

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or what action you should take, you should immediately consult your stockbroker, bank manager, solicitor or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). Copies of this document will be available free of charge, for a period commencing on the date of this document and ending on the date one month after the General Meeting, from the Company's registered office, the address of which is set out on page 4 of this document, during normal business hours.**

If you have sold or otherwise transferred all of your existing holding of Ordinary Shares in Synairgen plc, please forward this document and the enclosed Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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# **SYNAIRGEN PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 05233429)*

## **Proposed Placing and Subscription and Notice of General Meeting**

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**Your attention is drawn to the Letter from the Chairman of Synairgen plc which recommends that you vote in favour of the resolutions to be proposed at the General Meeting referred to below.**

Notice of a General Meeting of Synairgen plc to be held at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU, at 11.00 a.m. on 13 June 2011 is set out at the end of this document. Shareholders will find accompanying this document a Form of Proxy for use at the General Meeting.

The Form of Proxy should be completed and returned to the Company's registrars, Capita Registrars PXS, 34 Beckenham Road, Beckenham BR3 4TU, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 11 June 2011. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Matrix Corporate Capital LLP, which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser to the Company for the purposes of the AIM Rules in connection with the matters referred to in this document and for no-one else, and will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for affording advice in relation to the matters referred to herein. Matrix Corporate Capital LLP accepts no liability whatsoever for the accuracy or opinions contained in this document (or for the omission of any material information) and shall not be responsible for the contents of this document.

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## INDICATIVE TIMETABLE

	<i>2011</i>
Latest time and date for receipt of Forms of Proxy	11.00 a.m., 11 June
General Meeting	11.00 a.m., 13 June
Expected Admission of Placing Shares and Subscription Shares	14 June

## FUNDRAISING STATISTICS

Placing Price	27 pence
Number of Ordinary Shares in issue at the date of this document	59,745,249
Number of new Ordinary Shares the subject of the Fundraising	9,814,815
Number of Ordinary Shares in issue following completion of the Fundraising	69,560,064
Gross proceeds of the Fundraising	£2.65 million

## DEFINITIONS

The following definitions apply throughout this document and in the accompanying Form of Proxy unless the context requires otherwise:

“Act”	the Companies Act 2006;
“AIM”	AIM, a market regulated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers published by the London Stock Exchange governing admission to and the operation of AIM (as amended from time to time);
“Board” or “Directors”	the directors of Synairgen whose names are set out on page 4 of this document;
“Company” or “Synairgen”	Synairgen plc;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the GM;
“FSA”	the Financial Services Authority;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“Fundraising”	the Placing and the Subscription;
“General Meeting” or “GM”	the General Meeting of Synairgen to be held at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU at 11.00 a.m. on 13 June 2011 (or any adjournment thereof), notice of which is set out at the end of this document;
“London Stock Exchange”	London Stock Exchange plc;
“Matrix”	Matrix Corporate Capital LLP;
“Ordinary Shares”	the ordinary shares of 1 penny each in the capital of the Company;
“Placing”	the placing of 9,359,262 new Ordinary Shares on behalf of the Company as described in this document;
“Placing Agreement”	the placing agreement between the Company and Matrix dated 27 May 2011 concerning <i>inter alia</i> the proposed Placing;
“Placing Price”	27 pence per Ordinary Share;
“Placing Shares”	the 9,359,262 new Ordinary Shares proposed to be placed pursuant to the Placing;
“Resolution”	the resolution to be proposed at the General Meeting, as set out in the notice of General Meeting at the end of this document;
“Shareholders”	holders of Ordinary Shares;
“Sterling” or “£”	the lawful currency of the United Kingdom;
“Subscription”	the subscription of shares by the Directors and others to subscribe for, in aggregate, 455,553 Ordinary Shares at the Placing Price, to be allotted at the same time as the Placing Shares;
“Subscription Shares”	the 455,553 new Ordinary Shares proposed to be subscribed for pursuant to the Subscription; and
“UK” or “the United Kingdom”	the United Kingdom of Great Britain and Northern Ireland.

