

CYCLACEL PHARMACEUTICALS, INC.

COMPENSATION AND ORGANISATION DEVELOPMENT COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee (the “Committee”) established pursuant to this charter is to discharge the responsibilities of the Company’s Board of Directors (the “Board”) with respect to compensation matters for the Company’s executive officers and other employees, reporting annually to the Company’s stockholders on executive compensation matters, administration of the Company’s equity and other compensation plans, and such other actions and matters as the Board may from time to time authorize the Committee to undertake or assume responsibility for.

Membership and Power to Act

The Compensation Committee will be comprised of at least three members of the Board of Directors. Such members will be elected by and serve at the discretion of the Board. Each Committee member will serve on the Committee during his or her respective term as a Board member, subject to earlier removal by a majority vote of the Board. Unless a chair is elected by the Board, the members of the Committee may designate a chair by vote of the Committee.

As long as the Company’s Common Stock remains publicly traded, to the extent that the Board has members satisfying such criteria, each member of the Committee will be (1) “independent” as defined under applicable Nasdaq (or applicable stock exchange) rules (except as otherwise permitted under such rules), (2) a “non-employee director” under Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934, and (ii) as an “outside director” under the rules promulgated under Section 162(m) of the Internal Revenue Code of 1986. These terms are more fully described on Exhibit A attached hereto.

If one or more members of the Committee are absent from a meeting of the Committee or being present at a meeting recuse themselves from an action taken, the remaining members of the Committee (provided there are at least two such members), acting unanimously, shall have the power to take any necessary action. No action of the Committee shall be valid unless taken pursuant to a resolution adopted and approved by at least two members of the Committee. No member of the Committee shall participate in any discussions or deliberations relating to such person’s own compensation or other matters in which such person has a material interest.

Except with respect to matters relating to compensation of the Company’s Chief Executive Officer, with respect to which the Board delegates to the Committee exclusive authority during such period of time that the Committee is impanelled with at least two qualifying members as required above, the Board simultaneously reserves to itself all authority delegated hereunder to the Committee. This reservation of authority does not in any way limit the Committee’s authority to act definitively on matters delegated to it hereunder.

Meetings

The Committee will meet at such times as it deems appropriate to discharge its duties hereunder. The Committee may act by unanimous written consent.

Responsibilities

The authority delegated to the Committee is set forth below. This description of authority is intended as a guide and the Committee may act and establish policies and procedures that are consistent with these guidelines or are necessary or advisable, in its discretion to carry out the intent of the Board in delegating such authority and to fulfil the responsibilities of the Committee hereunder.

1. The Committee shall have the authority and responsibilities to review and approve the Company's strategy, guiding principles, objectives, policies and practices in the areas of compensation, performance evaluation, benefits, management development and human resource planning.
2. The Committee shall have the authority and responsibilities to assist the Board in developing and evaluating potential candidates for executive positions, including the Chief Executive Officer (CEO), executive vice presidents and senior vice presidents, and to oversee the development of executive and other senior management succession plans.
3. The Committee has exclusive authority to determine the amount and form of compensation paid to the Company's Chief Executive Officer, and to take such action, and to direct the company to take such action, as is necessary and advisable to compensate the CEO in a manner consistent with its determinations. The Committee will review at least annually the Chief Executive Officer's performance, including in light of goals and objectives established for such performance, and in light of such review determine his or her compensation.
4. The Company has authority to determine the amount and form of compensation paid to the Company's executive officers, officers, employees, consultants and advisors and to review the performance of such persons in order to determine appropriate compensation, as well as to establish the Company's general compensation policies and practices and to administer plans and arrangements established pursuant to such policies and practices. The Committee has authority to take such action, and to direct the Company to take such action, as is necessary and advisable to compensate such persons and to implement such policies and practices in a manner consistent with its determinations. It is expected that the Committee will delegate its authority on these matters with regard to non-officer employees and consultants of the Company to officers and other appropriate Company supervisory personnel.
5. The Committee has authority to administer the Company's equity compensation plans, including without limitation, to approve the adoption of such plans, to reserve shares of Common Stock for issuance thereunder, to amend and interpret such plans and the awards and agreements issued pursuant thereto, and to make awards to eligible persons under the plans and determine the terms of such awards.

