

GENETRONICS BIOMEDICAL CORP

Form PREM14A

December 26, 2002

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(cc) or Rule 14a-12

GENETRONICS BIOMEDICAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)	Title of each class of securities to which transaction applies: N/A
(2)	Aggregate number of securities to which transaction applies: N/A
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$3.7 million based upon the sale price, which is subject to adjustment, for the sale of substantially all of the assets primarily used in the BTX Division
(4)	Proposed maximum aggregate value of transaction: \$3.7 million based upon the sale price, which is subject to adjustment, for substantially all of the assets primarily used in the BTX Division
(5)	Total fee paid: \$340.00

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: GENETRONICS BIOMEDICAL CORP - Form PREM14A

- (1) Amount Previously Paid: _____
 - (2) Form, Schedule or Registration Statement No.: _____
 - (3) Filing Party: _____
 - (4) Date Filed: _____
-

(GENETRONICS BIOMEDICAL CORPORATION LOGO)

GENETRONICS BIOMEDICAL CORPORATION
11199 Sorrento Valley Road
San Diego, California 92121

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON JANUARY 31, 2003

To the Stockholders of Genetronics Biomedical Corporation:

Notice is hereby given that Genetronics Biomedical Corporation, a Delaware corporation, will hold a special meeting of stockholders on January 31, 2003 at 9:00 a.m., local time, at our headquarters located at 11199 Sorrento Valley Road, San Diego, California 92121 for the following purposes:

1. To consider and vote upon the approval of the Asset Purchase Agreement dated as of December 24, 2002 by and between Genetronics Biomedical Corporation, Genetronics, Inc. and Harvard Biosciences, Inc. a Delaware corporation (HBI), and the sale of assets to be effected thereby, and all related transactions, pursuant to which substantially all of the properties and assets primarily used in our operating division known as the BTX Instrument Division (BTX), other than its cash and other specifically excluded assets will be sold (the Proposal), to HBI; and
2. To transact such other business as may properly come before the special meeting or at any adjournments or postponements thereof. The Proposal and other related matters are more fully described in the Proxy Statement attached to this notice. Only stockholders of record at the close of business on December 16, 2002 are entitled to notice of, and to vote at, the special meeting and at any adjournments thereof. A list of stockholders entitled to vote at the special meeting will be located at our office at 11199 Sorrento Valley Road, no later than December 31, 2002. That list will remain available for inspection at our office until the special meeting, and will also be available for inspection at the special meeting, for any purpose relating to the meeting.

To ensure that your vote will be counted, please complete, date and sign the enclosed proxy card and return it promptly in the enclosed prepaid envelope, whether or not you plan to attend the special meeting. Since proxies may be revoked at any time, you may attend the special meeting and vote in person even if you have previously returned a proxy. THE GENETRONICS BIOMEDICAL CORPORATION BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED AND ADOPTED THE PROPOSAL AND RECOMMENDS THAT YOU VOTE FOR APPROVAL AND ADOPTION OF THE PROPOSAL.

By Order of the Board of Directors,

/s/ Avtar Dhillon, M.D.
Avtar Dhillon, M.D.,
President and Chief Executive Officer

San Diego, California
_____, 2003

**GENETRONICS BIOMEDICAL CORPORATION
PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON JANUARY 31, 2003**

The Board of Directors of Genetronics Biomedical Corporation is furnishing this Proxy Statement to you in connection with its solicitation of proxies to be voted at its special meeting of stockholders to be held on January 31, 2003 at 9:00 a.m., local time, at our headquarters located at 11199 Sorrento Valley Road, San Diego, California 92121 and at any adjournments or postponements thereof.

This Proxy Statement and the enclosed proxy are first being sent to stockholders on or about , 2003.

At the special meeting, we will ask you to approve an Asset Purchase Agreement dated as of December 24, 2002 by and between Genetronics Biomedical Corporation, Genetronics, Inc., and Harvard Biosciences, Inc., a Delaware Corporation (HBI), and the sale of assets to be effected thereby, and all related transactions, pursuant to which substantially all of the assets primarily used in our operating division known as the BTX Instrument Division (BTX or the BTX Division), other than its cash and other specifically excluded assets, will be sold to HBI, a Delaware corporation. The Board of Directors recommends that you vote in favor of the asset sale.

Except for procedural matters, we do not know of any matters other than those listed above that will be brought before the special meeting. If, however, other matters are properly brought before the special meeting, we will vote your proxy on those matters as determined by the person identified on the proxy card as your proxy. Our principal executive offices are located at 11199 Sorrento Valley Road, San Diego, California 92121 and the telephone number is (858) 597-6006.

YOU SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION INCLUDED IN THIS PROXY STATEMENT AND ITS ATTACHMENTS BEFORE RETURNING YOUR PROXY.

The date of this proxy statement is ____ __ , 2003.

TABLE OF CONTENTS

	Page
SUMMARY OF PROPOSED ASSET SALE	2
QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND PROPOSALS	4
RISK FACTORS	8
FORWARD-LOOKING STATEMENTS	9
PROPOSAL 1: TO APPROVE THE BTX ASSET SALE	10
DESCRIPTION OF GENETRONICS AND ITS CURRENT BUSINESS	10
DESCRIPTION OF THE ASSET SALE	11
CERTAIN MATERIAL TERMS OF THE ASSET PURCHASE AGREEMENT	11
REASONS FOR ENGAGING IN THE ASSET SALE	18
BACKGROUND, PAST CONTACTS, AND NEGOTIATIONS	19
RECOMMENDATION OF THE BOARD OF DIRECTORS TO STOCKHOLDERS	21
VOTE REQUIRED FOR THE APPROVAL OF THE ASSET SALE	22
CONFLICTS OF INTEREST; INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON	22
ACCOUNTING TREATMENT OF THE ASSET SALE	22
UNITED STATES TAX CONSEQUENCES OF THE ASSET SALE	22
REGULATORY APPROVALS	22
OPINION OF FINANCIAL ADVISOR	23
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS	26
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	30
TRANSACTION OF OTHER BUSINESS	33
EXHIBITS	
Exhibit A Asset Purchase Agreement	
Exhibit B Fairness Opinion Letter	

SUMMARY OF PROPOSED ASSET SALE

The following summary highlights the material terms of the proposed sale of substantially all of the assets primarily used in the BTX Division (the BTX Assets) to HBI, other than its cash and other specifically excluded assets, and our use of the proceeds. We have included page references to direct you to more complete information that appears elsewhere in this document. A copy of the Asset Purchase Agreement between Genetronics Biomedical Corporation, Genetronics, Inc. (our wholly owned subsidiary in which the BTX Division is located) and HBI dated December 24, 2002 governing the asset sale is attached to this Proxy Statement as Exhibit A. You should read this Proxy Statement, the Asset Purchase Agreement and the other documents attached to this Proxy Statement in their entirety to fully understand the asset sale and its consequences to you.

