



Silence Therapeutics to merge with Intradigm Corp to create leading RNAi therapeutics company

London, UK, December 16, 2009 – The Boards of Silence Therapeutics plc (AIM: SLN) and Intradigm Corporation are delighted to announce the merger of their businesses to form a leading company in the field of RNAi (RNA interference). The enlarged company, to be called Silence Therapeutics, will have multiple RNAi discovery, development and delivery technologies, a broad internal and partnered product pipeline and a broad portfolio of intellectual property.

The Directors believe the merger will enable Silence Therapeutics to build a competitive offering and facilitate more deals of greater value with the pharmaceutical industry. In particular, the combined business will be able to offer potential partners a choice of technologies to deliver RNAi molecules to diseased tissue, one of the main challenges in the emerging field of RNAi therapeutics. In addition, the enlarged Silence Therapeutics will have the financial strength to exploit its technology by developing its own therapeutic candidates.

Silence Therapeutics will issue 79,640,668 of its Ordinary Shares to acquire the entire share capital of Intradigm. Upon completion of the transaction, Intradigm's shareholders and management will own 36.6 per cent. of the Enlarged Group. The completion of the proposed acquisition is contingent upon approval by Silence Therapeutics's shareholders.

In parallel with the merger, Silence Therapeutics has raised £15 million through a placing and subscription of shares at a price of 23 pence per share. Existing shareholders of Intradigm, including Alta Partners, Frazier Healthcare, Lilly Ventures, Roche Finance and Astellas Venture have committed over £5 million of new funds by way of subscription. The placing has been underwritten by Nomura Code Securities Limited, who also advised Silence Therapeutics on the merger with Intradigm.

Iain Ross, currently chairman of Silence Therapeutics, will remain as Chairman of the enlarged company. Philip Haworth, Chief Executive of Intradigm, will become CEO of Silence Therapeutics and Klaus Giese will continue as Chief Scientific Officer of Silence Therapeutics.

The transaction will bring five strategic benefits:

- A broad platform of technologies capable of addressing the discovery, development and delivery of RNAi therapeutics. The combined companies' capabilities extend to all essential areas for short interfering RNA (siRNA) product development and in particular delivery, but also structure, chemistry and a diverse library of therapeutic siRNA sequences.
- An advancing pipeline of internal and partnered product candidates. Four of the nine siRNA candidates currently in clinical development globally utilise Silence's technology.

- A broad intellectual property portfolio, with protection covering all essential areas of RNAi therapeutic development, including target sequences, delivery and siRNA structural features.
- An expanded scientific team and an experienced group of senior executives and board of directors.
- Expanded financial support and stability to facilitate new growth opportunities. International shareholder base offers broader access to capital to enable internal growth and provide additional strength for the purpose of negotiating favorable strategic transactions in the sector.

Iain Ross, Chairman of Silence Therapeutics, said: “By bringing together a comprehensive platform of siRNA delivery and development technologies, we believe Silence Therapeutics will be a partner of choice for those seeking to develop RNAi therapeutics. With a strengthened balance sheet, experienced management and extended research capability, Silence Therapeutics is well placed to strike the development deals that will deliver value for shareholders.”

Philip Haworth, Chief Executive of Intradigm, said: “We are excited to join forces with Silence Therapeutics and look forward to continuing our pursuit of valuable RNAi therapeutics as part of this new team. Perhaps most exciting about the merger is the powerful range of RNAi delivery technology solutions possessed by the new company. The most significant hurdle to be overcome in realizing the vast potential of RNAi therapeutics is that of enabling safe and effective delivery of siRNA payloads. By combining the impressive expertise of both Intradigm and Silence, we now have one of the industry’s most comprehensive and versatile delivery technology platforms, providing the enlarged company with an unparalleled potential to develop delivery solutions that can be tailored to address various therapeutic requirements.”

The board of the enlarged company will have eight members. Five of the nominated directors currently sit on the Board of Silence Therapeutics: Iain Ross, Jerry Randall, Annette Clancy, David U’Prichard and Melvyn Davies. The remaining three Board members are directors of Intradigm: James Topper, David Mack and Philip Haworth.

Documentation describing the transaction and share placing will be posted to Shareholders later today. More information about the proposed acquisition is also available from Silence Therapeutics and from the company website: www.silence-therapeutics.com.

An Extraordinary General Meeting of shareholders to approve the transaction and share placing will be held on January 4, 2010 at 10:00am.

The suspension of trading in Silence Therapeutics shares is expected to be lifted later today.

ENDS

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About Silence Therapeutics plc (www.silence-therapeutics.com)

Silence Therapeutics plc (AIM: SLN) is a leading European RNAi-focused biotechnology company.

RNA interference (RNAi) is a Nobel Prize winning technology and one of the most exciting areas of drug discovery today. It represents a completely new approach to selectively 'silence' or inactivate disease relevant genes and as such it has the potential to create a new class of therapeutic products. RNAi could therefore offer a therapeutic approach to a broad range of diseases (cancer, infectious diseases, inherited diseases), many of which have been regarded as incurable and are not addressed by current therapeutics, therefore providing a large market opportunity.

Silence Therapeutics has developed a platform of novel short interfering RNA (siRNA) molecules, AtuRNAi, which provide a number of advantages over conventional siRNA molecules, including increased stability against nuclease degradation. In addition, the Company has developed a proprietary systemic delivery system, AtuPLEX. This system enables the functional delivery of siRNA molecules to targeted diseased tissues and cells, while increasing their bioavailability and intracellular uptake.

Following the granting of its patents in Europe, the USA and Australia, Silence Therapeutics is one of only two companies worldwide with a proprietary position on composition of matter for siRNA therapeutics.

Silence's lead internal product, Atu027, is a proprietary AtuRNAi molecule in clinical development for systemic cancer indications. Atu027 has successfully completed single and repeat dose toxicology and geno-toxicology studies, as well as a 28-day toxicology study using multiple dosing regimens. In June 2009, the Company started an open-label, single-centre, dose-escalation Phase I study with Atu027 in patients with advanced solid (malignant) tumours involving single as well as repeated intravenous administration. Atu027 specifically targets PKN3, a molecule involved in cancer growth and metastasis formation. Atu027 is Silence's most advanced clinical candidate for a systemically delivered siRNA using the Company's proprietary AtuPLEX delivery technology.

In March 2008 Silence Therapeutics announced a collaboration with AstraZeneca (LSE: AZN) focused on the development of a range of novel delivery approaches for siRNA molecules. Under the terms of the agreement both Silence Therapeutics and

AstraZeneca will be allowed to commercialize the truly novel delivery systems that the two partners develop together.

Silence Therapeutics has granted a license to AstraZeneca to develop novel AtuRNAi therapeutics against five specific targets. This collaboration was the first industry validation of the potential application of Silence Therapeutics' proprietary AtuRNAi molecules and solidified the Company's leadership position in field of RNAi therapeutics.

The Company's AtuRNAi technology also has been sublicensed to Pfizer via Quark's license to it of the compound RTP-801i-14 for the treatment of age-related macular degeneration (AMD) and a number of other indications. This compound entered a phase II clinical study in July 2008. Silence Therapeutics also has licensed to Quark rights to the AtuRNAi structure for Quark's proprietary compound, AKli-5 and DGF_i, which are both in Phase I human clinical studies for treatment of acute kidney injury and delayed graft function in kidney transplantation respectively.

Silence Therapeutics is based in London, UK, and Berlin, Germany, and is listed on AIM.

About Intradigm

Intradigm is a private biotechnology company committed to the discovery, development and delivery of targeted, systemic RNA interference (RNAi) therapeutics for the treatment of serious diseases with an initial focus on oncology. Intradigm is unique among private companies, with its comprehensive RNAi therapeutics platform consisting of structural features for a next generation of RNAi molecules, biodegradable polycationic polymers for the delivery of RNAi therapeutics and proprietary siRNA sequences. Intradigm's proprietary delivery technology is unique in its potential to offer safe and effective systemic administration using a library of novel peptide-based biodegradable polymers.

Intradigm has established an impressive proprietary portfolio of siRNA sequences against more than 50 highly valued oncology and other disease targets. In addition, Intradigm has secured an exclusive license to the Zamore patent family from the University of Massachusetts, which covers broad structural features of siRNA design for more potent next generation siRNA sequences.

Intradigm is based in Palo Alto, California, US.

For more information on Intradigm, please visit www.intradigm.com.

Forward-Looking Statements

This press release includes forward-looking statements that are subject to risks, uncertainties and other factors. These risks and uncertainties could cause actual results to differ materially from those referred to in the forward-looking statements. All forward-looking statements are based on information currently available to Silence Therapeutics and Silence Therapeutics assumes no obligation to update any such forward-looking statements.



Proposed acquisition of Intradigm, approval of waiver of Rule 9 of the Takeover Code, Placing, Subscription and re-admission to AIM

1. Introduction

The Company announces that it has entered into an agreement, conditional on the consent of Shareholders, to acquire the whole of the outstanding share capital of Intradigm in consideration for the issue of the Consideration Shares.

By virtue of the size of the Acquisition, together with the related Placing and Subscription, the Proposals constitute a reverse takeover under the AIM Rules and require the consent of Shareholders. The purpose of this announcement, alongside the Admission Document, is to provide information on the Proposals, to explain why the Directors believe that the Proposals are in the best interests of the Company and Shareholders as a whole and why the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the EGM.

The terms of the Proposals give rise to certain considerations under the Takeover Code. The Panel has agreed to waive any requirement under the Takeover Code for the Concert Party to make a Rule 9 offer for Silence Therapeutics, subject to approval by Independent Shareholders voting on a poll. Further details are set out in paragraph 9 of this announcement.

2. Background to the Acquisition

Silence Therapeutics and Intradigm are both working on resolving the multiple challenges involved in the delivery of siRNA, as well as individually establishing proprietary positions on specific sequences, structures and targets. A major challenge in the development of siRNA molecules as therapeutics is delivery. The challenges of effectively delivering siRNA in vivo are multiple, including:

- Delivery of the siRNA to the target tissue
- Uptake of the siRNA across the cell membrane
- Escape of the siRNA from the endosomal compartment

In addition, any delivery system must be biocompatible and suitable for repeat administration.

The respective boards of the two companies believe that the different approaches being taken by the companies are complementary in achieving solutions to the range of delivery challenges. Silence Therapeutics will issue new Ordinary Shares as consideration to acquire Intradigm and the resulting Enlarged Group will possess:

- A broader intellectual property portfolio
- A wide range of delivery technologies
- Greater resources, both human and financial, to develop those delivery technologies
- A more compelling package of technology, IP and skills to offer potential partners and licensees
- A larger pool of knowledge and skills from which to expand the technology and IP base

While acknowledging the scientific strength in the siRNA field in Europe, and in particular Germany, the Board believes that the Group needs to establish a presence in the US. In order to succeed in meeting the technical and business goals faced by the sector, there needs to be an increasing emphasis on both business implementation and access to capital. Both size and range of technology are

important features for the success of the Group, as the strength of Alnylam within the sector and the acquisition of Sirna Therapeutics Inc. for \$1.1 billion by Merck in December 2006 demonstrate.