**PART I**  
**LETTER FROM THE CHAIRMAN OF**  
**SYNAIRGEN PLC**

*(Incorporated and registered in England and Wales with registered no. 05233429)*

Simon Shaw (*Non-Executive Chairman*)  
Richard Marsden (*Chief Executive Officer*)  
Dr Phillip Monk (*Chief Scientific Officer*)  
John Ward (*Finance Director*)  
Iain Buchanan (*Non-Executive Director*)  
Dr Bruce Campbell (*Non-Executive Director*)  
Paul Clegg (*Non-Executive Director*)  
Professor Stephen Holgate (*Non-Executive Director and Co-Founder*)

*Registered Office:*  
Mailpoint 810  
Level F, South Block  
Southampton General Hospital  
Tremona Road  
Southampton  
SO16 6YD

27 May 2011

Dear Shareholder,

**Proposed Placing and Subscription, and Notice of General Meeting**

**1. Introduction**

The Company today announces that it proposes to raise £2.65 million (gross) by means of a placing with institutional and other investors of 9,359,262 new Ordinary Shares and a subscription by the Directors and others for 455,553 new Ordinary Shares, all at a price of 27 pence per Ordinary Share.

The Fundraising is conditional, *inter alia*, on the passing of the Resolution at the General Meeting.

This letter explains why the Board believes that the Fundraising is in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of the Resolution.

**2. Synairgen**

Synairgen is a drug discovery and development company specialising in respiratory diseases with a particular focus on viral defence. It was founded in 2003 by Professors Stephen Holgate, Donna Davies and Ratko Djukanovic at the University of Southampton.

Synairgen's lead programme is inhaled interferon beta for the following potential therapeutic indications:

- prevention of virus-induced exacerbations of asthma;
- treatment of hospitalised or "at risk" patients with influenza; and
- prevention of virus-induced exacerbations of Chronic Obstructive Pulmonary Disease ('COPD').

Viral infection (primarily the common cold virus) is responsible for up to 80 per cent. of asthma hospitalisations and is materially implicated in COPD. A Phase II proof of concept clinical trial in asthma patients commenced in March 2010 and is due to complete recruitment in Autumn 2011. Influenza results in substantial morbidity and mortality in hospitalised patients. Preclinical work has commenced for the influenza programme, with first results expected during Q3 2011.

The Ordinary Shares are traded on AIM under the symbol SNG. Further information on Synairgen can be found at [www.synairgen.com](http://www.synairgen.com).

### 3. Reasons for the proposed Fundraising

The net proceeds of the Fundraising will be used: to accelerate the completion of the ongoing Phase II study in asthma; to conduct additional laboratory-based work on the interferon beta programme; and to expand the scope of the influenza preclinical programme. In addition, the net proceeds will also provide the Company with its working capital requirements for the foreseeable future, being a period of not less than 12 months from the date of Admission of the Placing Shares and the Subscription Shares.

### 4. Details of the proposed Fundraising

The Company proposes to raise £2.65 million (gross) by means of a placing of 9,359,262 new Ordinary Shares and a subscription of 455,553 new Ordinary Shares, all at a price of 27 pence per Ordinary Share.

The Placing Shares and the Subscription Shares will, when issued, rank *pari passu* with the existing Ordinary Shares.

The Fundraising is conditional, *inter alia*, on the Resolution being passed at the General Meeting.

It is anticipated that, subject to the passing of the Resolution, the admission of the Placing Shares and the Subscription Shares to trading on AIM will occur on 14 June 2011.

The Placing is to be effected on behalf of the Company by Matrix on the terms of the Placing Agreement. Pursuant to the Placing Agreement, Matrix has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for Placing Shares.

The Placing Agreement contains warranties in favour of Matrix given by the Company with respect to its business and certain matters connected with the Placing. In addition, the Company has given customary indemnities to Matrix in connection with the Placing and its performance of services in relation to the Placing. Matrix has certain rights to terminate the Placing Agreement in specified circumstances.