The Board of Directors of Genetronics Biomedical Corporation has unanimously approved the Asset Purchase Agreement, the sale of the BTX Assets to be effected thereby and all related transactions and recommends that you vote for approval and adoption of the same. Each of our directors and officers that own shares of Genetronics Biomedical Corporation Common Stock (representing 720,413 shares or 1.4% of the outstanding shares of our common stock as of December 16, 2002) has agreed to vote all of the shares held by them in favor of the transactions contemplated by the Asset Purchase Agreement.

The Companies. Genetronics Biomedical Corporation is a leader in electroporation therapy with over 200 patents issued, allowed, or pending. We utilize our proprietary electroporation technology for the targeted intracellular delivery of therapeutic materials, concentrating on drugs, vaccines, and gene therapy. In oncology, we have initiated Phase III clinical trials for the treatment of recurrent head and neck cancer. In gene therapy, we have several collaborations with major biotechnology and pharmaceutical companies for the delivery of therapeutic genes or vaccines using electroporation. All our business activities, including those of the BTX Division, are conducted through Genetronics, Inc., our wholly owned subsidiary. See Description of Genetronics and Its Current Business on Page 10.

HBI is a publicly-held global provider of research enabling tools that solve problems in drug discovery. HBI focuses on alleviating bottlenecks in the drug discovery process including target validation, assay development and ADMET (absorption, distribution, metabolism, elimination and toxicology) screening. HBI is engaged in the manufacture, marketing and distribution of a broad range of proprietary products. In addition to the proprietary, manufactured products, HBI buys and resells products through catalogs that are made by other manufacturers. HBI's principal headquarters are located at 84 October Hill Road, Holliston, Massachusetts 01746-1388 and its telephone number is (508) 893-8999.

Purchase Price. In exchange for the BTX Assets, HBI will pay us \$3.7 million, of which \$3.5 million will be paid at closing, and the remaining \$200,000 will be deposited in escrow pursuant to an escrow agreement expiring in April 2004; proceeds deposited into escrow shall be for the purposes of (i) securing our indemnification obligations under the Asset Purchase Agreement and (ii), at the option of HBI, making any purchase price adjustment set forth in the Asset Purchase Agreement to the extent that the net asset value of the BTX Assets less the liabilities of the BTX Division assumed by HBI are less than \$1.1 million. In addition, HBI has agreed to pay us a royalty based upon a sliding scale of future sales by HBI of certain BTX products for certain uses. We currently anticipate that the net proceeds from the sale of the BTX Assets will be approximately \$3.4 to \$3.7 million (excluding amounts, if any, payable pursuant to the royalty referenced above). See Description of Asset Sale Consideration to be Received in the Asset Sale on Page 11 and Certain Material Terms of the Asset Purchase Agreement on Page 11.

Assets Transferred and Liabilities Assumed. We are selling substantially all of the assets primarily used in the BTX Division other than cash and other specifically excluded assets. The assets to be sold include all equipment and other tangible personal property, inventory, identified contracts, accounts receivable, intellectual property and general intangibles, licenses and authorizations and records and lists primarily used in the BTX Division. HBI will also obtain rights to certain intellectual property through a license to be executed concurrently with the sale. HBI will assume the accounts payable of the BTX Division, certain obligations under the assumed customer contracts, substantially all of the product warranty liabilities of the BTX Division and other specifically identified liabilities. See Description of the Asset Sale Assets Transferred and Liabilities Assumed on Page 11.

Representations and Warranties. The Asset Purchase Agreement contains customary representations, warranties and covenants frequently included in similar transactions. Certain representations and warranties will survive closing. See Certain Material Terms of the Asset Purchase Agreement Representations and Warranties of our Company on Page 12.

Conditions to the Transaction. HBI has the right not to enter into the transaction in the event that certain conditions are not satisfied prior to closing. For instance, we must obtain any necessary government and regulatory approvals and the consent of all parties necessary to transfer and assign material contracts. Additionally, Genetronics Biomedical Corporation must obtain stockholder approval for the sale of the BTX Assets. Also, HBI and Genetronics Biomedical Corporation and Genetronics, Inc. must enter into: (i) a Transition Services Agreement coordinating the orderly transfer of the BTX business, (ii) an Escrow Agreement securing the certain obligations of the Asset Purchase Agreement, (iii) an Assumption Agreement transferring and assigning to HBI certain contracts and (iv) a License Agreement providing to HBI certain rights to practice certain of our intellectual property. In addition, if the closing has not occurred on or prior to March 14, 2003 for any reason, the Asset Purchase Agreement may be terminated by either party, as long as the terminating party is not in material breach of any provision of the agreement. See Certain Material Terms of the Asset Purchase Agreement Conditions to the Transaction on Page 15.

Indemnification. We have agreed to indemnify and hold HBI harmless from and after the closing date until April 15, 2004 with respect to losses and claims against HBI arising from or related to (i) our failure to perform any covenant contained in the Asset Purchase Agreement, (ii) our breach of a representation or warranty contained in the Asset Purchase Agreement or (iii) our failure to fulfill obligations related to and liabilities of the BTX Division not assumed by HBI. HBI has agreed to mutual indemnification obligations in our favor. Each of our s and HBI s indemnification obligations are limited to \$3.7 million. See Certain Material Terms of the Asset Purchase Agreement Indemnification on Page 16.

Termination. The Asset Purchase Agreement shall be null and void if the stockholders of Genetronics Biomedical Corporation do not approve the transaction prior to the closing which date is set no later than March 14, 2003. The Asset Purchase Agreement and related transactions are subject to termination by either HBI, on the one hand, or Genetronics Biomedical Corporation and Genetronics, Inc., on the other, as long as the terminating party is not in material breach of any provision of the agreement. See Certain Material Terms of the Asset Purchase Agreement Termination on Page 17.

Post-Closing Agreements. We have agreed that we will not, directly or indirectly, engage or participate in any activity which is similar to or competitive with the business of the BTX Division, defined as the development, manufacture, marketing, servicing and sale of electroporation equipment, instrumentation and accessories for uses other than in human and animal diagnostic and therapeutic applications; provided, however, that we may develop, manufacture, market, serve and sell electroporation equipment, instrumentation and accessories, other than those of the BTX Division for use solely in (A) human and animal diagnostic and therapeutic applications (the Excluded Line of Business) and (B) research collaboration projects with unaffiliated third parties (including with respect to plants). HBI agreed that it shall not engage in the development, manufacturing, marketing or selling of electroporation equipment, instrumentation and accessories therefor for use in the Excluded Line of Business (the Competitive Business). In the event that HBI merges with or otherwise acquires any entity that is engaged in the Competitive Business, HBI has agreed that it will offer us an option (the Option) to acquire, whether by purchase or license, that part of such acquired entity s business which constitutes the Competitive Business, on to-be-agreed-to terms. See Certain Material Terms of the Asset Purchase Agreement Covenants of our Company on Page 13.

