



**NOTICE OF ANNUAL GENERAL MEETING**

# Letter from the Chairman and Chief Executive of Silence Therapeutics plc

Dear Shareholder,

Recently we published the 2007 Report & Accounts for Silence Therapeutics plc and today we publish the Interim accounts for the six months to 30 June 2008. I have pleasure in enclosing those Interim Accounts together with the notice of the forthcoming Annual General Meeting to be held on 17 October 2008.

Notwithstanding the recent volatility in our share price, you will have seen from our announcements over the last few weeks that our intellectual property position in the siRNA space has been considerably strengthened and it is our intention to capitalize upon this by closing further validating transactions with large pharmaceutical and biotech companies.

As stated in the 2007 Report and Accounts it is the Company's intention over the next 12 months:

- To establish further therapeutic R&D collaborations with international pharmaceutical companies
- To re-enforce our leadership position in siRNA delivery by establishing a broad range of delivery collaborations with both academic centres and commercial companies alike
- To broaden our discovery and development capabilities in the RNAi sector and advance further in-house programs
- To continue to assess possible M&A opportunities with a view to strengthening our product and technology base
- To file and maintain additional patents in the RNAi and delivery sector.

As a consequence and in order to have flexibility to achieve these goals I would like to confirm that it is your Board's intention, inter alia to seek renewal of the authority to issue, if necessary, up to 20% of the current issued share capital, equivalent to 23,976,700 shares, on a non pre-emptive basis over the next 12 months.

We envisage that the key initiatives involving the possible issue of equity are likely to include:

- Further transactions with Pharma and Biotech companies which may or may not involve those companies taking equity stakes in Silence Therapeutics plc. An essential component of our strategy is to enter third party collaborations with leaders in the pharmaceutical industry to ensure our technology and products are brought to the market in the most effective manner.
- The acquisition of companies, technology, products and Intellectual Property which will enhance our profile and capabilities in the sector. It is our stated intention to grow the business and whilst we will expand our infrastructure and competences we wish to have the ability and flexibility to capitalise on our success and commitment to the sector and making acquisitions may be a practical way of achieving this.
- The raising of additional funds from US and European institutions. As the business grows it may be beneficial to grow the capital base of the business and broaden the shareholder base on an international basis thereby, if necessary, providing the Company with the access to capital to accelerate the expansion of the business or complete M&A transactions. However it is not the intention of Company to make any kind of dilutive, non pre-emptive share issue unless it is considered to be more broadly for the benefit of the existing shareholders.

We believe that, with the continued support of shareholders, we can enhance substantially shareholder value over the next 12 months.

If you have any questions or wish to discuss the contents of this letter please do not hesitate to contact me.

**Iain G Ross**

Chairman  
Silence Therapeutics plc  
24 September 2008

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2008 Annual General Meeting of Silence Therapeutics plc will be held at Centre Point, 103 New Oxford Street, London WC1A 1DD at 10.00 a.m. on Friday 17 October 2008 for the following purposes:

As Ordinary Business to consider, and if thought fit, pass the following resolutions as Ordinary Resolutions:

1. To receive and adopt the Directors report, the financial statements and the auditors report for the year ended 31 December 2007.
2. To re-appoint Grant Thornton UK LLP as auditors and to authorise the Directors to fix their remuneration.
3. To re-elect the following person as Director, being a person who was appointed to the Board since the last Annual General Meeting.

**A V Clancy**

4. To re-elect the following person as a Director, being a person who was appointed to the Board since the last Annual General Meeting.

**J A P Randall**

5. To re-elect the following person as Director, who is retiring by rotation and is therefore offering himself for re-election.

**H R P Reynolds**

6. To re-elect the following person as a Director, who is retiring by rotation and is therefore offering himself for re-election.

**J L Curnock Cook**

As Special Business to consider, and if thought fit, pass the following resolutions which shall be proposed as to resolution 7 as an Ordinary Resolution and as to resolution 8 and 9 as Special Resolutions.

7. That the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £239,767 (being 20% of the Company's issued share capital as at 24 September 2008) provided that this authority shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of passing of this resolution (save that the Company may, before such expiry, make any offer or agreement which would, or might, require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired). This authority is in substitution for any and all authorities previously conferred on the Directors for the purposes of section 80 of the Act.

8. That the Directors be and they are hereby empowered pursuant to section 95(1) of the Act, subject to the passing of resolution 7 above, to allot equity securities (as defined in section 94 of the Act) of the Company for cash pursuant to the authority conferred on them by resolution 7 above as if section 89(1) of the Act did not apply to any such allotment provided that such power shall be limited to the allotment of equity securities for cash:

8.1 in connection with or pursuant to a rights issue or open offer or any other pre-emptive offer in favour of the holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective amounts of equity securities held by them subject to such exclusions or other arrangements as the Directors may consider appropriate or desirable to deal with the requirements of any regulatory body or stock exchange in any territory, fractional entitlements, treasury shares, record dates or legal or practical problems arising in, or pursuant to, the laws of any overseas territory; and

8.2 (other than pursuant to sub-paragraph 8.1 above) up to an aggregate nominal amount of £239,767, and

the power hereby conferred shall operate in substitution for any and all previous power given to the Directors pursuant to section 95(1) of the Act and shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling fifteen months from the date of passing of this resolution (save that the Company may, before the expiry of such power, make any offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred had not expired).

