# Cyclacel Pharmaceuticals announces Financial Results for Fourth Quarter and year ended December 31, 2008

## -- Conference Call Scheduled Today at 4:30 PM ET --

**BERKELEY HEIGHTS, NJ, March 31, 2009** – Cyclacel Pharmaceuticals, Inc. (NASDAQ: CYCC, NASDAQ: CYCCP) announced today financial results and milestone highlights for the fourth quarter and year ended December 31, 2008. Cyclacel also provided an overview of its 2009 business objectives.

The Company's net loss for the fourth quarter of 2008 was $7.9 million or $0.39 per share, compared to a net loss for the fourth quarter of 2007 of $11.4 million or $0.56 per share. For the year ended December 31, 2008, Cyclacel reported a net loss, which included $0.5 million of one-time restructuring charges and non-cash items of $7.9 million of goodwill and intangibles impairment and $4.8 million of unrealized foreign exchange loses, of $40.4 million or $1.98 per share, compared to a net loss for the year ended December 31, 2007 of $24.1 million or $1.21 per share. As of December 31, 2008 cash, cash equivalents and short-term investments totaled $25.7 million.

### 2008 Corporate Highlights

In the oral sapacitabine program, Cyclacel:

- Completed enrollment in a sapacitabine Phase 2 randomized trial in elderly patients with acute myeloid leukemia (AML);
- Initiated a sapacitabine Phase 2 randomized trial in older patients with myelodysplastic syndromes (MDS);
- Continued enrollment in a sapacitabine Phase 2 randomized trial in patients with cutaneous T-cell lymphoma (CTCL);
- Received orphan designation for sapacitabine from the European Medicines Evaluation Agency (EMEA) in AML and MDS; and
- Published evidence of preclinical synergy of sapacitabine in combination with histone deacetylating (HDAC) inhibitors valproate and vorinostat.

During the year Cyclacel also:

- Continued enrollment in a seliciclib Phase 2 randomized trial in patients with nasopharyngeal cancer (NPC);
- Completed enrollment in the seliciclib APPRAISE Phase 2 randomized trial in lung cancer;
- Published combination data showing synergy between seliciclib and erlotinib (Tarceva®) in models of non-small cell lung cancer and seliciclib and trastuzumab (Herceptin®) in models of breast cancer;
- Continued enrollment in a Phase 1 trial of CYC116 in patients with solid tumors; and
- Launched Xclair® and Numoisyn® through our ALIGN Pharmaceuticals subsidiary to oncologists and radiotherapists in the U.S., achieving first year sales of $0.8 million.

"We are committed to developing sapacitabine as the first oral agent to reach the market for elderly patients with AML. We are encouraged by our discussions with the FDA on our proposed pivotal trial plan in a single arm study in approximately 100 patients on a dosing regimen to be selected from the ongoing randomized Phase 2 study of sapacitabine. Results of the pivotal study, if positive, may serve as the basis of an NDA filing," said Spiro Rombotis, President and CEO. "In September 2008, we reduced our workforce by approximately 30% and re-focused our research and development activities, which will result in a reduction of $9 million on an annualized basis in our non-core operating expenditures. The objective of this action was to allow us to concentrate our resources on the development of sapacitabine and realizing its commercial potential."

### Fourth Quarter and Year End 2008 Financials

For the fourth quarter of 2008, Cyclacel reported a net loss of $7.9 million or $0.39 per share, compared to a net loss for the fourth quarter of 2007 of $11.4 million or $0.56 per share. Total research and development (R&D) expenses in the fourth quarter of 2008 were $3.1 million compared to $6.8 million in the fourth quarter of 2007. The decrease in R&D expenses in the fourth quarter compared to the same period in 2007 was primarily due to lower employment and related costs following the workforce reduction in September 2008 and to a lesser extent the appreciation of the US dollar against the British pound during the fourth quarter of 2008 as compared to 2007.

Total selling, general and administrative expenses (SG&A) amounted to $4.0 million for each of the fourth quarters of 2008 and

2007. Foreign exchange gains of approximately $0.6 million for the fourth quarter of 2007 have been reclassified to other income from SG&A expense for comparative purposes.

For the year ended December 31, 2008, Cyclacel reported a net loss of $40.4 million, or $1.98 per share, compared to a net loss for the year ended December 31, 2007 of $24.1 million, or $1.21 per share. Total R&D expenses for the year ended December 31, 2008 were $18.9 million compared to $19.6 million for the year ended December 31, 2007. The decreased spending in 2008 compared to the same period in 2007 was primarily due to a decrease in preclinical and clinical trial expenses with respect to the CYC116 program and the cost savings from the workforce reduction in September 2008 offset by an increase in spending related to the expansion of the sapacitabine Phase 2 randomized study in MDS, as well as sapacitabine-related preclinical and product scale-up. Total SG&A expenses for the year ended December 31, 2008 were $15.4 million compared to $12.0 million for the year ended December 31, 2007. The increased spending in 2008 compared to the same period in 2007 was primarily due to launch activities and related sales and marketing expense of ALIGN including nine months amortization expense of $0.7 million related to intangible assets associated with the ALIGN acquisition in October 2007 before they were fully written off in September 2008. As a consequence of the reduction in market capitalization of the Company during 2008, the Company fully impaired goodwill acquired in the Xcyte and ALIGN transactions totaling approximately $4.3 million and intangible assets acquired in the ALIGN transaction totaling approximately $3.6 million. The goodwill was impaired in accordance with FAS 142 "*Goodwill and Other Intangible Assets*" while the intangible assets were impaired in accordance with FAS 144 "*Accounting for the Impairment or Disposal of Long-Lived Assets*".