Commitments from placees have already been received by Matrix in respect of all of the Placing Shares.

Commitments from subscribers have already been received by the Company in respect of all of the Subscription Shares.

All of the Directors have committed to subscribe for Ordinary Shares at the Placing Price. Details of the current interests in Ordinary Shares of the Directors and their respective interests after the completion of the Fundraising are shown in the table below.

<i>Name</i>	<i>Current holding of Ordinary Shares</i>	<i>Percentage of current issued share capital</i>	<i>Holding of Ordinary Shares immediately after the completion of the Fundraising</i>	<i>Percentage of enlarged issued share capital immediately after the completion of the Fundraising</i>
Simon Shaw	1,275,988	2.14	1,368,580	1.97
Richard Marsden	58,823	0.10	95,860	0.14
Dr Phillip Monk	Nil	Nil	18,518	0.03
John Ward	191,751	0.32	228,788	0.33
Iain Buchanan	Nil	Nil	92,592	0.13
Dr Bruce Campbell	216,923	0.36	253,960	0.37
Paul Clegg	147,058	0.25	184,095	0.26
Professor Stephen Holgate	841,205 <sup>(1)</sup>	1.41 <sup>(1)</sup>	852,316 <sup>(1)</sup>	1.23 <sup>(1)</sup>

Note:

(1) The holding of Professor Stephen Holgate includes 1,923 Ordinary Shares registered in the name of Professor Holgate's wife.

### 5. Resolution

The Resolution to be proposed at the General Meeting will be proposed as a special resolution, and is to authorise the Directors, pursuant to section 551 of the Act, to allot and issue up to 9,814,815 Ordinary Shares in relation to the Placing and the Subscription and to disapply the statutory pre-emption rights contained in section 561(1) of the Act in relation to the Placing and the Subscription.

## **6. General Meeting and action to be taken**

A notice convening the General Meeting to be held at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU at 11.00 a.m. on 13 June 2011 is set out at the end of this document.

A Form of Proxy for use by Shareholders in connection with the General Meeting is enclosed with this document. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions and to return it to the Company's registrars, Capita Registrars PXS, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible and in any event so as to arrive no later than 11.00 a.m. on 11 June 2011. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

## **7. Recommendation**

The Directors consider the proposed Fundraising to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend that you vote in favour of the Resolution at the General Meeting, as they intend to in respect of their holdings of Ordinary Shares and those of connected persons to the Directors which are, in aggregate, 2,731,748 Ordinary Shares (representing approximately 4.57 per cent. of the currently issued share capital of the Company).

Yours faithfully,

**Simon Shaw**  
*Chairman*

# SYNAIRGEN PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered no. 05233429)

(the “Company”)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU, on 13 June 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolution, which will be proposed as a Special Resolution.

### SPECIAL RESOLUTION

**THAT:**

- (i) the Directors be generally and unconditionally authorised (in addition to, and not in substitution for, all existing authorities), for the purposes of section 551 of the Companies Act 2006 (the “Act”) to allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £98,148.15 in connection with the Placing and the Subscription (as defined in the circular to shareholders dated 27 May 2011) (the “Proposed Allotments”) provided that the authority shall expire at the conclusion of the next annual general meeting of the Company or (if earlier) on 31 December 2011, save that the Directors may before such expiry make an 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 such offer or agreement as if the authority had not expired; and
- (ii) the Directors be (in addition to, and not in substitution for, all existing authorities) generally empowered pursuant to section 571 of the Act, to allot equity securities (within the meaning of section 560 of the Act) pursuant to the general authority conferred on them for the purposes of section 551 of the Act by paragraph (i) above as if section 561(1) of the Act did not apply to any such allotment provided that such power shall be limited to the issue of equity securities up to an aggregate nominal amount of £98,148.15 in connection with the Proposed Allotments and that such authority shall expire at the conclusion of the next annual general meeting of the Company or (if earlier) on 31 December 2011, save that the Company may before such expiry make an 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 such authority had not expired.