The Acquisition will not only raise the Group's profile in the US, the single largest pharmaceutical market in the world, but will also increase the technical and management resources, financial and commercial support necessary to fully develop the business and maximise shareholder value.

3. Information on Intradigm

Intradigm is a privately held biotechnology company based in Palo Alto, California, USA. It is focused on the discovery, development and delivery of novel, targeted, systemic RNAi therapeutics for the treatment of serious diseases and in particular cancer. Intradigm possesses a comprehensive RNAi therapeutic platform comprised of proprietary delivery technologies, potent siRNA sequences and innovative siRNA structural features. This platform is protected by Intradigm's strong intellectual property portfolio which includes a number of issued US patents.

Additionally, Intradigm's RNAi platform has broad therapeutic applicability, including the ability to target sequences against protein targets that were previously considered 'undruggable' for other treatment methods (for example small molecule or antibody drugs). Intradigm is presently leveraging its RNAi therapeutic platform in a dual-pronged business strategy with shared focus on the establishment of multiple high-value development partnerships and the creation of an internal RNAi therapeutics pipeline.

Science of RNA Interference

RNAi, the discovery of which earned a Nobel Prize in 2006, is a natural cellular process of gene silencing that occurs in almost all organisms. RNAi works through short double stranded RNA (< 30 base pairs), known as short interfering RNA (siRNA), that induce sequence-specific silencing of the target disease genes which, in turn, prevent the production of disease causing proteins.

Over the last decade, researchers have learned that by introducing siRNA into a cell they can selectively direct the body's natural RNAi process to suppress the undesirable product of a "disease" gene. RNAi is a fundamentally different approach to disease management as compared to more traditional or current therapeutic modalities involving small molecules and biologics because siRNA offers the ability to suppress the production of a specific protein regardless of the structure or function of the protein. With the molecular causes of numerous diseases now being more clearly defined, many believe that RNAi offers significant therapeutic potential. It is unlikely that any single delivery mechanism will be suitable in respect of all siRNA or for all target indications. Silence Therapeutics is developing one suite of solutions utilising its liposomal technology whilst Intradigm is approaching the challenge from a non-lipid base.

Intradigm's novel delivery technology

To achieve the goal of systemic delivery of siRNA, Intradigm has developed proprietary nanoparticles that combine the active siRNA molecules with Intradigm's proprietary and novel PolyTran™ biodegradable peptide-based polymers.

PolyTran is a library of L-histidine and L-lysine co-polymers all of which carry a positive charge which combines passively with the negative charge on the siRNA to form spherical PolyTran nanoparticles. PolyTran nanoparticles are being optimised for efficient siRNA delivery, providing the nanoparticles created by Intradigm with the

capability to facilitate intracellular delivery of siRNA payload under physiologically relevant conditions.

Intradigm's nanoparticles are considered by the Directors and the Proposed Directors to have the potential to enable safe systemic delivery to certain tissues in the body. Furthermore, the modular, multi-component nature of Intradigm's RNAi nanoparticles also allows for a number of key modifications that can further enhance their delivery features and pharmaceutical properties:

- PEGylation – Increases half-life and reduces immunogenicity
- Attachment of targeting moieties – Specific ligand to enhance uptake by the targeted cell type

Intradigm's siRNA sequence library

The ability to effectively select appropriate disease targets will play a critical role in the development and optimisation of RNAi therapeutics. To maximise target selection success, Intradigm weighs up a number of critical considerations including the role the target plays in disease modification, the cell type in which the target is expressed and the potential "freedom to operate" issues for developing a therapeutic against the target. Through diligent scientific research based on bioinformatic algorithms and in depth know-how, Intradigm has compiled a library of proprietary siRNA sequences against more than 50 potentially important disease targets. Because these sequences represent the "active ingredient" of an RNAi therapeutic, this library represents a broad opportunity for the development of therapeutic products.

Intradigm's structural modification approach

To further strengthen its position within the RNAi therapeutics space, Intradigm is exploring potentially valuable structural modifications for its proprietary siRNA sequences. These modifications are designed to improve both the efficacy and safety of these sequences, while also offering Intradigm an increased depth of patent protection. Intradigm's position in this area is strengthened by its exclusive in-licensing of a patent portfolio based on the "Zamore Design Rules", from the University of Massachusetts Medical School. The Zamore Design Rules relate to sequence mismatches engineered into either the two RNA strands of the siRNA or between the antisense strand of the siRNA and the target mRNA. These modifications are designed to improve the performance of the siRNA.

Platform proof of concept

Through an extensive pre-clinical research programme, Intradigm has established proof-of-concept for its broad RNAi therapeutic platform. To date, Intradigm has shown:

- Ability to identify potent, patentable siRNA sequences
- Capability of PolyTran nanoparticles to mediate target gene knockdown both *in vitro* and *in vivo*
- Systemic delivery of siRNAs to tumours and other tissues
- Potent anti-tumour activity in multiple xenograft tumour models for PolyTran nanoparticles

Intradigm's Intellectual property

Intradigm has built an intellectual property portfolio covering proprietary siRNA delivery technology, siRNA sequences against more than 50 potential disease targets and key siRNA structural features. This IP portfolio is a particularly attractive feature in that it positions Intradigm as an RNAi company with issued patents covering both siRNA delivery technology and methods relating to siRNA structural motifs.

Key assets include an exclusive license to the Zamore patent family (broad siRNA structural features) from the University of Massachusetts Medical School, as well as licenses covering various aspects of the Polytran technology from the Massachusetts Institute of Technology, James Mixson and the University of Maryland, Baltimore as well as Intradigm's own proprietary patent applications. The Zamore patent family provides the opportunity for exclusivity over siRNA products that Intradigm believes will have improved performance over siRNA that do not incorporate the Zamore Design Rules. The combined PolyTran patent portfolio provides Intradigm with exclusivity over a diverse range of peptide polymer technology.

Intradigm's Employees

Intradigm currently has about 20 employees located in its facility in Palo Alto, California. Of the 20, fifteen are deployed in a variety of research and development functions including: formulation development, synthetic and analytical chemistry and molecular and cellular biology. The remaining five are in general administration (executive, legal, finance and corporate). The management team has more than 50 years of combined experience in the US biotechnology industry and has contributed to the development of several approved oncology therapeutics including Doxil® (doxorubicin HCL liposome injection), PegIntron® (Peginterferon alfa-2b) and Vectibix® (panitumumab).

Competition

Intradigm's competitors are essentially the same as those of Silence Therapeutics. Its principal competitor is Alnylam Pharmaceuticals, Inc. (Nasdaq: ALNY) but other major competitors include Merck through its acquisition of Sirna Therapeutics Inc., MDRNA Inc. (Nasdaq: MRNA), RXi Pharmaceuticals Corporation (Nasdaq: RXII) and Tekmira Pharmaceutical Corporation (TSX:TKM); all of these companies are developing RNAi therapeutics. There are also approximately a dozen smaller privately funded biotechnology companies throughout the world trying to develop various RNAi therapeutic platforms. These include Traversa, PhaseRx, Cequent, Dicerna Pharmaceuticals and Tacere Inc.

4. Reasons for the Acquisition

The Directors and the Proposed Directors believe that the Acquisition will allow Silence Therapeutics to strengthen considerably its research and development capability and broaden its delivery platform and intellectual property portfolio.

The Enlarged Group will have an impressive and wide ranging span of technical capabilities in the siRNA field which is supported by a combined portfolio of issued and pending patents making it a major player in the RNAi space. This estate comprises a range of intellectual property to support a successful RNAi therapeutic company offering multiple overlapping layers of patent protection for the platform and for products.

Source	siRNA Targets and Sequences	siRNA Structure	Delivery
Silence Therapeutics	Issued and pending patents on target IP and 19-23nt sequences in cancer	Issued and pending patents on chemical modification (AtuRNAi)	Issued and pending patents on delivery technologies: on AtuPLEX Atuserol, and DACC8
Intradigm	Issued and pending patents on 25nt sequences and	Issued and pending patents on siRNA structural	Issued and pending patents on the PolyTran

target IP in cancer and inflammation	modifications known as “Zamore Design Rules”	delivery technology, plus applications on novel PEGylation and cellular targeting chemistries
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Silence Therapeutics has focused historically on the identification and validation of siRNA targets and sequences and developed AtuPLEX as a specific delivery vehicle targeting the vasculature. Intradigm has focused on building alternative and potentially complementary siRNA delivery technologies. The Directors and Proposed Directors believe that the combination of the complementary and overlapping technologies and competencies of the two companies will enable the Enlarged Group to offer greater “concept to completion” capability. The combination of these technologies offers opportunities to:

- Attract funding from various sources
- Support and expand existing corporate relationships (for example AstraZeneca, Quark, Pfizer and Dainippon Sumitomo)
- Complete new deals in angiogenesis, hepatic disease and pulmonary diseases
- Become a dominant player in the RNAi therapeutic space and provide pharmaceutical companies with a realistic partnering proposition

By combining the competencies of the two companies, the Directors and Proposed Directors believe that the Enlarged Group will also be able to combine its resources to build a stronger and more credible biotechnology group. In particular, the Directors and Proposed Directors believe the Acquisition could:

- Provide Silence Therapeutics with access to an expanded technology platform and a source of innovative processes
- Provide Silence Therapeutics with access to technology and scientific personnel with capabilities and experience that is applicable to the discovery and development of new delivery technologies for the siRNA sector
- Significantly expand Silence Therapeutics’s intellectual property portfolio
- Enhance Silence Therapeutics’s access to third party collaborators and partners who could further the development of Silence Therapeutics’s existing product and intellectual property portfolio
- Provide Silence Therapeutics with the necessary scientific resource to accommodate further alliances and enhance the novel internal discovery research initiatives
- Significantly improve the Company’s profile in the US thereby enhancing the opportunity to gain US analyst support and access to alternative capital markets
- Enable the Company to draw resources from a wider pool of appropriately qualified Scientists

5. Integration of Silence Therapeutics and Intradigm

The Enlarged Group will combine its expertise and technologies to position itself as a biotechnology group with international capabilities and an expanded range of innovative product and development opportunities. The Enlarged Group will seek to derive value by focusing on four specific initiatives, comprising:

- Expanding the Group’s systemic siRNA delivery platform
- The development of oncology therapeutics for either internal drug development or for collaborative partnerships

- The development of inflammatory therapeutics in collaboration with third parties
- Out-licensing and partnering the Enlarged Group's product portfolio for other therapeutic sectors

The Enlarged Group will concentrate on those projects that the Directors and Proposed Directors believe have the highest chance of technical success and the greatest commercial potential. As a consequence, the Enlarged Group may discontinue, license out or partner certain projects. The Enlarged Group will maintain its research and development facilities and capabilities in both Berlin and Palo Alto with a head office function in London. As the integration progresses, various functions and capabilities may be transferred between sites to optimise the utilisation of resources.

