

Synairgen plc
(“Synairgen” or “the Company”)

**Announcement of Fundraising and approval of the
Qualifying Non-Employee Option Scheme**

Highlights:

- Placing and Subscription to raise £6.35m at 17p per ordinary share
- Proceeds used to finance two planned Phase IIa inhaled interferon beta studies in asthma and COPD in addition to working capital requirements
- Shareholder approval to be sought at a General Meeting to be held on 12 June 2009

Synairgen plc (LSE: SNG), the drug discovery and development company focused on asthma and chronic obstructive pulmonary disease (“COPD”), today announces that it proposes to raise £6.35 million (gross) by means of a placing with institutional investors of 29,499,993 new Ordinary Shares and a subscription by certain Directors and others for 7,852,948 new Ordinary Shares, all at a price of 17p per Ordinary Share.

The Company also today announces the proposed adoption of the Qualifying Non-Employee Option Scheme.

The Proposals are each conditional on Shareholder approval and a circular convening a General Meeting on 12 June 2009 (the “Circular”) will be posted to Shareholders today.

The Fundraising

The net proceeds of the Fundraising will be used to finance the two planned Phase IIa inhaled interferon beta proof of concept studies in asthma and COPD, respectively (SG005 and SG006), which are anticipated to commence early in 2010. 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.

The Placing Price represents a discount of 4.23 per cent. to the closing mid market price of 17.75p on 26 May 2009, being the latest practicable date prior to the publication of the Circular. The Placing Shares and Subscription Shares will, when issued, rank *pari passu* with the existing Ordinary Shares.

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

To enable subscribers to take advantage of EIS tax treatment it is proposed that the Fundraising comprise two closings. Accordingly, the Subscription Shares and the Placing Shares will be admitted to trading on AIM on different days. It is anticipated that, subject to the passing of the special resolution, the first closing (the admission of the Subscription Shares to trading on AIM) will occur on 18 June 2009 and that the second

closing (the admission of the Placing Shares to trading on AIM) will occur on 19 June 2009.

The Placing is to be effected on behalf of the Company by Matrix on the terms of a placing agreement dated 27 May 2009 between the Company and Matrix (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 amount which each placee has agreed to subscribe for Placing Shares pursuant to the Placing is not less than the Sterling equivalent of Euro 50,000.

The Placing Agreement contains warranties in favour of Matrix given by the Company and the Directors with respect to its business and certain matters connected with the Placing. In addition, the Company and the Directors have given customary indemnities to Matrix in connection with the Placing and their 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.

Four Directors of the Company, Simon Shaw, Richard Marsden, John Ward and Stephen Holgate have committed to subscribe for 470,588, 58,823, 147,059 and 5,882 Ordinary Shares, respectively, at the Placing Price, and the other two Founders have committed to subscribe for a total of 23,529 Ordinary Shares at the Placing Price, to be allotted at the first closing of the Fundraising. Following the Placing and Subscription and subject to the passing of Resolution 1 at the General Meeting, Simon Shaw, Richard Marsden, John Ward and Stephen Holgate will have an interest in 1,275,988, 58,823, 191,751 and 841,205 Ordinary Shares, respectively, representing 2.14, 0.1, 0.32 and 1.41 per cent., respectively, of the then issued share capital of the Company.

Simon Shaw, Chairman, commented: "We are delighted to receive such strong support for this Fundraising, which will allow us to finance the planned Phase IIa studies of our exciting inhaled interferon beta product against virus-induced exacerbations in asthma and COPD. Thereafter, assuming the studies are successful, we should be well placed to seek out-licence terms for these two potentially very significant markets. "

Qualifying Non-Employee Option Scheme

Although not formally required, Shareholder approval is being sought through an ordinary resolution to approve the adoption of Qualifying Non-Employee Option Scheme. The Company has, since its formation, maintained cost control through its policy of minimising fixed employment costs by using expert consultants (including the expertise of non-executive Directors) where possible. The Board feels that it will benefit the Company if it has the ability to grant options as an element of the remuneration for such consultants and potentially non-executive Directors. The Plan is a discretionary share scheme and will enable the Remuneration Committee of the Board to grant market value share options to consultants and potentially to non-executive Directors who, in the

opinion of the Committee, make, or, in the case of new appointments, will make, a significant contribution to the Company and where the Committee considers it to be in the interests of Shareholders to make such grants. It is not anticipated that the current non-executive Directors will receive grants under the Plan by virtue of their performance of that role. Employees within the Company's group will not be eligible to participate in the new Plan. All options granted under the Plan will be satisfied using newly issued shares and any grants will contribute towards the existing overall issuance limits of 10 per cent. of the issued share capital in any 10 year period under the Company's existing employee share schemes.