Dated 27 May 2011

*Registered office:*

Mailpoint 810  
Level F, South Block  
Southampton General Hospital  
Tremona Road  
Southampton  
SO16 6YD

*By Order of the Board*

John Ward  
*Finance Director and  
Company Secretary*

## EXPLANATORY NOTES

### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - 11.00 a.m. on 11 June 2011; or,
  - if this Meeting is adjourned, at 11.00 a.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

### Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.  
To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Capita Registrars PXS, 34 Beckenham Road, Beckenham BR3 4TU; and received by Capita Registrars no later than 11.00 a.m. on 11 June 2011.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Corporate representatives

7. In order to facilitate voting by corporate representatives at 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 the other corporate representatives for that shareholder at the meeting who have been appointed in respect of different parts of the holding of that corporate shareholder then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) in respect of each different part of the shareholding as corporate representative in accordance with the directions he has received from such corporate representatives in relation to the respective parts of the shareholding in respect of which they are each appointed or (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 in accordance with the directions he receives from the other corporate representatives in respect of the parts of the corporate shareholders shareholding in respect of which such corporate representatives have each been appointed. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – [www.icsa.org.uk](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.

### Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars PXS, 34 Beckenham Road, Beckenham BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.



Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 11.00 a.m. on 11 June 2011. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

**Issued shares and total voting rights**

10. As at 6.00 p.m. on 26 May 2011, the Company's issued share capital comprised 59,745,249 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 26 May 2011 was 59,745,249.



# SYNAIRGEN PLC (the “Company”)

## FORM OF PROXY

For use at the General Meeting of the Company to be held at the offices of Fasken Martineau LLP, Fourth Floor, 17 Hanover Square, London W1S 1HU, on 13 June 2011 at 11.00 a.m.

I/We (block capitals) ..... being (a) holder(s) of shares of £0.01 each in the capital of ..... of the Company, hereby appoint the Chairman of the meeting or ..... (note 1) as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held on 13 June 2011 and at any adjournment thereof.

I/We direct my/our proxy to vote in the manner indicated by an X in the appropriate column. Unless otherwise indicated, or upon any matter properly put before the meeting but not referred to below, my/our proxy may exercise his discretion as to how he votes and whether or not he abstains from voting. The proxy will be used only in the event of a poll being directed as demanded. On a show of hands, only those shareholders present in person will be entitled to vote.

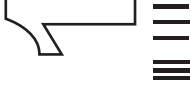
Summary of Resolutions	For	Against	Vote Withheld	Discretionary
To authorise the Directors to allot equity securities pursuant to section 551 of the Companies Act 2006 and equity securities as if section 561(1) of the Companies Act 2006 did not apply in relation to such allotments.				

Dated .....2011 Signature(s) .....

**Notes**

- (1) If you wish to appoint a proxy other than the Chairman of the meeting, insert his name in the space provided and delete “the Chairman of the meeting or”. A proxy need not be a member of the Company. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- (2) If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish you proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- (3) In the case of a corporation this proxy must be given under its common seal or signed on its behalf by a duly authorised officer or attorney. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- (4) To be effective this Form of Proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the offices of Capita Registrars PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours before the time for holding the meeting. Completion and return of the Form of Proxy will not preclude shareholders from attending and voting in person at the meeting.
- (5) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members at the time 48 hours before the time for holding the meeting (or, in the event of an adjournment, the time which is 48 hours before the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after the time 48 hours before the time for holding the meeting (or, in the event of an adjournment, the time which is 48 hours before the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (6) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant holding.
- (7) To direct your proxy how to vote on the resolutions mark the appropriate box with an ‘X’. To abstain from voting on a resolution, select the relevant “Vote withheld” box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the “Discretionary” option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- (8) To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder’s name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- (9) If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- (10) For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.

BUSINESS REPLY LICENCE NUMBER  
RSBH-UXKS-LRBC



**PXS**  
**34 Beckenham Road**  
**BECKENHAM**  
**BR3 4TU**