The Directors and Proposed Directors intend to operate the Enlarged Group under the Silence Therapeutics name and will operate Intradigm as a wholly owned subsidiary. The Enlarged Group will make use of the Intradigm trademarks and trade names where considered appropriate.

6. Acquisition Agreement

The Company has entered into the Acquisition Agreement, which is conditional, *inter alia*, upon approval by Shareholders and the stockholders of Intradigm. The consideration for the Acquisition is the issue of the Consideration Shares to the stockholders and management of Intradigm. The Consideration Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares.

The Acquisition is conditional upon, *inter alia*, the following:

- Approval by Shareholders at the Extraordinary General Meeting
- Requisite approvals by the stockholders of Intradigm
- Admission of the New Ordinary Shares to trading on AIM
- The Lock-Up Agreements becoming effective as of the closing of the Acquisition
- The Employment Agreements becoming effective as of the closing of the Acquisition
- Absence of a material adverse change to the business, operations or financial condition of either the Company or Intradigm

The Acquisition will be structured as a merger of Silence Acquisition Corp, a newly formed wholly-owned US subsidiary of Silence Therapeutics with and into Intradigm, as a result of which Intradigm will continue as the surviving corporation of the merger. As a result of the Acquisition, Intradigm will become a wholly-owned subsidiary of the Company. At the effective time of the Acquisition, each issued and outstanding share of Intradigm capital stock will be converted into the right to receive the Consideration Shares at the exchange rates set forth in the Acquisition Agreement. The holders of Intradigm preferred stock have preferential rights to receive Consideration Shares before holders of Intradigm common stock.

At the closing of the Acquisition, Messrs. Philip Haworth, Michael Riley, Xiao-Dong Yang and Samuel Zalipsky, current employees of Intradigm, will be entitled to receive an aggregate of 2,700,000 New Ordinary Shares (subject to applicable tax withholding requirements) as consideration for the termination of the Intradigm 2009 Change of Control Incentive Plan, which will be terminated at the closing pursuant to the Termination Agreement. Of those entitlements, the Company will withhold a total

of 1,359,332 New Ordinary Shares, which shall be comprised in the Placing enabling the Company to utilise the proceeds thereof to meet its employer's tax liability. The aggregate balance of 1,340,668 New Ordinary Shares will be issued to the four named individuals as Consideration Shares. The remaining 78,300,000 Consideration Shares will be issued to the stockholders of Intradigm.

All unexercised Intradigm equity stock options and stock purchase warrants that remain outstanding as of the effective time of the Acquisition will be cancelled. Intradigm stock options that are held by current employees and consultants of Intradigm at the effective time will be exchanged for Silence Therapeutics share options under the Unapproved Scheme, comprising in total options over 2,989,296 Ordinary Shares.

The Acquisition Agreement contains customary representations and warranties of each of the parties thereto. The Company and Intradigm have rights to terminate the Acquisition Agreement upon the occurrence of certain events and each will be entitled to a termination fee of \$500,000 if the other party terminates the Acquisition Agreement in certain circumstances. Further details of the termination fee arrangements are set out in paragraph 5(c) of Part VI of the Admission Document.

7. Details of the Placing

Placees will subscribe for the Placing Shares at the Issue Price of 23 pence per Placing Share. The Placing comprises in aggregate 39,884,402 Placing Shares (which represents approximately 29.5 per cent. of Silence Therapeutics' existing issued ordinary share capital) and will therefore raise gross proceeds of £9.2 million. The Placing Shares will represent approximately 14.2 per cent. of the Enlarged Issued Ordinary Share Capital immediately following completion of the Proposals.

The Issue Price represents a 7 per cent. discount to the closing price of 24.75 pence per Ordinary Share on 29 September 2009 (being the date on which the Ordinary Shares were suspended from trading on AIM). The size of the placing discount was determined following discussions with both existing and potential new Shareholders.

The Placing is conditional upon, *inter alia*, the following conditions:

- The passing without amendment of the Resolutions at the Extraordinary General Meeting
- The Placing Agreement not having been terminated in accordance with its terms prior to Admission
- Admission of the Placing Shares becoming effective

Application has been made for the Placing Shares to be admitted to trading on AIM and it is expected that Admission of the Placing Shares will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 5 January 2010, being the first business day following the EGM.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by Silence Therapeutics after the date of issue of the Placing Shares.

Nomura Code has agreed that it shall use reasonable endeavors to procure Placees to subscribe for the Placing Shares at the Issue Price pursuant to the Placing and, failing which, Nomura Code has agreed to subscribe itself for the Placing Shares at the Issue Price.

Accordingly, the Placing is fully underwritten by Nomura Code pursuant to, and subject to, the terms of the Placing Agreement. The principal terms of the Placing Agreement are summarised in paragraph 7 of Part VI of the Admission Document.

8. Details of the Subscription

Subscribers, each of whom (other than AstraZeneca UK Limited) are existing stockholders of Intradigm, have agreed to subscribe for the Subscription Shares at the Issue Price of 23 pence per Subscription Share. The Subscription comprises in aggregate 25,332,990 Subscription Shares (which represents approximately 18.8 per cent. of Silence Therapeutics' existing issued ordinary share capital) and will therefore raise gross proceeds of £5.8 million. The Subscription Shares will represent approximately 9.1 per cent. of the Company's Enlarged Issued Ordinary Share Capital immediately following completion of the Proposals. In aggregate, the Subscription Shares and Placing Shares will represent approximately 23.3 per cent. of the Company's Enlarged Issued Ordinary Share Capital. The Subscription is not being underwritten.

The Subscription is conditional upon, amongst other things, the following conditions:

- The passing without amendment of the Resolutions at the Extraordinary General Meeting
- Admission of the Subscription Shares becoming effective

Application has been made for the Subscription Shares to be admitted to trading on AIM, and it is expected that Admission of the Subscription Shares will become effective and dealings in the Subscription Shares will commence at 8.00 a.m. on 5 January 2010, being the first business day following the EGM.

Certain of the Subscription Shares will be issued to Subscribers in the United States in transactions exempt from the registration requirements of the Securities Act, pursuant to Regulation D thereunder and the requirements of applicable US state securities laws.

The Subscription Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by Silence Therapeutics after the date of issue of the Subscription Shares.

The effect of the Subscription, taken together with the issue of Consideration Shares pursuant to the Acquisition and the Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of holders of existing Ordinary Shares by 51.8 per cent.

9. The Takeover Code

The terms of the Acquisition, Placing and Subscription give rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are described below.

The Takeover Code has, historically, not had the force of law, but it has been acknowledged by Government and other regulatory authorities that those who seek to take advantage of the facilities of the securities market in the United Kingdom should conduct themselves in matters relating to takeovers in accordance with best business standards and so according to the Takeover Code. In addition to this the Panel has now been designated as being the supervisory authority to carry out certain regulatory functions in relation to takeovers.

The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions where the offeree company is, *inter alia*, a public company which has its registered office, and is considered by the Panel to have its place of central management and control, in the United Kingdom. Silence Therapeutics is such a company and Shareholders are entitled to the protection afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, when any person, or group of persons, acting in concert acquire an interest (as defined in the Takeover Code) in shares which, when taken together with shares in which they are in aggregate already interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, such person or persons is or are normally required to make a general offer (Rule 9 Offer) to all the remaining shareholders in that company to acquire their shares.

Similarly, when any person or persons acting in concert is interested in shares which, in aggregate, carry 30 per cent. of the voting rights of such company but does not hold shares carrying more than 50 per cent. of the voting rights, a Rule 9 offer will normally be required if any further shares are acquired.

A Rule 9 offer must be in cash and at the highest price paid within the preceding 12 months for any interest in shares of the same class in the company by the person required to make the offer, or any person acting in concert with him. A concert party arises where persons acting in concert, pursuant to an agreement or understanding (whether formal or informal) cooperate to obtain or consolidate control of a company. Control means an interest or interests in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether such interest or interests give *de facto* control.

The Concert Party, shall, pursuant to the issue of the Consideration Shares and the Subscription Shares, hold 102,364,963 Ordinary Shares in aggregate.

Following completion of the Proposals, the Concert Party's interest will represent 36.6 per cent. of the Enlarged Ordinary Issued Share Capital or 34.4 per cent. on a fully diluted basis.

The Panel has agreed, however, to waive the obligation for the Concert Party to make a Rule 9 Offer that would otherwise arise on the completion of the Proposals and any subsequent exercise of any options held by the Concert Party, subject to the approval of the Independent Shareholders at the Extraordinary General Meeting voting on a poll. Accordingly, Resolution 4 has been proposed at the Extraordinary General Meeting and, to be passed, it will require the approval of a simple majority of votes cast on the poll.

Following completion of the Proposals, the members of the Concert Party will between them not hold more than 50 per cent. of the Company's voting share capital and individual members of the Concert Party will not be able to increase their percentage interest in Ordinary Shares through or between a Rule 9 threshold without Panel consent.

	<i>Consideration Shares¹</i>	<i>Consideration Shares as % of Enlarged Issued Share Capital</i>	<i>Subscription Shares</i>	<i>Subscription Shares as % of Enlarged Issued Share Capital</i>	<i>Total Shares</i>	<i>Total Shares as % of Enlarged Issued Share Capital</i>
Frazier Healthcare V, L.P.	22,817,647	8.15%	5,346,893	1.91%	28,164,540	10.06%
ACP IV, L.P.	20,830,297	7.44%	5,346,893	1.91%	26,177,190	9.35%
Lilly Ventures, Eli Lilly and Company	11,041,328	3.94%	4,783,261	1.71%	15,824,589	5.65%
Roche Finance Ltd.	5,614,234	2.01%	2,432,166	0.87%	8,046,400	2.87%
MediBIC Alliance Technology Fund-1	6,719,425	2.40%	818,833	0.29%	7,538,258	2.69%
Astellas Venture Fund I L.P.	4,678,528	1.67%	2,026,805	0.72%	6,705,333	2.40%
MP Healthcare Venture Management, Inc	3,742,822	1.34%	1,621,444	0.58%	5,364,266	1.92%
Novartis Bioventures Ltd.	2,687,760	0.96%	327,531	0.12%	3,015,291	1.08%
Xiao-Dong Yang	336,442	0.12%	-	-	336,442	0.12%
Samuel Zalipsky	335,622	0.12%	-	-	335,622	0.12%
Phil Haworth	334,302	0.12%	-	-	334,302	0.12%
Mike Riley	334,302	0.12%	-	-	334,302	0.12%
WS Investment Company, LLC (2008A)	117,576	0.04%	14,329	0.01%	131,905	0.05%
WS Investment Company, LLC (2008C)	50,383	0.02%	6,140	0.00%	56,523	0.02%
Novartis AG	-	-	-	-	-	-
Genentech, Inc	-	-	-	-	-	-
Wilson Sonsini Goodrich and Rosati	-	-	-	-	-	-
Total	79,640,668	28.45%	22,724,295	8.12%	102,364,963	36.57%

1 In reference to those persons listed, other than Philip Haworth, Mike Riley, Xiao-Dong Yang and Samuel Zalipsky, the number of Consideration Shares to which they are entitled under the Acquisition Agreement is calculated by reference to the average closing price of an Ordinary Share for the ten trading days immediately preceding the fifth trading day prior to closing of the Acquisition. For the purposes of this table, an illustrative price of 23p per Ordinary Share is used (being the Issue Price). For the avoidance of doubt, the total number of Consideration Shares to be issued pursuant to the Acquisition Agreement is fixed at 79,640,668.