Opinion of Financial Advisor to Genetronics. On December 23, 2002, Seidman & Co., Inc., an independent financial advisor (Seidman), delivered its oral opinion to the Genetronics Biomedical Corporation Board of Directors and December 24, 2002, reaffirmed its opinion in writing, that, as of that date and based on and subject to the matters described in its written letter opinion, the consideration anticipated to be received by Genetronics Biomedical Corporation as a result of the sale of substantially all of the BTX Assets is fair from a financial point of view to the holders of Genetronics Biomedical Corporation common stock. See Opinion

of Financial Advisor on Page 23. The written opinion of Seidman dated December 24, 2002, is attached to this Proxy Statement as Exhibit B. The Seidman opinion is directed to the Genetronics Biomedical Corporation Board of Directors and does not constitute a recommendation to any stockholder as to any matter relating to the transactions described in this Proxy Statement.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

WHERE AND WHEN IS THE SPECIAL MEETING?

The special meeting will be held at 9:00 a.m. (local time), on January 31, 2003, at our headquarters located at 11199 Sorrento Valley Road, San Diego, California 92121

WHO MAY VOTE?

Holders of record of Genetronics Biomedical Corporation's common stock at the close of business on December 16, 2002 may vote at the meeting or any adjournment or postponement of the meeting. On December 16, 2002, 50,398,552 shares of our common stock were issued and outstanding. Each stockholder is entitled to one vote per share.

HOW DO STOCKHOLDERS VOTE?

You may vote by proxy or in person at the meeting. To vote by proxy, please complete, sign, date and return your proxy card in the postage-prepaid envelope that we have provided.

HOW DO PROXIES WORK?

Giving your proxy means that you authorize us to vote your shares at the special meeting in the manner you direct. If you sign, date, and return the enclosed proxy card but do not specify how to vote, we will vote your shares FOR the sale of substantially all of the assets of the BTX Division. We do not know of any other matters that will be brought before the special meeting. If, however, other matters are properly brought before the special meeting, we will vote your proxy on those matters as determined by the person identified on the proxy card as your proxy.

HOW MAY A PROXY BE REVOKED?

You may revoke your proxy before it is voted by submitting a new proxy with a later date, or by providing written notice to such revocation to the Secretary of Genetronics Biomedical Corporation at 11199 Sorrento Valley Road, San Diego, California 92121.

WHAT HAPPENS IF I CHOOSE NOT TO SUBMIT A PROXY OR TO VOTE?

If a stockholder does not submit a proxy or does not vote at the special meeting, it will have the same effect as a vote against approval of the sale of the BTX Assets.

WHAT IS A QUORUM ?

In order to carry on the business of the meeting, a quorum must be present. A quorum requires the presence, in person or by proxy, of the holders of at least one-third of the votes entitled to be cast at the meeting. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when you fail to provide voting instructions to your broker for shares that your broker holds on your behalf in a nominee name, which is commonly referred to as holding your shares in street name. Under those circumstances, your broker may be authorized to vote for you on some routine items but is prohibited from voting on other items. Those items for which your broker cannot vote result in broker non-votes.

HOW MANY VOTES ARE REQUIRED TO APPROVE THE SALE OF THE BTX ASSETS?

The affirmative vote of a majority of the outstanding shares of common stock of Genetronics Biomedical Corporation entitled to vote is necessary for approval of the sale of the BTX Assets. For this purpose, if you vote to abstain on this proposal, your shares will have the same effect as if you voted against the proposal. Broker non-votes also will have the same effect as a vote against the proposal. Accordingly, an abstention from voting or a broker non-vote on the proposal will have the same legal effect as a vote against the matter, even though the stockholder may interpret an abstention or broker non-vote differently. Each of our directors and officers that own shares of Genetronics Biomedical Corporation common stock (representing 720,413 shares or 1.4% of the outstanding shares of our common stock as of December 16, 2002) has agreed to vote all of the shares held by them in favor of the transactions contemplated by the Asset Purchase Agreement.

WHO WILL TABULATE THE VOTES?

Persons appointed by the chairman of the special meeting to act as inspectors of election for the special meeting will tabulate the stockholder votes. The inspectors of election will count all shares represented and entitled to vote on the proposal, whether voted for or against the proposal, or abstaining from voting, as present and entitled to vote on the proposal.

WHO PAYS FOR THIS PROXY SOLICITATION?

The Board of Directors is soliciting your proxy. We will pay the expenses of soliciting proxies. We expect that legal and printing expenses will be our primary expenses in connection with the solicitation. In addition to solicitation by mail, our officers may solicit proxies in person or by telephone. We will also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for forwarding solicitation materials to beneficial owners. We will reimburse these persons for their reasonable expenses. We have also retained the firm, Morrow & Company, to assist us in the solicitation of proxies and we will pay them approximately \$6,500 in fees plus expenses for their services.

WHAT ARE THE STOCKHOLDERS BEING ASKED TO APPROVE?

Each stockholder is being asked to vote upon the approval of the Asset Purchase Agreement and the sale of the assets to be effected thereby, and all related transactions, pursuant to which substantially all of the assets primarily used in the BTX Division, other than its cash and other specified excluded assets, will be sold to HBI.

WHY HAS THE BOARD DECIDED TO SELL THE SUBSTANTIALLY ALL OF THE ASSETS PRIMARILY USED IN BTX DIVISION?

The Board of Directors has decided that it is in the best interests of the stockholders of Genetronics Biomedical Corporation to sell the BTX Assets as soon as practicable. We have changed our business focus from developing and selling research instrumentation to focusing on developing drug and other molecule delivery systems for therapeutic and other applications including oncology and gene therapy. The design, development and sale of research instrumentation does not further enhance our delivery efforts and detracts from our ability to acquire and efficiently use capital and other resources. During its entire history, the BTX Division has never earned sufficient cash to provide a revenue stream to adequately support our primary business goals. As a result, the Board of Directors has determined that the sale of the BTX Assets will generate significant capital to help fund our therapeutic and gene delivery-oriented business and provide us with a more definitive and focused business objective.

WHAT WILL GENETRONICS RECEIVE IN EXCHANGE FOR THE BTX ASSETS?

