.
- (4) Fair value of the  
options granted  
on March 27,  
2009 was \$0.27  
per share.  
50,000 options  
remain  
outstanding as  
of December 31,  
2009.
- (5) Fair value of the  
options granted

on March 27,  
2009 was \$0.27  
per share.  
221,000 options  
remain  
outstanding as  
of December 31,  
2009.

- (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 March 27,  
2009 was \$0.27  
per share. There  
were no options  
outstanding as  
of December 31,  
2009. Pierre  
Legault resigned  
from the Board  
of Directors  
effective  
March 17, 2009.
- (8) Fair value of the  
options granted  
on March 27,  
2009 was \$0.27  
per share.  
121,500 options  
remain  
outstanding as  
of December 31,  
2009.
- (9) Professor  
McVie resigned  
as a member of  
the Board of  
Directors  
effective as of  
February 10,  
2009.

- (10) Fair value of the options granted on March 27, 2009 was \$0.27 per share. There were no options outstanding as of December 31, 2009. Professor McVie resigned from the Board of Directors effective February 10, 2009.

**Table of Contents**

**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 Chairman 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 of Directors meeting attended in person and \$1,000 for each Board of Directors meeting attended telephonically. The non-employee directors are also reimbursed for certain customary business expenses in connection with attending Board of Directors 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.

**Table of Contents**

**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 2009, all reports to be filed pursuant to Section 16(a) of the Exchange Act were filed on a timely basis.

**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 5% of our voting securities and their affiliates.

**Table of Contents**

**PROPOSAL TO BE VOTED UPON BY STOCKHOLDERS  
ELECTION OF DIRECTORS**

**Background**

Pursuant to the terms of the Company's Certificate of the Powers, Designations, Preferences and Rights governing the 6% Convertible Exchangeable Preferred Stock (the **Certificate**), holders of the Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors, out of the funds of the Company legally available therefor, cash dividends payable in equal quarterly installments on February 1, May 1, August 1 and November 1. The Certificate further provides that, if the Company is in arrears in an aggregate amount equal to at least six quarterly dividends (whether or not consecutive), the number of members of the Company's Board of Directors will be increased by two, effective as of the time of election of such directors, and the holders of Preferred Stock, voting separately as a class, will have the right to vote and elect such two additional directors. As of August 1, 2010, the Company is in arrears in an aggregate amount equal to six quarterly dividends on the Preferred Stock.

Mr. Miller has nominated Lloyd Sems and Gregory T. Hradsky as the two additional directors. We have not received any other nominations for directors by the holders of the Preferred Stock. Pursuant to the terms of the Certificate, the Board of Directors shall determine which class of directors on the Company's classified board to appoint any individuals elected by the holders of Preferred Stock. The Board of Directors has determined that Mr. Sems, if elected, would be appointed to Class 2, with a term expiring at the Company's 2011 annual meeting of stockholders, and Mr. Hradsky, if elected, would be appointed to Class 1, with a term expiring at the Company's 2013 annual meeting of stockholders. If elected, Messrs. Sems and Hradsky would serve as directors until the earlier of (a) the annual meeting of stockholders of the class of directors to which such individual has been appointed, and (b) such time as all accrued and unpaid dividends on the Preferred Stock have been declared and paid or set apart for payment.

Unless authority to vote for either of the nominees named above is withheld, the shares represented by the enclosed proxy will be voted FOR the election as directors of Lloyd Sems and Gregory T. Hradsky.

**Required Vote**

A plurality of the votes cast at the special meeting is required to elect each nominee as a director.

**Recommendation**

**THE BOARD OF DIRECTORS DOES NOT MAKE A RECOMMENDATION IN FAVOR OF OR AGAINST THE ELECTION OF LLOYD SEMS AS A CLASS 2 DIRECTOR OR GREGORY T. HRADSKY AS A CLASS 1 DIRECTOR.**

**Table of Contents**

**OTHER MATTERS**

The Board of Directors knows of no other business which will be presented to the special meeting, and the Company's Amended and Restated Bylaws provide that only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Company's notice of meeting. If any other business is properly brought before the special 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 2011 Annual Meeting of Stockholders, stockholder proposals must be received no later than December 24, 2010. To be considered for presentation at the 2011 Annual Meeting of Stockholders, although not included in the proxy statement, proposals and nominations must be received no earlier than January 30, 2011 and no later than March 1, 2011. Proposals that are not received in a timely manner will not be voted on at the 2011 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.

**Our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2009 (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, Executive Vice President Finance, Chief Financial Officer, Chief Operating Officer and Secretary.**

**Table of Contents**

***CYCLACEL PHARMACEUTICALS, INC.  
200 CONNELL DRIVE  
SUITE 1500  
BERKELEY HEIGHTS, NJ 07922***

**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 site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**Electronic Delivery of Future PROXY MATERIALS**

If you would like to reduce the costs incurred by our company 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 proxy materials 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 Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR  
RECORDS

DETACH AND RETURN THIS  
PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

The Board of Directors does not have a recommendation for voting on the following:

1. Election of Directors

**Nominees**

**For    Against    Abstain**



Edgar Filing: Cyclacel Pharmaceuticals, Inc. - Form DEF 14A

1	Lloyd Sems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Gregory T. Hradsky	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon.

When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN  
WITHIN BOX]

Date

Signature (Joint Owners)

Date

---

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting:** The Notice & Proxy Statement is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**CYCLACEL PHARMACEUTICALS INC.  
This proxy is solicited by the Board of Directors  
Special Meeting of Preferred Stockholders  
October 4, 2010**

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 Special Meeting of the Preferred Stockholders to be held at 1:00 p.m. Eastern Time on October 4, 2010, 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**