Description of Concert Party

For the purposes of considering whether any concert party may exist, it is considered that the group of shareholders which comprises the three principal Intradigm shareholders, namely Alta Partners, Frazier Healthcare Ventures and Lilly each of whom hold board positions as well as their shareholdings together with 9 other corporate Intradigm shareholders; Roche, Astellas, MP Healthcare, MediBIC, Novartis Bioventures Ltd., WS Investment Company LLC, Novartis AG, Genentech, and Wilson Sonsini Goodrich and Rosati constitute a Concert Party (the "Concert Party"). Details of the Concert Party together with their current shareholdings in Intradigm and the expected percentage of the enlarged share capital which they will hold post the proposed transaction (based on a £15 million fundraising) is set out in the table above. These shareholders are distinguished as a Concert Party distinct from the other Intradigm shareholders who merely hold shares in Intradigm, have never had any active involvement in the decision making, or operation of either Intradigm or its investments and/or are private individuals.

Roche Finance Ltd.

Roche Finance Ltd is a member of the Roche group of companies. Headquartered in Basel, Switzerland, Roche Holding AG is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche's non-voting equity securities (ROG, VX) and Roche bearer shares (RO.S) are listed on SIX Swiss Exchange and the non-voting equity security is also traded on virt-x in London. Roche is the world's largest biotech company with differentiated medicines in

oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management. Roche's personalised healthcare strategy aims at providing medicines and diagnostic tools that enable tangible improvements in the health, quality of life and survival of patients. In 2008, Roche had over 80,000 employees worldwide and invested almost 9 billion Swiss francs in R&D.

Astellas Venture Fund I L.P.

Astellas Venture Fund I L.P. is one of the funds managed by Astellas Venture Management LLC based in California, which is a venture capital vehicle of Astellas Pharma Inc., a global pharmaceutical company originated in Japan. Astellas Venture Fund I L.P. is dedicated to making investments in biotechnology companies located mainly in North America and EU developing their own therapeutics, which are in line with Astellas' R&D policy.

Lilly Ventures, Eli Lilly and Company

Lilly Ventures is the life sciences venture capital arm of Eli Lilly and Company (a pharmaceutical company), based in Indianapolis, investing in North America and Europe. Lilly Ventures currently has \$200 million under management and focuses on biotechnology, medical technology and healthcare IT. Its primary goal is to facilitate the success of companies through early to expansion stage investments and value-adding resources.

MP Healthcare Venture Management, Inc

MP Healthcare Venture Management, Inc is a Boston-based lifesciences venture capital firm investing in seed to late stage companies developing innovative therapeutics, platform technologies and diagnostics, with US\$100 million marked for investment in dynamic bioventures pursuing relevant emerging biotechnologies. It is affiliated with Mitsubishi Tanabe Pharma Corporation and Mitsubishi Chemical Holdings Corporation.

ACP IV, L.P.

ACP IV, L.P. is a Delaware Limited Partnership formed in 2004 to make investments in life sciences companies. ACMP IV, LLC, a Delaware limited liability corporation, is the general partner of ACP IV, L.P. The directors of ACMP IV, LLC are Jean Deleage, Daniel Janney, David Mack and Guy P. Nohra. The directors of ACP IV share voting power of the shares held by ACP IV. David Mack, PhD, is a director of Intradigm and a Proposed Director of Silence. ACP IV is affiliated with Alta Partners, a venture capital firm founded in 1996 which has made investments in over 130 life sciences companies to date.

Frazier Healthcare V, L.P.

Frazier Healthcare V, L.P. ("FH V") is a Delaware limited partnership that was formed in 2004 to make investments in biopharma, medical device and health care service companies. The general partner of FH V is FHM V, L.P., a Delaware limited partnership. The general partner of FHM V, L.P. is FHM V, LLC, a Delaware limited liability company. James Topper, a director of Intradigm and a proposed director of Silence, is a member of FHM V, LLC. FH V is one of several venture capital funds sponsored by the members of FHM V, LLC who operate under the name Frazier Healthcare Ventures. Founded in 1991, Frazier Healthcare Ventures is a leading provider of venture and growth equity capital to emerging biopharma, medical device and health care service companies. With over \$1.8 billion under management, Frazier Healthcare has invested in over 100 companies across the entire development spectrum.

MediBIC Alliance Technology Fund-1

MediBIC Alliance Technology Fund-1 was jointly established in March 2005 by MediBIC Alliance Co. Ltd, an investment arm of MediBIC group and Daiichi Sankyo Pharmaceuticals. MediBIC Group later assumed the General Partner role for the MATF-1 Fund. Based in Japan, MediBIC group is a unique bio-venture company providing total support for drug development primarily in Asia. MediBIC Alliance Technology Fund-1's purpose is to invest in early stage private biotechnology companies mainly in North America and Europe, focused on RNAi based drug development.

MATF-1 shall mature on 31 December 2009 and the shares distributed among its General Partner (MediBIC Group) and its Limited Partner (Daiichi Sankyo Pharmaceuticals).

Novartis Bioventures Ltd.

A life sciences venture capital firm based in Bermuda, with affiliates around the world, including Switzerland and the USA.

WS Investment Company, LLC (2008A) and WS Investment Company, LLC (2008C) WS Investments are the investment arms of the partnership at Wilson Sonsini Goodrich and Rosati (described below). These vehicles have been in place for over ten years.

Novartis AG

Novartis provides healthcare solutions that address the evolving needs of patients and societies. Focused solely on healthcare, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic pharmaceuticals, preventive vaccines, diagnostic tools and consumer health products. Novartis is the only company with leading positions in each of these areas. In 2008, the Group's continuing operations achieved net sales of \$41.5 billion and net income of \$8.2 billion. Approximately \$7.2 billion was invested in R&D activities throughout the Group. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 99,000 full-time-equivalent associates and operate in more than 140 countries around the world.

Genentech, Inc

In March 2009, Genentech became a wholly-owned member of the Roche group. Genentech in South San Francisco, California now serves as the headquarters for Roche pharmaceutical operations in the United States. Genentech Research and Early Development operates as an independent center within Roche.

Wilson Sonini Goodrich and Rosati

Wilson Sonsini Goodrich and Rosati is a legal organisation, which provides legal services to technology, life sciences, and growth enterprises worldwide.

10. Current trading and prospects

Both Silence Therapeutics and Intradigm have incurred net losses in each year since their respective inceptions and the Directors and Proposed Directors expect that the Enlarged Group may continue to incur substantial losses and cash outflows for the foreseeable future. It is expected that the expenditure to be incurred over the next three years will be financed by existing cash reserves, expected revenues and equity finance.

The Directors and Proposed Directors expect that revenues will be generated in the form of research and development fees, milestone payments, license fees and

royalties from both existing and new clients, collaborative partners and licensees. In addition, the Enlarged Group will seek further development partners to share development costs, particularly the significant costs typically associated with late stage trials and commercialisation.

The Group is in discussions with a number of potential collaborators and licensees and expects to sign a number of new agreements over the coming years. However, substantial profitability will only be achieved if the technology and product portfolio of the Enlarged Group result in healthcare products achieving regulatory and marketing approval and are commercialised, perhaps in partnerships with major companies.

11. Working capital

Since 30 June 2009, being the date of the most recent unaudited interim accounts of the Company and of the most recent unaudited interim financial information in respect of Intradigm set out in Section B of Part IV of the Admission Document, both entities have continued funding their respective research and development programmes out of their existing cash resources. As a result, both entities have reduced their respective cash balances since 30 June 2009.

As at 11 December 2009, being the latest practicable date prior to the date of this announcement, the Company had cash and short term deposits of £1.5 million. The Placing and Subscription will raise £15 million gross for the Enlarged Group.

The Enlarged Group also has a number of existing relationships and discussions in progress that the Directors and Proposed Directors believe will generate further income in the coming years. In addition, the expanded technology base and capabilities of the Enlarged Group will, in the opinion of the Directors and Proposed Directors, provide enhanced opportunities to enter licensing arrangements with other pharmaceutical and biotechnology companies. In the event that either of these potential revenue streams is delayed or does not come to fruition in the short term, the Board has the ability to compensate for this by delaying, deferring or terminating expenditure programmes in order to reduce the Enlarged Group's burn rate.

The Directors and Proposed Directors are of the opinion that, having made due and careful enquiry, and taking account of the proceeds of the Placing and Subscription, the working capital available to the Company and the Enlarged Group is sufficient for its present requirement, that is for at least 12 months from the date of Admission.

12. Significance of the Proposals

Shareholders should be aware that if the Resolutions are not passed at the EGM, the Company will have insufficient resources to trade beyond Q1 2010. In such an event the board of Silence will need to seek alternative sources of finance.

The Directors and Proposed Directors are of the opinion that, taking into account the proceeds of the Placing and Subscription, the Enlarged Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission. However, since the Placing and Subscription are proposed in conjunction with the Acquisition as part of the overall Proposals, the Directors consider it prudent to explain to Shareholders the consequences for Silence Therapeutics should the Proposals not proceed.

The proposed Acquisition is the result of analysis of various opportunities available. The Directors believe that Intradigm represents the best of the opportunities that they have reviewed. In the event that the Resolutions are not passed at the Extraordinary

General Meeting or Nomura Code exercises its rights to terminate the Placing Agreement prior to Admission, the Proposals will not proceed. In such event, based on current forecasts, the Company would need to consider with some urgency alternative methods to fund the Group's ongoing requirements. Accordingly, the Directors believe it is in the best interests of the Company for Shareholders to vote in favour of the Resolutions so that the Proposals proceed.