In exchange for substantially all of BTX's assets, other than cash, and other specifically excluded assets, HBI will pay a total purchase price of \$3.7 million, plus a royalty based upon a sliding scale of future sales by HBI of certain BTX products for certain uses and assume at closing certain liabilities of the BTX Division. We currently anticipate that the total proceeds after these adjustments will be approximately \$3.4 million (excluding amounts, if any,

payable pursuant to a royalty based upon a sliding scale of future sales by HBI of certain BTX products for certain uses.

WHAT WILL THE STOCKHOLDERS RECEIVE IF THE ASSET SALE IS APPROVED?

There will be no distributions made to the stockholders of Genetronics Biomedical Corporation as a result of the sale of the BTX Assets. All proceeds will be used to further the ongoing business of Genetronics Biomedical Corporation. See Risk Factors on Page 8.

WHAT OTHER OPTIONS DID GENETRONICS CONSIDER BEFORE DECIDING TO SELL THE BTX ASSETS TO HBI?

Genetronics Biomedical Corporation and its financial advisors, including Katan & Associates (Katan), explored a variety of strategic alternatives including attracting new capital to Genetronics Biomedical Corporation, attempting to achieve profitability within the current capital structure, merger, and sale. With the assistance of Katan, Genetronics Biomedical Corporation actively pursued transactions with a wide range of potential acquirers, initially without success. After reviewing its available alternatives, the Board of Directors directed our Chief Executive Officer and Katan to pursue an asset sale to one or more parties. Genetronics Biomedical Corporation received three to four indications of interest and, after additional negotiations, concluded that a transaction with HBI represented the best approach to maximize stockholder value. Additionally, since deciding to pursue the asset sale, our company has put plans in place to reduce expenses so that as much cash as possible will be available for continuing operations.

WHAT WILL OCCUR IF THE SALE TRANSACTION IS NOT APPROVED AND CONSUMMATED?

The Board of Directors does not believe that the long-term continued operation of our company is feasible without additional capital. Therefore, if the sale of BTX Assets to HBI is not approved, we must either (i) pursue an infusion of capital through the offering of our securities (which may dilute the existing stockholders of Genetronics Biomedical Corporation), or (ii) attempt to sell the BTX Assets to another purchaser on terms acceptable to the Board of Directors and the stockholders, or (iii) if no such transaction is completed within a reasonable amount of time, most likely we would have to file for protection under the Federal Bankruptcy Code or state insolvency proceedings. Given current market conditions, the Board of Directors currently believes that the most likely alternative, if the stockholders do not approve the sale of the BTX Assets, is for our company to file under the protection of the Federal Bankruptcy Code. See Risk Factors on Page 8.

WHAT WOULD THE STOCKHOLDERS RECEIVE IN THE EVENT THAT GENETRONICS FILED FOR PROTECTION UNDER THE FEDERAL BANKRUPTCY CODE?

It is not possible to give an exact amount, if any, which would be received by the stockholders in the event Genetronics Biomedical Corporation filed for bankruptcy protection. Our company may continue to operate under a Plan of Reorganization or the court may order a full liquidation; however, it is highly unlikely that bankruptcy proceedings would result in the stockholders receiving any monetary distributions.

WHAT ARE THE RISKS OF THE PROPOSED ASSET SALE?

In the event that the BTX Asset sale is approved by the stockholders of Genetronics Biomedical Corporation and consummated, there is a possibility that the proceeds could be less than currently anticipated or that the proceeds would be spent more quickly than planned. The primary factors that could reduce the cash infusion or period of operations are: (1) the proceeds from the sale are subject to adjustment and could be less than currently anticipated; (2) the results of operations during the period prior to closing could require more cash than anticipated, and (3) our expenses and other obligations prior to the sale could be greater than currently anticipated. As a result, the amount of cash proceeds from the sale is difficult to predict with certainty and may be lower than the range predicted in this Proxy Statement. See Risk Factors on Page 8.

WHAT ARE THE FEDERAL TAX CONSEQUENCES OF THE ASSET SALE TO GENETRONICS?

Our company will likely be able to apply its tax loss carry forwards to offset any taxable gain. Consequently, we do not expect to pay any federal income taxes as a result of the BTX Asset sale.

AM I ENTITLED TO APPRAISAL OR DISSEMENT RIGHTS?

No. Stockholders are not entitled to any dissenters or appraisal rights.

WHERE CAN I FIND MORE INFORMATION ABOUT GENETRONICS?

Genetronics Biomedical Corporation is subject to the reporting requirements of the Securities Exchange Act and is required to file reports, proxy statements and other information with the Securities and Exchange Commission. You may inspect and copy these reports, proxy statements and other information at the Public Reference Section of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information about the public reference rooms. You may also obtain copies of the reports, proxy statements and other information from the Public Reference Section of the Commission, Washington, D.C. 20549, at prescribed rates. The Commission maintains a world-wide web site on the Internet at <http://www.sec.gov/> that contains reports, proxies, information statements, and registration statements and other information filed with the Commission through the EDGAR system.

Genetronics Biomedical Corporation filed an annual report on Form 10-K with the Securities and Exchange Commission on April 1, 2002 and its Quarterly Report on Form 10-Q for the three months ended March 31, June 30 and September 30, 2002 on May 15, August 14 and November 13, 2002, respectively. Stockholders may obtain a copy of this report, without charge. Requests should be made to the Secretary of the Genetronics Biomedical Corporation at the address set forth below. The annual report is not incorporated into this proxy statement and is not considered proxy material.

If you want to contact Genetronics Biomedical Corporation directly, you may do so at the following address:

Genetronics Biomedical Corporation
Attn: Peter Kies
Chief Financial Officer
11199 Sorrento Valley Road
San Diego, CA 92121
(858) 410-3108

You should rely only on the information contained in this Proxy Statement to vote on the Proposal. Genetronics Biomedical Corporation has not authorized anyone to provide you with information that is different from what is contained in this Proxy Statement. This Proxy Statement is dated , 2003. You should not assume that the information contained in this Proxy Statement is accurate as of any date other than this date. Neither the mailing of this Proxy Statement to our stockholders nor the completion of the asset sale will create any implication to the contrary.

RISK FACTORS

RISKS IF ASSET SALE IS NOT APPROVED

If the asset sale is not approved, we will continue to operate our BTX business unless and until we are able to negotiate another transaction that the Board of Directors believes is favorable to the stockholders and to our company or until the Board of Directors concludes that filing under the protection of the Federal Bankruptcy Code is necessary to maximize stockholder value and to protect. The Board of Directors currently does not believe that finding a transaction that improves stockholder value above and beyond the HBI transaction is likely.