9. That with effect from 17 October 2008, the proposed new articles of association (the "New Articles") of the Company as submitted to the meeting be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company.

Your board believes that the resolutions to be proposed as an ordinary and special business at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly the Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company.

### BY ORDER OF THE BOARD

J M DAVIES. Company Secretary, 24 September 2008

REGISTERED OFFICE: 22 Melton Street, Euston Square, London NW1 2BW

# Explanatory Notes to the Notice of Annual General Meeting

## Proxies

- 1 A Form of Proxy is enclosed for your use.
- 2 A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of his rights to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or other authority (if any), must be deposited with the Company's registrars, Capita Registrars, proxy Department, PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time of the meeting, or any adjournment thereof.
- 3 Completion of a Form of Proxy will not preclude a member from attending and voting in person at the meeting should he/she so wish.
- 4 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.00 pm on Wednesday 15 October 2008 or, in the event that this meeting is adjourned, in the register of members of the Company at 6.00pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the above general meeting in respect of the number of shares registered in their name at the time. Subsequent changes to entries on the relevant register of securities will be disregarded in determining the rights of any person to attend or vote at the meeting.

## Documents on display

- 5 The following will be available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday and public holidays excepted) from the date of this notice up to and including the date of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting:
  - 5.1 Directors' service contracts and letters of engagement; and
  - 5.2 a copy of New Articles (as defined in Resolution 9) of the Company marked to show the changes being proposed in Resolution 9.

## Corporate members

- 6 In order to facilitate voting by corporate representatives at the Annual General Meeting ("the meeting"), arrangements will be put in place at the meeting so that
  - (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
  - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – <http://www.icsa.org.uk> – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

## Total number of shares and voting rights

- 7 As at 23 September 2008 (being the last practicable day prior to the publication of this notice) the Company's issued share capital consists of 119,883,536 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 119,883,536.

## Communication

- 8 You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice of Meeting (or in any related documents including the [Chairman's letter] and proxy form) to communicate with the Company for any purposes other than those expressly stated.

## Explanatory Notes to certain of the Resolutions

9 For the benefit of shareholders we provide the following notes concerning some of the Resolutions to be placed before them at the Annual General Meeting.

9.1 Resolutions 3 and 4. Annette Clancy and Jerry Randall were both appointed to the Board on 1 July 2008 and in accordance with the Companies Act are both standing for formal re-election by the shareholders.

Ms. Clancy has had a distinguished career spanning 30 years with Glaxo Smithkline (GSK). She has 15 years experience in Business Development, leading GSK's global Transactions and Alliance Management teams for the past three years, and during her tenure she and her team have been responsible for concluding a large number of research, development and commercial business collaborations on behalf of GSK. Prior to her role in Business Development, Ms. Clancy held a number of positions in Clinical Research, R&D project management and Commercialisation. Ms. Clancy has a BSc (Hons) Pharmacology from Bath University.

Mr. Randall is a qualified Chartered Accountant and is Chief Financial Officer of Sinclair Pharmaceuticals plc which he joined in 2000 as part of a management buy-in team. Prior to this, Mr. Randall worked in corporate finance with Gambit Corporate Finance and had previously been involved in two other buy-ins. He acted as adviser to both private and quoted companies between 1993 and 2000, in both the capacity of nominated adviser and in practice with KPMG. During this period, he was involved in a number of flotations and transactions on the Official List, Unlisted Securities Market and the Alternative Investment Market, as well as raising private equity.

9.2 Resolutions 5 and 6. Peter Reynolds and Jeremy Curnock Cook have been directors of the Company for a number of years and are retiring by rotation under the Companies Act and standing for re-election.

Peter Reynolds has spent over 30 years as a director of a range of both public and private companies. Currently, he is a director of a number of companies including Chairman of Eckoh Technologies plc and a non-executive director of Swallow Ventures Limited. Peter Reynolds is Chairman of Silence Therapeutics's Remuneration Committee and a member of Silence Therapeutics's Audit Committee.

Jeremy Curnock Cook is Executive Chairman of Bioscience Managers Limited, a corporate and investment advisory company. Mr. Curnock Cook founded Bioscience Managers Limited in February 2001, following 13 years with N.M. Rothschild & Sons Limited where he created and led the Rothschild Bioscience Unit - the international and multidisciplinary team responsible for the investment advisory and management of a number of funds. Prior to joining Rothschild, Mr. Curnock Cook founded the International Biochemicals Group (IBG) in 1975, and built an 80-person company which he sold to Royal Dutch Shell in 1985. Mr. Curnock Cook has served on more than 30 boards of directors in the life science sector in the UK, Europe, USA, Canada, Japan and Australia and his current directorships include Biocompatibles International plc and Targeted Genetics Inc (USA).