The Company recorded interest income of $1.4 million in 2008 as compared to $3.6 million in 2007. This reduction resulted from the reinvestment of maturing short-term investments into cash and cash equivalents in 2008, which have a lower interest yield, for security purposes together with lower average cash, cash equivalent and short-term investment balances during 2008 versus 2007, During the year ended December 31, 2008 there were unfavorable unrealized foreign exchange movements of approximately $17.2 million on intercompany loans due to the appreciation of the U.S. dollar against the British pound. Of this, $4.8 million is recorded in the consolidated statement of operations within the separate line item foreign exchange gains/ (losses), within other income (expense) of $4.5 million with the offset of a realized gain of $0.3 million on transactions in the year in respect of underlying operations. The remaining $12.4 million is recognized in the consolidated balance sheet as other comprehensive income for the three months ended December 31, 2008 as repayment of intercompany loans is not expected in the foreseeable future.

Cash, cash equivalents and short-term investments totaled $25.7 million as of December 31, 2008. The Company continues to thoughtfully consider appropriate ways to conserve its cash resources. Cyclacel expects its cash resources will be sufficient to fund operations under current spending assumptions into the second quarter of 2010.

**Subsequent Developments**

On February 6, 2009, the Company announced progress with a pivotal trial plan for sapacitabine, its oral nucleoside analogue, for the treatment of hematological malignancies. The announcement followed a meeting with the U.S. Food and Drug Administration. The pivotal trial plan consists of treating in an open-label, single arm study approximately 100 patients with AML or MDS on a dosing regimen to be selected from the currently ongoing randomized Phase 2 study of oral sapacitabine in elderly patients.

**2009 Outlook**

Our major goals for 2009 are to:

- Report interim Phase 2 data of sapacitabine in elderly AML;
- Define a registration strategy and begin a registration trial for sapacitabine in hematological malignancies;
- Report interim Phase 2 data of sapacitabine in MDS and CTCL;
- Report APPRAISE Phase 2b data of seliciclib in non-small cell lung cancer ; and
- Report interim data from the lead-in stage of the Phase 2 study of seliciclib in NPC.

**Conference call and Webcast Information:**

Cyclacel management will review its fourth quarter and year end financials as well as discuss the progress of its pipeline and review 2009 highlights on a conference call scheduled for Tuesday, March 31 at 4:30 p.m. Eastern time. Conference call and webcast details are as follows:

US/Canada call: (877) 493-9121/ international call: (973) 582-2750
US/Canada archive: (800) 642-1687 / international archive: (706) 645-9291
Code for live and archived conference call is 90755737

Webcast: For the live and archived webcast, please visit the Corporate Presentations page on the Cyclacel website at

www.cyclacel.com. The webcast will be archived for 90 days and the audio replay for 7 days.

**About Cyclacel Pharmaceuticals, Inc.**

Cyclacel is a biopharmaceutical company dedicated to the discovery, development and commercialization of novel, mechanism-targeted drugs to treat human cancers and other serious disorders. Three orally-available Cyclacel drugs are in clinical development. Sapacitabine (CYC682), a cell cycle modulating nucleoside analog, is in Phase 2 studies for the treatment of acute myeloid leukemia in the elderly, myelodysplastic syndromes, cutaneous T-cell lymphoma and lung cancer. Seliciclib (CYC202 or R-roscovitine), a CDK (cyclin dependent kinase) inhibitor, is in Phase 2 for the treatment of lung cancer and nasopharyngeal cancer. CYC116, an Aurora kinase and VEGFR2 inhibitor, is in Phase 1 in patients with solid tumors. Cyclacel's ALIGN Pharmaceuticals subsidiary markets directly in the U.S. Xclair® Cream for radiation dermatitis, Numoisyn® Liquid and Numoisyn® Lozenges for xerostomia. Cyclacel's strategy is to build a diversified biopharmaceutical business focused in hematology, oncology and other therapeutic areas based on a portfolio of commercial products and a development pipeline of novel drug candidates.

Please visit www.cyclacel.com for additional information. Note: The Cyclacel logo and Cyclacel® are trademarks of Cyclacel Pharmaceuticals, Inc. Numoisyn® and Xclair® are trademarks of Sinclair Pharma plc. Tarceva® is a trademark of OSI Pharmaceuticals, Inc. and Herceptin® is a trademark of Genentech, Inc.

**Risk Factors**

This news release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Such forward-looking statements include statements regarding, among other things, the efficacy, safety, and intended utilization of Cyclacel's product candidates, the conduct and results of future clinical trials, plans regarding regulatory filings, future research and clinical trials and plans regarding partnering activities. Factors that may cause actual results to differ materially include the risk that product candidates that appeared promising in early research and clinical trials do not demonstrate safety and/or efficacy in larger-scale or later clinical trials, the risk that Cyclacel will not obtain approval to market its products, the risks associated with reliance on outside financing to meet capital requirements, and the risks associated with reliance on collaborative partners for further clinical trials, development and commercialization of product candidates. You are urged to consider statements that include the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plans," "anticipates," "intends," "continues," "forecast," "designed," "goal," or the negative of those words or other comparable words to be uncertain and forward-looking. These factors and others are more fully discussed under "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2008, as supplemented by the interim quarterly reports, filed with the SEC

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