RISKS IF THE ASSET SALE IS APPROVED

The asset sale may not close. Even if the asset sale is approved by Genetronics Biomedical Corporation stockholders, there is a risk that the sale will not close. The Asset Purchase Agreement contains numerous conditions to close. If one or more of these conditions is not satisfied or waived, the asset sale will not occur, and Genetronics Biomedical Corporation stockholders will face the risks described above.

The amount of proceeds from the sale of the BTX Assets could be less than currently anticipated. The amount of cash that will be available to us as a result of the sale is uncertain. While it currently is anticipated that we will receive net proceeds of between \$3.4 and \$3.7 million in connection with the asset sale (excluding amounts, if any, payable pursuant to a royalty based upon a sliding scale of future sales by HBI of certain BTX products for certain uses), the actual amount received could, in fact, be lower. A number of events or factors could affect the total amount of proceeds received. Even seemingly small variations from the current expectations could have a material impact on the amount of proceeds received by our company. Factors that could cause a reduction in the amount of proceeds include:

Unforeseen delays in the asset sale may occur. Our monthly expenditures currently exceed its monthly revenues, and we will continue to incur expenses after the sale. Therefore, the longer the time period before the assets are sold, the more risk that we will run out of operating capital necessary for ongoing operations. Even small delays could have a material impact on our company. See Description of the Asset Sale on Page 11.

The amount of proceeds from the asset sale could be less than currently anticipated. The net asset value of BTX Assets may decline prior to closing. We may not be able to transfer some of the assets currently anticipated to be transferred. In addition, the purchase price is subject to downward adjustment if the net asset value of the BTX Assets less the liabilities of the BTX Division assumed by HBI are less than \$1.1 million. As a result, the proceeds could be less than currently anticipated and even small decreases could have a material impact.

The amount of liabilities and expenses could be more than currently anticipated. We may incur or discover presently unknown claims, liabilities or expenses. Additionally, the actual sale expenses may vary from the level currently anticipated.

Any increase in liabilities or expenses will reduce the amount of cash available for us and even small increases could have a material impact on our business. See Description of the Asset Sale on Page 11.

The net proceeds could be affected by operating results through the date of closing. We will continue to operate BTX's business until the asset sale is complete. We currently anticipate an operating loss for the year ending December 31, 2002. The risk factors related to our ongoing operations business, as described in the prior SEC filings of Genetronics Biomedical Corporation, could cause our losses to be greater than currently anticipated. In addition, the announcement, planning, and execution of the sale of the BTX Assets could have a negative impact on operations.

FORWARD-LOOKING STATEMENTS

When used in this Proxy Statement, the words estimate, project, intend, expect and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Proxy Statement. Actual results may differ materially from those contemplated in forward-looking statements and projections. Risks and uncertainties that may cause such differences include, but are not limited to, our ability to close the sale of the BTX Assets, the effects on our company if the sale is not completed, the effect that a delay of the close of the sale might have on the proceeds from the sale or assets remaining after the sale, our ability to meet our operating and capital expenditure requirements in 2003 and remain a going concern, changes in our backlog including potential cancellation, delay or change in the scope of client contracts for research services, and other risk factors detailed in Genetronics Biomedical Corporation Securities and Exchange Commission filings, including Genetronics Biomedical Corporation Form 10-K for the year ended December 31, 2001 and Genetronics Form 10-Q for the quarter ended March 31, 2002, June 30, 2002 and September 30, 2002.

Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. Genetronics Biomedical Corporation assumes no obligation to update such forward-looking statements or any projections to reflect actual results, changes in assumptions or

changes in other factors affecting such forward-looking statements, except to the extent necessary to make such statements and projections not misleading.

PROPOSAL 1: APPROVAL OF THE BTX ASSET SALE

If the sale of the BTX Assets is approved, we intend to complete the sale of substantially all of BTX Assets to HBI pursuant to the terms of the Asset Purchase Agreement. Following the sale of the BTX Assets to HBI, we will use the proceeds to fund clinical trials as well as continued operations in the areas of oncology, gene therapy and other research and development. A detailed description of the asset sale, and related information is included in this Proxy Statement. Descriptions of the asset sale in this Proxy Statement are qualified in their entirety by reference to the Asset Purchase Agreement that is attached to this Proxy Statement as Exhibit A. Stockholders are encouraged to read the Asset Purchase Agreement in its entirety.

DESCRIPTION OF GENETRONICS AND ITS CURRENT BUSINESS

We are a drug and gene delivery company specializing in developing technology and hardware focused on electroporation. Electroporation is the application of brief, controlled pulsed electric fields to cells, which cause tiny pores to temporarily open in the cell membrane. Immediately after electroporation, the cell membrane is more permeable to drugs and other agents. The use of electroporation along with these other agents in clinical applications is commonly referred to as electroporation therapy.

All our business activities are conducted through a wholly owned subsidiary, Genetronics, Inc., a California corporation. We currently operate through two divisions: (i) the Drug and Gene Delivery Division, through which we are developing drug and gene delivery systems based on electroporation to be used in the treatment of disease and, (ii) the BTX Division, which develops, manufactures, and sells electroporation equipment to the research laboratory market.

The Drug and Gene Delivery Division focuses on the development of human-use equipment that is designed to allow physicians to use electroporation therapy to achieve more efficient and cost-effective delivery of drugs or genes to patients with a variety of illnesses, including cancer. Our proprietary electroporation drug and gene delivery system, the MedPulser® system, has been used with bleomycin, a chemotherapeutic agent, in clinical trials conducted in the United States, Australia, Europe and Canada for treatment of head and neck cancer, as well as melanoma, liver, pancreatic, basal cell and Kaposi sarcoma cancers.

The BTX Division is a leader in the development and marketing of electroporation instruments and supplies, with more than 2,000 customers in universities, companies, and research institutions worldwide. The BTX Division produces an extensive line of electroporation instruments and accessories, including electroporation and cell fusion instruments, a monitoring device, and an assortment of electrodes and accessories. These instruments and accessories are used for research purposes only and are not used directly upon human subjects. Electroporation in research is commonly used for the transformation and transfection of all cell types, as well as for general molecular delivery at the cellular level. Transformation is a process by which the genetic material carried by an individual cell is altered by the incorporation of exogenous DNA into its genome. Transfection is the uptake, incorporation, and expression of exogenous DNA by eukaryotic cells.

We currently sell instrumentation and accessories in all states and territories of the United States and in over 40 foreign countries. The main distributors of our products in North America are VWR International and Fisher Scientific Company, two of the largest laboratory products suppliers in the United States. The BTX Division has over 40 international distributors in 30 countries, of which VWR International is the main distributor in Europe.