In the event that the Proposals do not proceed, the Directors would be required to continue their search for an alternative acquisition or merger opportunity which they believe would form the basis for a significant fundraising, having regard to the fact that the Company will have declining cash resources. There can be no assurance that any alternative acquisition or merger opportunity would be available on terms that are commercially acceptable to the Company, if at all. Further, any alternative opportunities could result in a fundraising which is significantly more dilutive to Shareholders than the proposed Placing and Subscription. If the Group was unable to agree terms for an alternative fundraising, the Group may have to dispose of certain of its assets on a forced sale basis and potentially on commercially unattractive terms. Any such forced sales could impair the Group's ability to pursue its stated strategy. In the event that the Group was unable to secure alternative financing the Company could potentially face the risk of insolvency and/or be unable to continue trading.

13. Directors and Proposed Directors

Following the Acquisition, Iain Ross will continue as non-executive Chairman. Melvyn Davies will continue as Finance Director with Annette Clancy, Jerry Randall and David U'Prichard remaining as non-executive Directors. Upon completion of the Acquisition Philip Haworth, James Topper and David Mack, all currently directors of Intradigm, will join the Board as Chief Executive Officer and non-executive Directors respectively. James Topper, David Mack, Brian Dunnivant and Mohammad Azab shall resign from the board of Intradigm.

Upon completion of the Acquisition, Peter Reynolds, Bernd Wetzel and Jeremy Curnock Cook, currently non-executive Directors of Silence Therapeutics will resign from the Board.

Current Directors

Iain Ross

Chairman

Iain Ross, aged 55, BSc (Hons) Biochemistry, is an experienced business entrepreneur with more than 30 years' experience in the pharmaceutical and biotechnology sector. Between 1980 and 1995 he held senior commercial positions with companies in the UK and internationally, including Sandoz AG, Fisons plc, Hoffmann-La Roche AG and Celltech Group Plc where he was a main board director from 1991 to 1995. Since 1995 he has undertaken and provided input to a number of biotech turnarounds and start-ups as a board member on behalf of banks and private equity groups. From 1995 to 2000 he was Chief Executive Officer of Quadrant Healthcare plc and in 2001/2002 as chairman and chief executive officer he was responsible for the operational and financial turnaround of Allergy Therapeutics Ltd. Mr. Ross has raised substantial funds both publicly and privately, has been involved in four initial public offerings and has direct experience of mergers and acquisitions both in the UK and USA. Currently Mr. Ross is chairman of Biomer Technology Ltd and is a non-executive director of Powerstax plc. Mr. Ross is a Chartered Director of the UK Institute of Directors, a Trustee of the Breast Cancer Haven and a member of

the Council of Royal Holloway College, London University. Mr Ross is the Chairman of Silence Therapeutics' Nomination Committee.

Annette Clancy

Non-executive Director

Ms. Clancy, aged 55, has a distinguished career spanning 30 years with GlaxoSmithKline (GSK), where she had 15 years' experience in business development, leading GSK's global transactions and alliance management teams for the past 3 years. During her tenure she and her team were 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. Ms. Clancy is a member of Silence Therapeutics' Nomination Committee

Jeremy Curnock Cook

Non-executive Director

Jeremy Curnock Cook, aged 60, is executive chairman of International Bioscience Managers Limited, a corporate and investment advisory company, which he founded in February 2001, following his time at N.M. Rothschild & Sons Limited. During his 13 years at Rothschild, Mr. Curnock Cook 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, Excalibur Group Holdings Ltd and Targeted Genetics Inc (USA). Mr. Curnock Cook is a member of Silence Therapeutics' Audit Committee and Remuneration Committee.

Melvyn Davies

Finance Director and company secretary

Melvyn Davies, aged 53, is the Finance Director and company secretary of the Group. Mr. Davies qualified as a Chartered Accountant in 1981 and was a partner with a medium sized firm of London based Chartered Accountants for five years until 1994, specialising in the more complex audit and accounting issues. Mr. Davies has advised the Group since its foundation in 1992 and joined the Board in 1994 to help prepare for its initial public offering in 1995. Since then he has been instrumental in negotiating licensing and collaboration agreements and securing several rounds of fundraising in the process of moving the Group onto AIM and to a full London listing before moving the shares back to AIM in 2004. Following the restructuring of the Group in 2005, his main responsibilities have been to control and direct the Group's governance, financial and taxation affairs.

Jerry Randall

Non-executive Director

Mr. Randall, aged 45, is a qualified Chartered Accountant and was until recently chief financial officer of Sinclair Pharma plc which he joined in 2000 as part of a management buy-in team. Previously, 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,

the Unlisted Securities Market and AIM, as well as raising private equity. Mr. Randall is Chairman of Silence Therapeutics' Audit Committee.

Peter Reynolds

Non-executive Director

Peter Reynolds, aged 71, 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' Remuneration Committee and a member of Silence Therapeutics' Audit Committee.

Dr. David U'Prichard

Non-executive Director

David U'Prichard, aged 61, has served, and continues to serve, on a number of pharmaceutical and biotechnology Boards. He was chief executive officer and a member of the board of directors of 3-Dimensional Pharmaceuticals, Inc., Yardley PA ("3DP") from 1999 to 2003. During that time he took 3DP public and secured major collaborations with Bristol-Myers Squibb and Johnson & Johnson. In March 2003, 3DP became a part of Johnson & Johnson Pharmaceutical R&D. From 1997 to 1999, Dr. U'Prichard served as chairman of research and development at SmithKline Beecham, where he oversaw the entry of approximately ten compounds into global development; four compounds into Phase III trials and six compounds into early clinical trials. Additionally, he was involved in several major restructuring efforts at the company. Prior to SmithKline Beecham, Dr. U'Prichard worked for ICI/Zeneca from 1986 to 1997, as executive vice president and international research director from 1994 to 1997. Dr. U'Prichard is a member of Silence Therapeutics' Nomination and Remuneration Committee.

Prof. Dr. Bernd Wetzel

Non-executive Director

Prof. Dr. Bernd Wetzel, aged 65, is a member of the advisory and supervisory board of several biotech companies. Originally trained as a synthetic and theoretical organic chemist, during almost 30 years in the global pharmaceutical industry he has acquired extensive experience in many disease areas and enabling technologies, in strategic research and development and management across functions and sites. Since 1982, Professor Wetzel served in various senior management positions of Boehringer Ingelheim, amongst them chief scientific officer and member of the board of Boehringer Germany. In 1997 he was appointed Head of Worldwide Research and Non-Clinical Development with responsibility for Boehringer's international research sites, a position he held until the end of 2002. In 1990, Bernd Wetzel was appointed Honorary Professor at the Ludwig Maximilian University in Munich, lecturing in Medicinal Chemistry. Bernd Wetzel is a member of Silence Therapeutics' Nomination Committee.

Proposed Directors

Dr. James Topper

Non-executive Director

Dr. Topper, aged 47, became the chairman of the board of Intradigm in May 2006 following a series A financing of Intradigm. Dr. Topper is a general partner at Frazier Healthcare Ventures' Palo Alto office. Since joining Frazier Healthcare in 2003, Dr. Topper has led several biopharma investments including Arête Therapeutics, Cotherix, and MacuSight. Dr. Topper is also an advisory board member to the Harvard-Partners Center for Genetics and Genomics. Prior to joining Frazier Healthcare, he served as head of the cardiovascular research and development

franchise at Millennium Pharmaceuticals and ran Millennium San Francisco (formerly COR Therapeutics). Prior to the merger of COR and Millennium, he served as the Vice President of Biology at COR and was responsible for managing all of its research activities.

Dr. Topper received his MD and PhD in Biophysics from Stanford University School of Medicine in 1991. He completed his postgraduate training in Internal Medicine and Cardiovascular Disease at the Brigham and Women's Hospital in Boston and is board certified in both disciplines. While there, he completed a research fellowship in the Vascular Research Division in the department of Pathology. He then joined the faculty of Harvard Medical School from 1997 to 1998, and subsequently Stanford University as an Assistant Professor of Medicine (Cardiovascular) in July 1998. He has authored over 50 publications and was the recipient of a Howard Hughes Scholars Award while on the faculty at Stanford University. He continues to hold an appointment as a Clinical Assistant Professor of Medicine at Stanford University.

Dr. Philip Haworth

Chief Executive Officer

Dr. Haworth, aged 54, was appointed chief executive officer of Intradigm in October 2008 after serving as the company's vice president of business development. He came to Intradigm in April 2007 having spent the previous 15 years in senior business development roles at several leading biotechnology companies including Genencor International, COR Therapeutics and Affymax/Affymetrix, among others. In these positions, he led the identification and negotiation of numerous collaborative and licensing agreements with a range of global and regional pharmaceutical companies. He possesses deal-making expertise that spans establishing discovery and development partnerships, technology and product in- and out-licensing, mergers and acquisitions, and financing support.

Dr. Haworth earned his J.D. from Stanford University Law School, US, and his Ph.D. in biochemistry from the University of Manchester, UK. He also received his bachelor's degree with first class honours in physiology and biochemistry from the University of Southampton, UK.

Dr. David Mack

Non-executive Director

Dr. Mack, aged 48, joined Intradigm's board in May 2006. He joined Alta Partners in 2002 as a director. Dr. Mack led the investment in Angiosyn as a director and acting chief executive officer (acquired by Pfizer in 2005). He is currently on the board of directors of Aerie Pharmaceuticals, aTyr Pharma, Ceregene, Proacta and Sutro Biopharma. Prior to Alta, Dr. Mack co-founded and served as Vice President of Genomics Research at Eos Biotechnology (acquired by Protein Design Labs in 2003). From 1995 to 1997, he served at Affymetrix as Head of Cancer Biology where he oversaw the development and application of DNA array technology in the areas of oncology and inflammation. He was also a pivotal member of the Polymerase Chain Reaction (PCR) invention group at Cetus (now Chiron) in the mid 1980s.

Dr. Mack has co-authored more than 30 scientific articles and reviews, including papers published in Cell, Science and Nature, and he is an inventor on 24 US patents. He was an American Cancer Society postdoctoral fellow at Stanford University School of Medicine in Microbiology and Immunology. Dr. Mack received his Ph.D. in 1992 from the University of Chicago where he was a Howard Hughes fellow in Molecular Genetics and Cell Biology. He holds a Bachelor of Arts in Molecular Biology from University of California, Berkeley.

Senior Management

Thomas Christély

Chief Operating Officer

Thomas Christély has more than 19 years' experience in finance and corporate and business development. His track record includes multiple financing transactions as well as mergers and acquisitions, divestments and strategic restructurings and more than 9 years in cross-border management at board level. Mr. Christély joined Silence Therapeutics AG (Atugen AG) in 2001 as chief financial officer and became chief operating officer in 2002 prior to being appointed its chief executive officer in 2006. From 1996 to 2000, he held the position of senior vice president and chief financial officer at OXO Chemie AG, a Swiss pharmaceutical company, and founded its subsidiary OXO Chemie Inc. in San Francisco, where he stayed from 1997 to 2000. Mr. Christély was managing partner of the investment firm Löschen & Partner, Hamburg/Moscow, from 1992 to 1995. He worked in mergers & acquisitions at Enskilda Corporate Finance, London from 1989 to 1992. Mr. Christély has worked for two international accounting and consultancy firms and for the Commission of the European Union in Brussels. After his studies in Hamburg and Geneva, he received degrees in Business Administration (equivalent to an MBA) and Law from the University of Hamburg and was admitted as attorney-at-law.