Resolutions

The Resolutions to be proposed at the General Meeting are:

Resolution 1, which will be proposed as a special resolution, to authorise the Directors, pursuant to section 80 of the 1985 Act, to allot and issue up to 37,352,941 Ordinary Shares in relation to the Placing and the Subscription and by disapplying the statutory pre-emption rights contained in section 89(1) of the 1985 Act in relation to the Placing and the Subscription; and

Resolution 2, which will be proposed as an ordinary resolution, to approve the Qualifying Non-Employee Option Scheme.

Details of the General Meeting

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 9.30 a.m. on 12 June 2009 will be posted to Shareholders today. A Form of Proxy for use by Shareholders in connection with the General Meeting is enclosed with the notice. Whether or not Shareholders propose to attend the General Meeting in person, they are requested to complete the Form of Proxy in accordance with the instructions and to return it to the Company's registrars, Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to arrive no later than 9.30 a.m. on 10 June 2009. Completion and return of the Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

Unless otherwise stated, all definitions used in this announcement are as set out in the circular to Shareholders dated 27 May 2009.

Ends

For further information, please contact:

Synairgen plc
Richard Marsden, Managing Director
John Ward, Finance Director

Tel: + 44 (0) 2380 512 800

Matrix Corporate Capital
Alastair Stratton

Tel: + 44 (0) 20 3206 7000

Anu Tayal

Threadneedle Communications

Graham Herring

Josh Royston

Tel: + 44 (0) 20 7653 9850

Notes for Editors

About Synairgen

Synairgen is a drug discovery and development company founded by Professors Stephen Holgate, Donna Davies and Ratko Djukanovic, focused on identifying and out-licensing new pharmaceutical products which address the underlying causes of asthma and chronic obstructive pulmonary disease. Synairgen is quoted on AIM (LSE: SNG).

Synairgen's researchers use advanced cell models incorporating human tissue and cells drawn from its biobank of clinical samples, which are obtained from well-characterised healthy control, asthma or COPD volunteers.

For more information about Synairgen please see www.synairgen.com.

Asthma statistics

- There are approximately 23 million asthmatics in the USA²
- The economic cost to the USA of asthma is \$19.7 billion per year³
- Asthma accounts for 1.7 million emergency department visits per year in the USA²
- The cost of emergency department visits and in-patient care in relation to asthma in the USA is \$4.7 billion²
- The average duration of a hospitalisation for an asthma exacerbation in the USA is 2.7 days at a cost of \$9,078⁴
- 50% of the total cost of the asthma is apportioned to 10% of the asthmatic population with the severest disease⁵

COPD statistics

- COPD (chronic obstructive pulmonary disease) includes chronic bronchitis and emphysema
- COPD is forecast to be the third leading cause of death worldwide (after heart attack and stroke) by 2030⁶
- 12 million adults in the USA have reported a physician diagnosis of COPD. However, as many as 24 million adults have some evidence of impaired lung function, implying an under-diagnosis of this disease⁷
- The economic cost to the USA of COPD is \$42.6 billion per year³
- Hospital care cost \$11.3 billion² and in 2005 there were 721,000 hospitalizations for COPD in the USA⁸

Rhinovirus (common cold virus) and exacerbations (worsening of symptoms) of asthma and COPD

- Adults get an average of two to four colds per year, mostly between September and May. Young children suffer from an average of six to eight colds per year⁹
- Rhinovirus infections are the major cause of asthma exacerbations, accounting for 50% to 80% of all such attacks in both children and adults¹⁰
- 80-85% of COPD exacerbations are associated with viral or bacterial respiratory tract infections with rhinovirus (common cold virus) and Haemophilus influenzae thought to be the major contributors¹¹

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