A more complete description of our business and its recent activities can be found in Genetronics Biomedical Corporation Securities and Exchange Commission filings described on Page 8. Our principal executive offices are located at 11199 Sorrento Valley Road, San Diego, California 92121.

DESCRIPTION OF THE ASSET SALE

On December 24, 2002, we entered into an Asset Purchase Agreement to sell the BTX Assets to HBI. HBI is a publicly-held global provider of research enabling tools that solve problems in drug discovery and is engaged in the manufacture, marketing and distribution of a broad range of proprietary products under the HBI brand name.

Consideration to be Received in the Asset Sale. In exchange for the BTX Assets, HBI will pay us \$3.7 million of which \$3.5 million will be paid at closing, and the remaining \$200,000 will be deposited in escrow pursuant to an escrow agreement expiring in April 2004; proceeds deposited into escrow shall be for the purposes of (i) securing our indemnification obligations under the Asset Purchase Agreement and (ii), at the option of HBI, making any purchase price adjustment set forth in the Asset Purchase Agreement to the extent that the net asset value of the BTX Assets less the liabilities of the BTX Division assumed by HBI are less than \$1.1 million. In addition, HBI has agreed to pay us a royalty based upon a sliding scale of future sales by HBI of certain BTX products for certain uses. We currently anticipate that the net proceeds from the sale of the BTX Assets will be approximately \$3.5 to \$3.7 million (excluding amounts, if any, payable pursuant to the royalty referenced below). See

Certain Material Terms of the Asset Purchase Agreement on Page 11.

Assets Transferred and Liabilities Assumed. We are selling substantially all of the assets primarily used in the BTX Division other than cash and other specifically excluded assets. The assets to be sold include all equipment and other tangible personal property, inventory, identified contracts, accounts receivable, intellectual property and general intangibles, licenses and authorizations and records and lists primarily used in the BTX Division. HBI will also obtain rights to certain intellectual property through a license to be executed concurrently with the sale. HBI will assume the accounts payable of the BTX Division, certain obligations under the assumed customer contracts, substantially all of the product warranty liabilities of the BTX Division and other specifically identified liabilities.

Operations after the Asset Sale. Upon closing of the sale of the BTX Assets, our company will continue to operate as a drug and gene therapy and oncology company.

CERTAIN MATERIAL TERMS OF THE ASSET PURCHASE AGREEMENT

Purchase Price. In consideration of the sale to HBI of the BTX Assets, HBI shall (i) pay us \$3.5 million in cash and (ii) deposit \$200,000 in an escrow account pursuant to an escrow agreement (the Closing Purchase Price). The \$200,000 deposited in the escrow account shall be for the purpose of (i) securing our indemnification obligations, (ii) satisfying, at HBI's option, the purchase price adjustment more fully described below, if any or (iii) satisfying any other liability or obligation we may owe to HBI under the Asset Purchase Agreement, the Transition Services Agreement or the License Agreement. In addition, HBI has agreed to pay us a royalty calculated as follows:

with respect to BTX Products (as defined below) sold by HBI, HBI will pay us a royalty subject to and in accordance with the following:

(i) eight percent (8%) of all Net Sales (as defined below) above \$5.0 million during the period beginning on the closing date of the sale of the BTX Assets and ending December 31, 2003;

(ii) eight percent (8%) of all Net Sales above \$6.0 million during the period beginning on January 1, 2004 and ending December 31, 2004;

(iii) eight percent (8%) of all Net Sales above \$7.0 million during the period beginning on January 1, 2005 and ending December 31, 2005; and

(iv) eight percent (8%) of all Net Sales above \$8.0 million during the period beginning on January 1, 2006 and ending December 31, 2006.

Net Sales means amounts received by HBI for the sale of BTX Products less: (A) any and all credit, refunds or returns in respect of any BTX Product; (B) applicable discounts or special offers granted in respect of any BTX Product (excluding intercompany discounts); (C) amounts collected or paid for sales and use taxes, duties, packing, transportation, shipping, handling, insurance, credit card fees and similar charges in respect of any BTX Product; (D) any and all domestic and foreign duties, taxes, charges and other assessments of any kind (including, without limitation,

withholding taxes, sales taxes, use taxes and any interests, fines or penalties thereon), levied or imposed on HBI by any government or taxing authority in respect of any BTX Product; (E) special packaging, transportation and insurance prepaid or allowed in respect of any BTX Product; (F) amounts due to bad debts, cancellations and credits for returns in respect of any BTX Product; and (G) any and all off-invoice distributor rebates in respect of any BTX Product, under existing or future distribution agreements and arrangements entered into in the ordinary course of business. BTX Products shall mean products consisting of electroporation equipment, instrumentation and accessories therefore for uses other than in human and animal diagnostic and therapeutic applications as rights in the same have been acquired under the Asset Purchase Agreement. All royalties payable shall be calculated and payable annually, within 90 days of the end of each of HBI's years ended December 31, 2003, December 31, 2004, December 31, 2005, December 31, 2006, respectively, provided, however, if Net Sales reach the applicable yearly targets as of June 30 or as of September 30 in each of 2003, 2004, 2005 and 2006 (June 30 or September 30 of the applicable years, an Early Target Date), payments shall be made within 90 days of the applicable Early Target Date. Each payment of royalties shall be accompanied by a report setting forth the aggregate Net Sales for the applicable period the royalties were calculated. Notwithstanding anything herein to the contrary, HBI's obligation to pay any royalties shall immediately and automatically be suspended in the event that HBI receives notice of any claim, suit, action demand, or judgment (collectively, a Claim) against HBI alleging that any BTX Product infringes or violates a right of a third party. Upon final adjudication of judgment that the applicable BTX Product does not infringe or violate the right of a third party which was the basis for the applicable claim, HBI's obligations to pay royalties shall resume. In the event the royalty payments accrued during the adjudication and resolution of the Claim exceed \$500,000, such royalty amounts shall be placed into an escrow account, with any escrow fees or charges to be paid by our company. We have the right, upon reasonable notice and at our own expense, to verify the accuracy of the royalty payments due and payable by HBI by an inspection and audit of the relevant accounting and sales books and records of HBI. In no event shall audits be conducted more frequently than once each year.