Dr. Klaus Giese

Chief Scientific Officer

Dr. Klaus Giese has over 19 years of relevant experience in both the US and Europe, including the management of more than 20 international collaborations with pharmaceutical and biotech companies and more than 5 years in cross-border management as chief scientific officer. Dr. Giese joined Silence Therapeutics AG in 1999, where he continues his position as chief scientific officer. Prior to Silence Therapeutics, Dr. Giese was group Leader at Chiron Corporation, Emeryville, California from 1994 to 1998 and was responsible for coordinating and managing part of Chiron's obesity and oncology program. His efforts in this program included the development of several different gene expression profiling approaches and the development of a novel high-throughput screening assay to identify inhibitors of HIV-1 transcription. Prior to joining Chiron, Dr. Giese acted as research scientist and postdoctoral fellow at the Howard Hughes Medical Institute, University of California, San Francisco, as well as at the Max-Planck-Institute for Molecular Genetics in Berlin. Dr. Giese studied Biochemistry at the Free University of Berlin, where he also received his Ph.D.

Dr. John Lucas

General Counsel and Vice President, Intellectual Property

Dr. John Lucas brings over 18 years of legal, intellectual property and research experience to Silence Therapeutics. Prior to Joining Silence Therapeutics, Dr. Lucas was Vice President of Intellectual Property at Metabasis Therapeutics, a biopharmaceutical company in La Jolla, California. At Metabasis he served as the Company's first in-house counsel and was responsible for a wide range of legal matters including intellectual property, contracts and agreements and corporate compliance. Prior to Metabasis, Dr. Lucas held the position of vice president, intellectual property at Transform Pharmaceuticals of Lexington Massachusetts, which specialized in small molecule drug form and formulation. In addition to his other duties at Transform, he was heavily involved in the company's business strategy which culminated in the acquisition of Transform by Johnson and Johnson. Dr. Lucas also served as vice president, world-wide intellectual property at Genset of Paris, France and as patent examiner with the United States Patent and Trademark Office. Dr. Lucas holds a J.D. from George Washington University and a Ph.D. in molecular genetics from Ohio State University. He also holds a M.S. in microbiology

and a B.Ed. from Ohio University. In addition, Dr. Lucas' scientific experience includes a post-doctoral fellowship in cancer research at the National Cancer Institute, National Institutes of Health in Bethesda, Maryland.

14. Share Option Schemes

The Directors and Proposed Directors believe that the Group's future success is highly dependent on its management and employees. To assist in the recruitment, retention and motivation of high quality key employees, the Group must have an effective remuneration strategy. The Directors and the Proposed Directors consider that an important part of its remuneration strategy will be the ability to award equity incentives in the form of shares or share options to key employees.

The Group currently operates an Inland Revenue Approved Share Option Scheme, an Unapproved Share Option Scheme and an Enterprise Management Investment Scheme, the provisions of which are set out in paragraph 2 of Part VI of the Admission Document. Including options and other subscription rights granted prior to Admission, the Board currently intends that no more than 15 per cent of the Company's issued share capital will be under option from time to time.

As part of the Acquisition, the Silence Therapeutics Remuneration Committee has agreed that all unexercised Intradigm stock options held by current employees and consultants of Intradigm at the effective time of the Acquisition will be exchanged for Silence Therapeutics share options under the Unapproved Scheme. The exercise prices of existing Intradigm stock options currently exceed the value of Intradigm common stock (as valued in the Acquisition), and therefore Silence Therapeutics does not anticipate the exercise of any additional Intradigm stock options prior to the completion of the Acquisition. Therefore, it is anticipated that the replacement with Silence Therapeutics share options will result in the issuance of options over approximately 2,989,296 Ordinary Shares to Intradigm employees and consultants.

15. Lock-Up Agreements

Certain Stockholders and employees of Intradigm and certain directors and employees of Silence Therapeutics have agreed not to dispose of any interests in their Ordinary Shares to be received pursuant to the Acquisition or currently held (amounting in aggregate to 103,489,946 Ordinary Shares) for a period of 12 months following Admission.

Further details of the Lock-Up Agreements are set out in paragraph 7 of Part VI of the Admission Document.

16. Corporate governance

The Directors and Proposed Directors will continue to give careful consideration to the principles of corporate governance as set out in the Combined Code, although as a Company whose shares are admitted to AIM it is not required to comply with the Combined Code. The Company is small and it is the opinion of the Directors that not all of the provisions of the Combined Code are either relevant or desirable for a Company of its size.

The Board meets regularly and has ultimate responsibility for the management of the Company and sub-committees comprising of the non-executive Directors meet as and when required to deal with remuneration and audit matters.

The Directors have also considered the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull report) concerning the internal control requirements of the Combined Code. The

Board will regularly review and manage key business risks in addition to financial risks facing the Company in the operation of its business.

The Company has adopted and will operate a share dealing code for Directors and senior employees on the same terms as the Model Code appended to the Listing Rules of the UKLA.

17. Financial information

The Company's annual report and accounts for the year ended 31 December 2008 were posted to Shareholders on 4 June 2009 and, together with the Company's interim accounts for the six month period ended 30 June 2009, are available at the Company's website www.silence-therapeutics.com.

Historical financial information on Intradigm for the three years ended 31 December 2008 is set out in Section A of Part IV of the Admission Document and unaudited interim financial information on Intradigm for the six month period ended 30 June 2009 is set out in Section B of Part IV of the Admission Document.

A pro forma net asset statement illustrating the hypothetical position of the Company as if the Proposals had occurred on 30 June 2009 is set out in Part V of the Admission Document.

18. Taxation

General information regarding UK taxation in relation to the Placing and Admission is set out in paragraph 10 of Part VI of the Admission Document. **If you are in any doubt as to your tax position you should consult your own financial adviser immediately.**

19. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

20. Dividend Policy

The Directors anticipate that, following Admission, earnings will be retained for development of the Group's business and will not be distributed for the foreseeable future. The declaration and payment by the Company of any future dividends and the amount will depend on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

21. Extraordinary General Meeting

The Extraordinary General Meeting of the Company is to be held at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA on 4 January 2010 at 10.00 a.m. At the EGM, Resolutions will be proposed to approve the Acquisition, to authorise the Directors to allot and issue the New Ordinary Shares and to approve the Panel's waiver of the requirement for the Concert Party to make a Rule 9 Offer.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Lifting of the suspension of trading on AIM	16 December 2009
Latest time for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. on 2 January 2010
Extraordinary General Meeting	10.00 a.m. on 4 January 2010
Cancellation of admission of trading on AIM of existing Ordinary Shares	8.00 am on 5 January 2010
Admission, and dealings expected to commence in New Ordinary Shares and re-commence in existing Ordinary Shares on AIM	8.00 a.m. on 5 January 2010
Completion of the Acquisition	5 January 2010
CREST accounts to be credited for the Placing Shares and Subscription Shares	5 January 2010
Dispatch of definitive share certificates in respect of New Ordinary Shares	11 January 2010
The Company's SEDOL code is 0843335 and ISIN code is GB0008433350	

ACQUISITION, PLACING AND SUBSCRIPTION STATISTICS

Number of Ordinary Shares in issue at the date of this document	135,033,392
Issue Price per New Ordinary Share	23 pence
Number of Consideration Shares	79,640,668
Number of Subscription Shares	25,332,990
Number of Placing Shares	39,884,402
Number of Ordinary Shares in issue following completion of the Proposals	279,891,452
Consideration Shares as a percentage of Enlarged Issued Ordinary Share Capital	28.5%
Placing Shares as a percentage of Enlarged Issued Ordinary Share Capital	14.2%
Subscription Shares as a percentage of Enlarged Issued Ordinary Share Capital	9.1%
New Ordinary Shares as a percentage of Enlarged Issued Ordinary Share Capital	51.8%
Estimated net proceeds of the Placing and Subscription	£12,600,000

RISK FACTORS

The Directors and the Proposed Directors consider the following risks to be the most significant for existing and potential investors in the Company. In addition to the other relevant information set out in this document, these risks should be considered carefully in evaluating an investment in the Company. An investment in the Company may not be suitable for all of its existing or prospective investors. If you are in any doubt about the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities. It should be noted that the risks described below are not the only risks faced by the Company. There may be additional risks that the Directors and the Proposed Directors currently consider not to be material or of which they are currently unaware. The risks set out below are not presented in any assumed order of priority.

The Group's principal activity is biotechnology research and development. As with any business in this sector, there are risks and uncertainties relevant to the Group's business. Certain of these risk factors affect the majority of businesses, some are common to businesses in the biotechnology sector and others are more specific to the Group.

Requirement for additional funds

The Group's business and growth strategies will require additional capital and the Company is undertaking a fundraising contemporaneously with the Acquisition. There can be no guarantee that funds will be available to the Group on satisfactory terms in the future, if required. To the extent that the Group raises additional equity capital, it would have a dilutive effect on existing Shareholders. If adequate funds are not available, the Group will not be able to continue to grow at the planned rate or otherwise achieve certain management objectives. Additionally, the Group would have to reduce significantly its planned research and development, sales and marketing. This would impact deleteriously on the Group's prospects.

Drug Discovery risk

Silence Therapeutics and Intradigm's products are at an early stage of development and none has yet completed clinical development. These products will require significant additional preclinical and clinical development and investment prior to commercialisation. Results of preclinical studies are not necessarily indicative of results that may be obtained in human clinical trials. Furthermore, results in early human trials may be different from those obtained later in controlled multi-centre human trials. Adverse or inconclusive results from pre-clinical testing or clinical trials could significantly delay, or ultimately preclude, the introduction or further testing of certain products.

The production and marketing of Silence Therapeutics and Intradigm's products and their ongoing research and development activities are subject to regulation by governmental authorities in the United States, the United Kingdom, the European Community and by regulatory agencies in other countries where the Directors and the Proposed Directors intend to test or market such of the Enlarged Group's products that it may develop or to which it may have rights.

Neither the Directors nor the Proposed Directors expect to apply for regulatory approval for commercial sales of any of the Enlarged Group's therapeutic products

for some time. Prior to marketing, any product developed by the Enlarged Group or to which it may have rights must undergo an extensive regulatory approval process. This process can take many years and require the expenditure of substantial resources. Data obtained from pre-clinical and clinical activities is susceptible to varying interpretations which could delay, limit or prevent regulatory agency approval. In addition, delay or rejections may result from change in regulatory agency policy for product approval during the period of product development. Even after such time and expenditure, regulatory agency approval may not be obtained for any product developed or marketed under licence by the Enlarged Group.