6. The Committee has authority to select, engage, compensate and terminate compensation consultants, legal counsel and such other advisors as it deems necessary and advisable to assist the Committee in carrying out its responsibilities and functions as set forth herein. Compensation paid to such parties and related expenses will be borne by the Company and the Company will make appropriate funding available to the Committee for such purposes.
7. Except with respect to the responsibilities set forth in paragraph 3 above, the Committee may delegate its authority granted under this charter to a subcommittee of the Committee (consisting either of a subset of members of the Committee or, after giving due consideration to whether the eligibility criteria described above with respect to Committee members and whether such other Board members satisfy such criteria, any members of the Board). In addition, to the extent permitted by applicable law, the Committee may delegate to one or more officers of the Company the authority to grant stock options and other stock awards to employees (who are not executive officers or members of the Board) of the Company or of any subsidiary of the Company.
8. The Committee will prepare an annual report to the Company's stockholders on executive compensation that will be included in the Company's proxy statement of the Securities and Exchange Commission.
9. The Committee will make regular reports to the Board.
10. The Committee will review this Charter annually, or more frequently if necessary and make recommendations to the Board as regards any proposed changes to the Charter.
11. The Committee will review its own performance on an annual basis and report on its conclusions in this regard to the Board.
12. The Committee has the authority to perform such other activities and functions as are required by law, applicable Nasdaq (or stock exchange) rules or provisions in the Company's charter documents, or as are otherwise necessary and advisable, in its or the Board's discretion, to the efficient discharge of its duties hereunder.

Reports

The Committee will record its actions and determinations in written form. These records will be incorporated as a part of the minutes and actions of the Board.

Exhibit A

1. Independent Director

The Compensation Committee must be composed solely of 'independent' directors, as defined in NASD Rule 4200(a)(15). If the Compensation Committee is composed of at least three members, one non-independent director who is not a current officer or employee or family member of such person may serve on the Compensation Committee for up to two years.

The following would not be independent under NASD Rule 4200(a)(15):

- (a) An officer or employee of the company;
- (b) A director who has been employed by the company or any parent or subsidiary of the company within the past three years;
- (c) A director who received, or who had a family member who received, payments from the company of more than \$60,000 during the current fiscal year or any of the past three years, other than compensation to the director for Board service or compensation to a family member who is an employee but not an executive officer of the company, its parent, or any subsidiary;
- (d) A director who is the immediate family member of any person who was an executive officer of the company or any parent or subsidiary of the company within the past three years;
- (e) A director who is a partner, executive officer, or controlling shareholder of any organization to which the company made, or from which the company received, payments that exceed 5% of the recipient's gross revenues for that year, or \$200,000, whichever is more, during the current or any of the past three years, other than payments arising solely from investment;
- (f) A director who is an executive officer of another company where any of the company's executive officers has served on the compensation committee of the other company within the past three years;
- (g) A director who was a partner or employee of the company's outside auditor and worked on the company's audit during the past three years;
or
- (h) Any person who has a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgement.

2. Non-Employee Director

Rule 16b-3(b)(3)(i) of the Securities Exchange Act of 1934 defines a Non-Employee Director as a director who:

- (a) Is not currently an officer (as defined in Rule 16a-1(f) of the issuer or a parent or subsidiary of the issuer, or otherwise employed by the issuer or a parent or subsidiary of the issuer;
- (b) Does not receive compensation, either directly or indirectly, from the issuer or a parent or subsidiary of the issuer, for services rendered as a consultant or in any capacity other than a director, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Rule 404(a) of this chapter;
- (c) Does not possess any interest in any other transaction for which disclosure would be required pursuant to Rule 404(a) of this chapter; and
- (d) Is not engaged in a business relationship for which disclosure would be required pursuant to Rule 404(b) of this chapter.

3. Outside Director

Regulation 1.162-27(e)(3) promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended, defines an Outside Director as a director who:

- (a) Is not a current employee of the publicly held corporation;
- (b) Is not a former employee of the publicly held corporation who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year;
- (c) Has not been an officer of the publicly held corporation; and
- (d) Does not receive remuneration from the publicly held corporation, either directly or indirectly, in any capacity other than as a director. For this purpose, remuneration includes any payment in exchange for goods or services.