Purchase Price Adjustment. At the time the Asset Purchase Agreement was signed, we delivered to HBI an unaudited estimated closing statement of assets and liabilities (the Unaudited Estimated Closing Statement of Assets and Liabilities) which showed a Net Asset Value (the Net Asset Value) of approximately \$1.5 million. No later than sixty (60) days following the closing of the sale of the BTX Assets, HBI may, at its sole option and expense, cause to be prepared and delivered to us an audited statement of the assets and liabilities of BTX Assets as of immediately prior to the closing of the Asset Purchase Agreement (the Final Audited Statement of Assets and Liabilities). We may dispute any amounts reflected on the audited statement of assets and liabilities by delivery of a written notice to HBI within fifteen (15) days of receipt. If the Net Asset Value as reflected on the Final Audited Statement of Assets and Liabilities (the Final Audited Net Asset Value) is less than \$1.1 million, the Closing Purchase Price shall be reduced by an amount equal to the difference between \$1.1 million and the Final Audited Net Asset Value. If the Final Audited Net Asset Value is greater than \$1.3 million, then the Closing Purchase Price shall be increased by an amount equal to the sum (x) the amount by which the lesser of (i) \$1.4 million or (ii) the Final Audited Net Asset Value exceeds \$1.3 million, plus (y) if applicable, fifty percent (50%) of the amount by which the Final Audited Net Asset Value exceeds \$1.4 million. In no event shall the Closing Purchase Price be adjusted to provide an increase by an amount in excess of \$150,000. See Certain Material Terms of the Asset Purchase Agreement Conditions to the Transaction on Page 15.

Representations and Warranties of our Company. The Asset Purchase Agreement contains customary representations and warranties from our company to HBI relating to: (1) due organization and good standing; (2) capital stock and beneficial ownership; (3) corporate authority to enter into the Asset Purchase Agreement; (4) personal property; (5) the accuracy of financial statements; (6) taxes; (7) accounts receivables; (8) inventories; (9) absence of certain changes; (10) intellectual property; (11) contracts; (12) litigation; (13) compliance with laws; (14) insurance; (15) warranty or other claims; (16) finder's fee; (17) permits and approvals; (18) transactions with interested persons; (19) employee benefit programs; (20) environmental matters; (21) backlog of orders for products and services; (22) customers, distributors and suppliers; (23) Securities and Exchange Commission reports and (24) disclosures.

Representations and Warranties of HBI. The Asset Purchase Agreement contains customary representations and warranties from HBI to our company relating to: (1) due organization and good standing; (2) corporate authority to enter into the Asset Purchase Agreement; (3) finder's fee and (4) disclosures.

Covenants of our Company.

Conduct of Business. Between the date of the signing and the closing of the Asset Purchase Agreement, our company shall:

(a) conduct the BTX Division only in the ordinary course and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;

(b) with respect to the BTX Division, refrain (i) from making any purchase, sale or disposition of any asset or property other than in the ordinary course of business, (ii) from purchasing any capital asset costing more than \$5,000 and (iii) from mortgaging, pledging, subjecting to a lien or otherwise encumbering any of its properties or assets;

(c) with respect to the BTX Division, refrain (i) from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and (ii) from incurring any other contingent or fixed obligations or liabilities except in the ordinary course of business;

(d) with respect to the BTX Division, refrain from making any change in the compensation payable or to become payable to any of its officers, employees, agents or independent contractors, except in accordance with the Employee Stay Arrangements. See Certain Material Terms of the Asset Purchase Agreement Employee Stay Arrangements on Page 13;

(e) with respect to the BTX Division, refrain from (i) terminating any of its existing distributors who constituted a top one hundred (100) customer within the three year period ended September 30, 2002, (ii) changing any of its product prices or pricing policies (e.g., discount policies) for any of its products, (iii) modifying, altering or amending any of its material contracts, or (iv) changing any of its product warranties or guarantees;

(f) with respect to the BTX Division, use our best efforts to prevent any change of its management, supervisory personnel or banking arrangements;

(g) use our best efforts to keep intact our business organization, to continue its on-going research and development initiatives on new product development consistent with our product development plans to keep available its present officers and employees and, with respect to the BTX Division, to preserve the goodwill of all suppliers, customers, independent contractors and others having business relations with it;

(h) have in effect and maintain at all times all insurance of the kind, in the amount and with the insurers engaged at the time of the execution of the Asset Purchase Agreement or equivalent insurance with any substitute insurers approved in writing by HBI;

(i) furnish HBI with certain financial and operating information; and

(j) permit HBI and its authorized representatives upon reasonable notice and during normal business hours to have full access to all of the properties, assets, records, contracts and documents of the BTX Division, and furnish to HBI or its authorized representatives such financial and other information with respect to the BTX Division.

Consents and Authorization. Prior to the Closing, we will use reasonable efforts to obtain all authorizations, consents and permits of others required to duly and validly effect the transfer and assignment of all of the BTX Assets and to permit the consummation by our company of the transactions contemplated by the Asset Purchase Agreement.

Employee Stay Arrangements. Our company has agreed that immediately following the date of the signing of the Asset Purchase Agreement it shall provide to its employees that work for or otherwise provide services to the

BTX Division (the *BTX Employees*) reasonable incentives to maintain their participation in the BTX Division at the same or similar levels as exist as of the date of the Asset Purchase Agreement, all as reasonably determined by our company and HBI. Our company has agreed that following the date of the Asset Purchase Agreement, it shall actively consult with HBI on the status of employee retention and the efficacy of the incentive measures implemented to sustain the continuity of the BTX Employees, and our company further agreed to modify any such incentives in accordance with the reasonable recommendations of HBI in order to maintain the continued participation of the BTX Employees in the BTX Division.

Non-competition; Non-solicitation. Our company agreed that for the lesser of a period of up to 20 years following the Closing or the period that HBI or its successors or assigns are carrying on the BTX Division, our company shall not, without the prior written consent of HBI, directly or indirectly, engage or participate in, assist in any manner or in any capacity, or have any interest in or make any loan to any person, firm, corporation or business which engages in, any activity which is similar to or competitive with the BTX Division, in the United States and any other country where our company has marketed or sold its products or the BTX Division or otherwise carried on the BTX Division; provided, however, the foregoing shall not prevent our company from owning beneficially or of record up to one percent (1%) of the outstanding securities of a publicly-held corporation which engages in competitive activities, nor shall it prohibit our company from engaging in the development, manufacturing, marketing, servicing and selling of electroporation equipment, instrumentation and accessories therefor, other than those of the BTX Division, for uses solely in human and animal diagnostic and therapeutic applications (the *Excluded Line of Business*) or in research collaboration projects (including research collaboration projects that relate to plants); provided further, however, that in no event shall our company be permitted to market and/or sell to third parties any electroporation equipment, instruments and accessories in connection with or arising from such research collaboration projects other than in the Excluded Line of Business. Our company shall refrain from, directly or indirectly, soliciting or encouraging any employee of the BTX Division as conducted by HBI following the closing of the Asset Purchase Agreement to terminate his or her employment with HBI or any of HBI's subsidiaries and/or to become employed, directly or indirectly, by our company or any business or entity with which they are affiliated as owners, investors, lenders or in any other capacity, and our company further agreed that it shall not hire any of such employees.