The Group's policy is to enter collaborative agreements to develop and commercialise future products. The Enlarged Group may not be able to negotiate acceptable collaborative agreements. The Group's business environment is characterised by rapid change. There can be no assurance that the Enlarged Group's competitors will not succeed in developing technologies and products that are more effective than any which are being developed by the Enlarged Group or which will render the Enlarged Group's products obsolete and/or noncompetitive or which may reach the market first.

If adequate coverage and reimbursement levels are not provided by governments and third party payers for the Enlarged Group's potential products the market acceptance of these products may be adversely effected.

The Group operates in a highly regulated environment which has been characterised by changes in regulation. There can be no assurance that any future regulatory changes will not result in the requirement for further expenditure or the cessation, alteration or suspension of some or all of the Enlarged Group's operations.

Clinical and regulatory risk

The nature of pharmaceutical development is such that drug candidates may not be successful due to an inability to demonstrate in a timely manner the necessary safety and efficacy in a clinical setting to the satisfaction of appropriate regulatory bodies, such as the Food and Drug Administration (FDA) in the US and the European Medicines Agency (EMA) in Europe. The Group will have limited control over the type and cost of trial required to obtain regulatory approval.

The Group will rely on third parties to conduct clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the programs of the Group may be delayed or the Group may not be able to obtain regulatory approval for its products. Any failure or delay of projects in development or clinical trials could have an adverse effect on the business.

With the prime focus of the Group being on such a new area of technology, there can be no assurance that the Group's products will receive and maintain regulatory approval and loss of such regulatory approval will have adverse effects on business.

Product development risk

The Group is involved at the leading edge of a revolutionary technology. Within the pharmaceutical sector more drugs fail in development than progress to market and there is no guarantee that the Group will be able to successfully develop this new technology or bring any of the drug candidates it is developing to market. Further, the drugs that the Group does bring to market may not be commercially successful.

The technology upon which the Group's products and services are based is characterised by rapid evolution and frequent innovations. To succeed, the Group

must develop and introduce new or improved techniques. Any delay in the Group's ability to develop and release enhanced or new technologies could seriously harm its business and operating results.

The Group has no track record of successful development and registration of any product and will need to acquire or gain access to relevant additional expertise.

In order to progress the Group's product development plans it may be desirable or necessary to find collaborators on certain projects. The Group cannot guarantee that it will be able to find and maintain suitable collaborators under acceptable terms, or that, once found, such collaborators will devote sufficient resources to the collaboration to make it commercially successful.

The Group's suppliers may encounter unexpected difficulties in the design and construction of manufacturing processes and the scale-up of production to viable commercial levels or may otherwise be unable to supply materials to the Group in a timely manner.

Integration, growth and support risk

To succeed in the implementation of the Enlarged Group's business strategy, the Enlarged Group's management team must rapidly integrate its resources, develop its facilities, seek out new alliances and expand its customer base, while managing anticipated growth. Any growth is likely to place a significant strain on the Enlarged Group's managerial, operational and financial resources and systems. To execute the Enlarged Group's anticipated growth successfully, it must attract and retain qualified personnel and manage and train them effectively. Any failure by the Enlarged Group to manage the integration of the respective business and operations of Silence Therapeutics and Intradigm, and to manage its growth effectively, could have an adverse effect on the Enlarged Group's business.

Intellectual Property risk

The Group may be unable successfully to protect its competitive position through the establishment and enforcement of intellectual property; the lack of sufficient intellectual property protection for the Group's technologies may have a material adverse effect on its commercial success. In particular, there can be no assurance that the Group's patent, and other intellectual property, applications will be granted, or that its granted intellectual property (including any granted in future further to those applications) are or will be valid or of sufficiently broad scope to provide commercially meaningful protection against third party competition. The Group's competitors may also have, or acquire in future, substantially equivalent technologies to those on which the Group does or will depend, or otherwise design around the Group's intellectual property.

Other companies may have or acquire intellectual property that restricts the Group's freedom to operate or imposes high additional costs for the Group in obtaining licences, and there can be no assurance that the Group will be able to design around such intellectual property or obtain relevant licences on commercially acceptable terms, if at all.

The Group may incur substantial costs in enforcing its intellectual property, and in bringing and prosecuting opposition or interference actions to seek to prevent third parties from obtaining patent or other protection. The Group may incur substantial costs in defending against such actions. There can be no guarantee that such actions will be successful for the Group.

The patent landscape in the field of RNAi is complex, and the Group is aware of the issuance and the pendency of patents and patent applications in Europe, the US and in other jurisdictions that are owned by third parties and that purport to cover structurally-defined classes of siRNAs and their uses. This patent landscape is in flux, with ongoing oppositions, litigations, and continuing prosecution before patent offices around the world, and the Directors cannot be certain that siRNA claims that have already issued, or that will later issue, to third parties will not restrict the Group's freedom to operate.

In addition, there are many issued and pending patents that claim various aspects of oligonucleotide chemistry that the Directors may need to apply to the Group's siRNA drug candidates. There are also many issued patents that claim genes or portions of genes that may be relevant for siRNA drugs we wish to develop. There are further many issued and pending patents that claim various aspects of nucleic acid delivery systems that the Directors may need to license in order to deliver the Group's siRNA drug candidates topically or systemically to the appropriate target tissues.

Thus, it is possible that one or more third parties may hold, or later will hold, patent rights to which the Group will need a license. If those parties refuse to grant the Group a license to such patent rights on reasonable terms, the Group may not be able to market products covered by these patents.

Although the Opposition Division of the European Patent Office recently confirmed the validity of the Group's core patent on AtuRNAi structural features, EP 1 527 176 B1 (albeit with claims narrower than upon first issuance), opponents may still file an appeal, and the Directors cannot guarantee that the claims will survive any such appeal in their current form.

The Group also relies on trade secrets, know-how and technology, which are not protected by patents, to maintain its competitive position. If any trade secret, know-how or other technology not protected by a patent were to be disclosed to or independently developed by a competitor, the Group's business and financial condition could be materially adversely affected.

The Group's success will depend in part on the ability of its licensors to obtain, maintain and enforce patent protection for its licensed intellectual property, in particular those patents to which it has secured exclusive rights. The Group's licensors may not successfully prosecute the patent applications to which the Group is licensed. Even if patents are issued in respect of these patent applications, the Group's licensors may fail to maintain these patents; may determine not to pursue litigation against other companies that are infringing these patents; or may pursue such litigation less aggressively than the Group would. Without protection for the intellectual property the Group licenses, other companies might be able to offer substantially identical products for sale, which could adversely affect the Group's competitive business position and harm its business prospects.

Profitability risk

The Group cannot be certain that it will achieve profitability. Any adverse events relating to the Enlarged Group's business or a significant delay or shortfall of revenue in relation to the Enlarged Group's expectations would have an immediate adverse effect on the Group's business, operating results and financial condition. There can be no assurance that the Group will be profitable in any future period. The Enlarged Group is subject to the risks inherent in the operation of a small and growing business. It may not be able to successfully address these risks.

Competition risk

RNAi technology is attracting increased interest and with that is increased competition.

Competitors in the sector may have greater financial, human and other resources and more experience to develop competing products or technology.

Many companies are trying to develop competing technologies and one or more of these may restrict the potential commercial success of the Group's products or render them obsolete.

Increasing competition may also have an adverse effect on the timing or scale of commercialisation of the Group's technology.

Financial risk

There are very high costs of product development, where products have lead times to market of many years.

The lack of a substantial recurrent revenue stream and the significant resources needed for ongoing investment in its R&D pipeline require the Group to gain access to additional funding from licensing, capital markets or elsewhere. There can be no assurances that such funding will be achieved on favourable terms, if at all.

Additional funding will be required to give the Group time to reach profitability. If the Group is unable to raise those funds, there may be insufficient finance for product development or operations and consequent delay, reduction or elimination of development programmes could result.

The Group has a small portfolio of products. Success or failure with individual products could have a significant impact on the share price. This in turn may make it difficult for the Group to continue funding its development programme.

The Group may be unable to secure adequate insurance at an acceptable cost.

Retention of key personnel risk

The Group's success is largely dependent on the personal efforts and abilities of the Group's existing senior management. The loss of key employees or advisers or the inability to attract or retain other qualified employees or advisers could have a material adverse effect on the Group's results of operations and financial condition.

Government actions

All governments reserve the right to amend their policies in relation to drug development and biotechnology. These policies are subject to change at any time, in any country and can impact profoundly upon the biotechnology industry as a whole or in part.

Share price volatility and liquidity

No assurance can be given that an active market for the Ordinary Shares will develop or be sustained after Admission. Following Admission, approximately 37.0 per cent. of the Enlarged Issued Ordinary Share Capital will be subject to the Lock-Up Agreements referred to in paragraph 7 of Part VI of the Admission Document. The market for the Ordinary Shares may be highly volatile and subject to wide fluctuations in price in response to a variety of factors, which could lead to losses for Shareholders. These factors include: announcement of technological innovations, changes in government policies, changes in legislation and economic conditions, the

provision of new services by the Enlarged Group or its competitors, fluctuations in the Enlarged Group's operating results, changes in economic performance or market valuations of similar businesses, announcements by the Enlarged Group or its competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments, additions or departures of key personnel, litigation and press, newspaper and other media reports. In addition, the Ordinary Shares may not be traded in sufficient volumes to give share liquidity to Shareholders.

Stock markets have also from time to time experienced extreme price and volume fluctuations, which have affected the market prices of securities and which have often been unrelated to the operating performance of the companies affected. These broad market fluctuations, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

Investment risk and AIM

The existing Ordinary Shares, the Consideration Shares, the Subscription Shares and the Placing Shares will be quoted on AIM rather than the Official List. The rules of AIM are less demanding than those of the Official List and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. On any disposal investors may realise less than the original amount invested.

Foreign exchange risk

The Enlarged Group will have operations in the UK, Germany and the US. The Group will report its financial results in British Pounds and, as a consequence of the international nature of its business, the Enlarged Group will be exposed to risks associated with foreign currency exchange rates.

The Enlarged Group's operations are primarily based in the US and Germany, with the costs being largely denominated in US Dollars and Euros. Future income and equity related financings may be generated in a number of different currencies, although principally in British Pounds, US Dollars or Euros. It is likely that the funds generated in each currency will not match the costs incurred in the same currency and therefore the Enlarged Group will be subject to a foreign exchange risk when re-aligning its cash holdings with the currencies in which costs are incurred. As the results and assets and liabilities of foreign operations which use a functional currency other than British Pounds will be translated into British Pounds at each balance sheet date, movements in foreign currency exchange rates may have a material effect on the Enlarged Group's reported results of operations, financial position, cash flows and the value of its investments.