9.3 Resolutions 7 and 8. Your directors may only allot shares or grant rights over shares if authorised to do so by the shareholders. Your Directors also require additional authority from shareholders to allot shares or grant rights over shares where they propose to do so for cash or otherwise than to existing shareholders pro rata to their holdings. The authorities granted at the last Annual General meeting on 2 August 2007 are due to expire at the Company's Annual General Meeting in 2008, or on 2 November 2008, whichever is the earlier, and therefore require renewal. These resolutions, if passed, will continue to give the Directors flexibility to act in the best interest of the shareholders, when the opportunity arises, by issuing new shares. Resolution 7 will therefore be proposed as an ordinary resolution to grant a new authority to allot unissued share capital up to an aggregate nominal value of £239,767, representing 20% of the total issued ordinary share capital as at 24 September 2008. Resolution 8 will be proposed as a special resolution to allot shares or grant rights over shares for cash and otherwise than to existing shareholders pro rata to their holdings. The authority will be limited to shares to a maximum aggregate nominal value of £239,767, being 20% of the issued ordinary share capital. These two authorities, if given, will expire at the conclusion of the next Annual General Meeting in 2009.

#### 9.4 Resolution 9: Adoption of new articles of association

It is proposed in resolution 9 to adopt new articles of association (the "New Articles") in order to update the Company's current articles of association (the "Current Articles") primarily to take account of changes in English company law and practice since our existing articles were last updated and in particular those changes brought about by the Companies Act 2006. The Company is also proposing further changes, effective under the Companies Act 2006 from 1 October 2008, reflecting directors' interests and conflicts.

During the last year, a number of sections of the Companies Act 2006 have come into force which affect the constitutional documents of UK listed public companies. Given the number of amendments to be made in connection with this, combined with the necessary amendments explained in the Appendix below, the Directors consider it prudent to adopt new articles of association to comply with this new legislation. An explanation of the principal changes to be made to the existing articles of association is set out in the Appendix. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in the Appendix. The New Articles showing all the changes to the articles of association are available for inspection at the Company's registered office.

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The proposed New Articles, as proposed to be altered with effect from 17 October 2008, give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a way similar to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

## APPENDIX

Summary of material changes contained in the proposed New Articles of association of the Company

The principal changes which your Board recommends be made to the Company's existing articles of association are set out below.

1. General: Numerous changes have been made throughout the New Articles (in line with market practice) to reflect the provision for electronic communications mentioned above.
2. General: Generally the opportunity has been taken to bring clearer language into the proposed articles and in some areas to conform the language of the proposed New Articles.
3. General: References to statutory provisions in the Companies Act 1985 which have now been replaced by corresponding provisions in the 2006 Act are proposed to be amended.
4. General: the concept of an "extraordinary" resolution no longer exists under the Companies Act 2006 (the "2006 Act") and is replaced by special resolution, so the word "extraordinary" has been replaced with "special" or deleted throughout the proposed New Articles.
5. Article 60: Section 307 of the Companies Act 2006 (which came into force on 1 October 2007) provides that the annual general meetings of public limited companies require 21 days' notice and that all other meetings require 14 days' notice regardless of whether a special resolution is to be put to members.
6. Articles 73 and 79: Under the 2006 Act proxies are entitled to vote on a show of hands whereas under the current articles proxies are only permitted to vote on a poll. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The proposed New Articles reflect these new provisions.
7. Article 84: The articles currently enable members to act by written resolution. Under section 281(2) of the 2006 Act public companies can no longer pass written resolutions. These provisions have therefore been removed in the proposed articles.
8. Article 85. The proposed articles of association are amended to make it clearer that a shareholder that is a corporation may appoint more than one corporate representative.
9. Article 88 and 105. The current existing articles contain a provision limiting the age at which a director can be appointed. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the proposed New Articles.
10. Article 92. The requirement to keep a register of directors' interests was repealed on 1 April 2007 and, in line with market practice, we therefore propose to delete this article from the proposed New Articles.
11. Article 101.8. A new article has been added in relation to the directors' conflicts of interests. The 2006 Act contains a very broad provision requiring directors to avoid a situation where he has, or can have, a direct or indirect interest that conflicts or may possibly conflict with the interests of the company.
12. Article 116: The proposed articles of association provide that the notice of a meeting of the Directors shall be deemed to be duly given to a Director if sent to that Director through electronic means.
13. Article 126.2: Section 44 of the 2006 Act provides that a document may be validly executed by a company if signed by a director in the presence of a witness who attests the signature. The proposed New Articles incorporate this amendment.
14. Article 154. The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.



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