The proceeds of the Subscription will primarily be received in US Dollars. This may give rise to an exchange rate risk against British Pounds, the Enlarged Group's presentational currency.

Silence Therapeutics' approach to managing this foreign exchange risk will be as far as possible to match its currency of cash holding with the currency of expected

expenditure but also to consider entering into derivative contracts, cross-currency swaps and forward sales, to hedge the risk. The effect of this will be to reduce the potential volatility in income and net asset value caused by currency fluctuations.

However, there is no assurance that such hedging transactions will be available at a reasonable cost or will be successful in reducing the foreign exchange risk exposures.

Contracts hedging Silence Therapeutics' net assets would be hedge accounted as net investment hedges. The change in the market value of these hedges would, therefore, be taken direct to equity reserves. Currency contracts entered into as short term cash flow hedges would be matched against equal and opposite hedge positions and the movement in value would be taken to the income statement as the valuation movement usually reverses when the matched contract matures.

Investors should consider carefully whether an investment in Silence Therapeutics is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

This list should not be considered an exhaustive statement of all potential risks and uncertainties.

DEFINITIONS

The following definitions and terms apply throughout this announcement unless the context otherwise requires:

“Act”	the Companies Act 2006 (as amended)
“Acquisition”	the merger of Silence Therapeutics Sub a wholly-owned subsidiary of Silence Therapeutics with and into Intradigm resulting in the acquisition by Silence Therapeutics of the entire outstanding issued share capital of Intradigm
“Acquisition Agreement”	the agreement and plan of merger dated 16 December 2009 by and among Silence Therapeutics, Silence Therapeutics Sub and Intradigm pursuant to which Silence Therapeutics will acquire the entire outstanding issued share capital of Intradigm
“Admission”	admission of the Enlarged Issued Ordinary Share Capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and/or, where applicable, the AIM Rules for Nominated Advisers
“AIM Rules for Companies”	the rules for companies whose securities are traded on AIM published by the London Stock Exchange as amended from time to time
“AIM Rules for Nominated Advisers”	the rules for nominated advisers published by the London Stock Exchange as amended from time to time
“Approved Scheme”	the HM Revenue & Customs Approved Share Option Scheme operated by the Group
“Board”	the board of Directors of Silence Therapeutics
“Combined Code”	the Principles of Good Governance and the Code of Best Practice included within the Listing Rules of the UKLA
“Company” or “Silence Therapeutics”	Silence Therapeutics plc, a company incorporated in England and Wales with registered number 2992058
“Concert Party”	means those stockholders and officers of Intradigm to whom New Ordinary Shares are to be issued pursuant to the Proposals, and whose names are set out in the letter from the Chairman

“Consideration Shares”	the 79,640,668 New Ordinary Shares to be issued in accordance with the terms of the Acquisition Agreement
“Directors”	the directors of the Company as listed in this announcement
“Intradigm”	Intradigm Corporation, a company incorporated under the laws of the State of Delaware, USA
“EGM” or “Extraordinary General Meeting”	the Extraordinary General Meeting of the Company convened for 10.00 a.m. on 4 January 2010 (and any adjournment thereof)
“EMI Scheme”	the Enterprise Management Incentive Scheme operated by the Group pursuant to the Finance Act 2000
“Employee Agreements”	collectively, (i) the employment agreement to be executed and delivered at the signing of the Acquisition Agreement but to be effective at the closing of the Acquisition between the Company and Philip Haworth and (ii) the employment agreements to be executed and delivered at the signing of the Acquisition Agreement but to be effective at the closing of the Acquisition between the surviving corporation from the merger and each of Michael Riley, Xiao-Dong Yang and Samuel Zalipsky
“Enlarged Board”	the Directors and the Proposed Directors
“Enlarged Group”	the enlarged Group following completion of the Acquisition the ordinary share capital of the Company as enlarged by the issue of the New Ordinary Shares
“Enlarged Issued Ordinary Share Capital”	the ordinary share capital of the Company as enlarged by the issue of the New Ordinary Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“EU” or “Europe”	European Union
“FSMA”	Financial Services and Markets Act 2000, as amended
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting which accompanies this document
“Group”	Silence Therapeutics and its subsidiaries including, following completion of the Acquisition, Intradigm
“IP”	intellectual property
“Independent Shareholders”	holders of Ordinary Shares with the exception of Novartis Bioventures Limited

“Issue Price”	23 pence per New Ordinary Share
“Lock-Up Agreements”	the agreements made between the Company and certain persons restricting their ability to transfer or dispose of their Ordinary Shares, further details of which are set out in the letter from the Chairman
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Consideration Shares, the Placing Shares and the Subscription Shares
“Nomura Code”	Nomura Code Securities Limited
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placees”	those persons who have agreed to subscribe for Placing Shares
“Placing”	the placing of Placing Shares as described in this document
“Placing Agreement”	the conditional agreement dated 16 December 2009 and made between Nomura Code, the Directors, the Proposed Directors and the Company in relation to the Placing, further details of which are set out in the Admission Document
“Placing Shares”	the 39,884,402 New Ordinary Shares to be issued pursuant to the Placing
“Proposals”	the proposed Acquisition, the Placing and the Subscription
“Proposed Directors”	James Topper, Philip Haworth and David Mack, who are proposed to be appointed as Directors of the Company following the Acquisition
“Prospectus Rules”	the Prospectus Rules made by the Financial Services Authority pursuant to section 73A of the FSMA
“Regulation D”	Regulation D under the Securities Act
“Resolutions”	the resolutions as set out in the notice of EGM at the end of this document
“Rule 9”	Rule 9 of the Takeover Code

“Securities Act”	the United States Securities Act of 1933 (as amended) and the rules and regulations of the Securities and Exchange Commission promulgated thereunder
“Shareholders”	holders of Ordinary Shares
“Silence Therapeutics Sub”	Silence Therapeutics Acquisition Corp., a newly formed and wholly owned subsidiary of Silence Therapeutics
“Subscribers”	those persons who have agreed to subscribe for the Subscription Shares pursuant to the Subscription Agreements
“Subscription”	the private placement of the Subscription Shares concurrent with the Placing pursuant to the Subscription Agreements
“Subscription Agreements”	the agreements made between the Company and the Subscribers in relation to the Subscription, further details of which are set out in the Admission Document
“Subscription Shares”	the 25,332,990 New Ordinary Shares to be issued to the Subscribers pursuant to the Subscription Agreements
“Takeover Code”	the City Code on Takeovers and Mergers
“Termination Agreement”	the agreement to be executed and delivered at the signing of the Acquisition Agreement but to be effective at the closing of the Acquisition pursuant to which Intradigm and certain current officers of Intradigm agree, in exchange for the issue by the Company of 2,700,000 New Ordinary Shares to those certain officers (such number of New Ordinary Shares subject to applicable tax withholding requirements), to terminate an incentive plan known as the ‘Intradigm 2009 Change of Control Incentive Plan’
“UKLA” or “UK Listing Authority”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“Unapproved Scheme”	the Company’s share option scheme which has not been approved by HM Revenue & Customs as described in paragraph 2 of Part VI of the Admission Document
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

GLOSSARY OF SCIENTIFIC AND TECHNICAL TERMS

“19-23nt, 25nt”	double stranded RNA 19 to 23 nucleotides and 25 nucleotides in length, respectively
“angiogenesis”	the growth of new blood vessels
“antisense”	a nucleic acid sequence that is complimentary to a functional sequence which, by binding to it prevents production of the protein encoded by that sequence
“ADME”	an acronym in pharmacokinetics and pharmacology for Absorption, Distribution, Metabolism and Excretion, and describes the disposition of a pharmaceutical compound within an organism
“AtuRNAi”	a proprietary form of RNAi developed by Silence Therapeutics
“bioinformatic algorithms”	mathematical analyses used to identify sequences and patterns in biological systems
“diabetic retinopathy”	a diabetic eye disease caused by changes in the blood vessels of the retina, which may lead to blindness
“endosomal compartment”	a network of membranous tubes and vesicles extending to the cell nucleus
“endothelial”	the flat cells which line the interior surface of blood vessels
“FDA”	the Food and Drug Administration, the US healthcare regulatory body
“gene”	structurally, a basic unit of hereditary material that encodes a product (this product could be RNA, rRNA or a protein)
“gene silencing”	targeting or interfering with a specific gene and preventing its expression (in other words, preventing the product it encodes from being produced)
“homology”	refers to the similarity of genetic sequences
“immunogenicity”	ability of a substance to provoke an immune response
“intracellular delivery”	transport into the cell
“in vitro”	within an artificial environment; outside a living organism
“in vivo”	within, or into, a living organism
“L-histidine”	a naturally occurring amino acid

“ligand”	an entity that is able to bind to and form a complex
“L-lysine”	a naturally occurring amino acid
“liposome”	a microscopic, closed vesicle, within a fat-based surface, used to encapsulate molecules for delivery into a cell
“macular degeneration”	an eye disease which can lead to loss of the central field of Vision
“macular oedema”	a disorder of the eye caused by leaking blood vessels in the retina leading to swelling and distortion of vision
“Merck”	Merck & Co., Inc., a pharmaceutical company
“moieties”	a characteristic part of a molecule
“mRNA”	messenger RNA: RNA which embodies the code of a gene and which interacts with the protein producing element within a cell
“nanoparticles”	small particles with dimensions of the order of 1-100 nanometers
“nuclease degradation”	process by which nucleic acids are broken down
“oligonucleotides”	a short nucleic acid polymer
“peptide polymer”	long chains of linked peptides / amino acids
“Pfizer”	Pfizer Inc., a major pharmaceutical company
“pharmacodynamics”	the study of the efficacy of drugs on a living organism
“pharmacokinetics”	distribution of active agents throughout the various tissues of the organism in terms of space and time
“Phase I”	the assessment of the safety, pharmacodynamics and pharmacokinetics of a drug candidate in human subjects
“Phase II”	the assessment in patients of a drug to determine dose range and preliminary efficacy
“Phase III”	the assessment of the efficacy and safety of a drug, usually in comparison with a marketed product or a placebo, in the patient population for which it is intended
“Quark”	Quark Pharmaceuticals, Inc. (formerly Quark Biotech Inc.) a biotechnology company developing siRNAs
“RNA”	ribonucleic acid

“RNAi”	RNA interference: a technique used to prevent translation of specific genes by targeting and degrading the mRNA embodying the genetic sequence of the relevant gene with the intention of inhibiting production of disease causing proteins
“RTP801”	a gene expressed under low oxygen conditions which may be a useful target for treatment of cancer and certain eye diseases
“siRNA”	short interfering RNA, short strands of RNA which can induce RNA interference
“translation”	the expression of a protein encoded by mRNA embodying the genetic sequence of a gene
“vasculature”	in relation to blood vessels
“xenograft”	a transplant of tissue from one species to a different species