No Solicitation of Other Offers.

(a) Our company agreed that until the Closing or the termination of the Asset Purchase Agreement, it will not, directly or indirectly, through any director, officer, employee, agent, representative (including, without limitation, investment bankers, attorneys and accountants) or otherwise, (i) solicit, initiate or encourage, or take any other action to facilitate, any inquiries, discussions or the making of any proposal that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal as described below in paragraph (e), (ii) participate in any discussions or negotiations, or otherwise communicate in any way with any person, regarding an Acquisition Proposal or (iii) enter into any agreement, arrangement or understanding regarding an Acquisition Proposal or requiring our company to abandon, terminate or fail to consummate the transactions contemplated under the Asset Purchase Agreement; provided, however, that the foregoing shall not (A) preclude our company from selling their products in the ordinary course of business consistent with the terms of the Asset Purchase Agreement, or (B) to the extent necessary to enable our company to obtain financing for its retained businesses, preclude Genetronics Biomedical Corporation from issuing capital stock or securities convertible into capital stock of Genetronics Biomedical Corporation or issue debt securities of Genetronics Biomedical Corporation, whether or not convertible into capital stock of Genetronics Biomedical Corporation; provided further, however, that (i) each recipient of Genetronics Biomedical Corporation's voting capital stock, if any, must execute a voting agreement as a condition to its receipt of such securities, (ii) Genetronics Biomedical Corporation may not issue any debt securities that create a lien on or otherwise encumber the BTX Assets or the BTX Division, (iii) any issuance of debt or equity securities must not interfere with or delay the closing of the transactions contemplated by the Asset Purchase Agreement; and (iv) Genetronics Biomedical Corporation shall provide written notice to HBI prior to the consummation of any such issuances.

(b) Notwithstanding the foregoing, at any time prior to the date on which the Asset Purchase Agreement is approved by the stockholders of Genetronics Biomedical Corporation at a stockholder meeting in response to a Superior Proposal, (as defined below), that did not result in a breach of the non-solicitation provisions, our company may (x) furnish non-public information with respect to our company to the person who made such Superior Proposal pursuant to a confidentiality agreement and (y) participate in discussions or negotiations with such person regarding such Superior Proposal, if the Board of Directors of our company determines in good faith that failing to take such action would constitute a breach of its fiduciary duties under applicable law.

(c) Our company agreed that its Board of Directors shall not (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to HBI, its approval or recommendation of the Asset Purchase Agreement or the transactions contemplated under the Asset Purchase Agreement, (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal, (iii) approve or recommend, or propose to approve or recommend, or execute or enter into a letter of intent, agreement in principle, definitive agreement or other agreement relating to an Acquisition Proposal, or (iv) resolve to do any of the foregoing. Notwithstanding the foregoing, our company's Board of Directors may withdraw or modify, in a manner adverse to HBI, its approval or recommendation of the Asset Purchase Agreement or the transactions contemplated under the Asset Purchase Agreement if, in response to a Superior Proposal that has not been withdrawn and that did not otherwise result from a breach of the non-solicitation provisions, our company's Board of Directors shall have determined in good faith (based on advice of its outside legal counsel and after consultation with its financial adviser and based upon such other matters as it deems relevant) that failing to take such action

would constitute a breach of its fiduciary duties under applicable law; provided, however, that prior to taking any such action, our company shall have given HBI at least forty-eight (48) hours written notice of our company's Board of Directors' intention to take such action and the opportunity to meet with HBI, its financial advisors and its legal counsel. Nothing shall limit our company's obligation to hold and convene the meeting of stockholders of Genetronics Biomedical Corporation.

(d) Our company agreed to promptly (and in any event within 24 hours) advise HBI orally and in writing of any Acquisition Proposal (including any amendments or proposed amendments thereof), or any request or inquiry received by our company with respect to, or that could reasonably be expected to lead to, an Acquisition Proposal, including, in each case, the identity of the person making any such Acquisition Proposal, request or inquiry and the terms and conditions thereof, and shall provide to HBI any written materials received by our company in connection with such an Acquisition Proposal. Our company agreed to keep HBI fully informed of the status of the discussions related to such Acquisition Proposal, request or inquiry, including, without limitation, by promptly (and in any event within 12 hours) providing HBI with all written materials that it receives in connection with any such Acquisition Proposal. Our company agreed not to release any person from, or waive any provisions of, any confidentiality or standstill agreement to which our company is a party.

(e) As used in the Asset Purchase Agreement, the term "Acquisition Proposal" means any proposed or actual sale, lease or other disposition, directly or indirectly, by merger, consolidation, share exchange or otherwise, of any portion of the BTX Division or any portion of the BTX Assets, and tender offer, merger, consolidation or other business combination involving our company, or, or any transaction which is similar in form, substance or purpose to any of the transactions contemplated under the Asset Purchase Agreement.

(f) As used in the Asset Purchase Agreement, the term "Superior Proposal" means an unsolicited, bona fide written offer made by a third party to consummate an Acquisition Proposal, which Acquisition Proposal is reasonably likely to be consummated, and that (i) our company's Board of Directors determine in good faith, after consulting with its outside legal counsel and its financial advisor, would, if consummated, be reasonably likely to result in a transaction that is more favorable to the stockholders of Genetronics Biomedical Corporation than the transactions contemplated under the Asset Purchase Agreement (taking into account all legal, financial, regulatory and other aspects of the proposal and the person making the proposal), (ii) is not conditioned on obtaining financing (and with respect to which our company has received written evidence of such person's ability to fully finance its Acquisition Proposal), (iii) is for 100% of the BTX Division or the BTX Assets, or is for 100% of our company's stock and (iv) our company's Board of Directors determines is, based on the advice of any nationally recognized investment banking firm, more favorable to the stockholders of Genetronics Biomedical Corporation from a financial point of view than the transactions contemplated under the Asset Purchase Agreement.

Website Links. Our company has agreed that on the Closing and for a twelve (12) month period thereafter, it shall maintain on any and all websites owned or operated by it a link or links to the website(s) of the BTX Division being transferred to HBI hereunder, to the extent that such link or links existed as of the date hereof and in substantially the same form and with substantially the same degree of prominence that such links had when owned by our company.

Purchase Requirements. Following the Closing, in the event our company conducts any research collaboration projects, it has agreed to purchase any and all electroporation equipment, instruments and accessories used in such research collaboration projects from HBI, to the extent the same or similar products are offered by HBI, which purchase and sale shall be made at the distributor list price (or, to the extent applicable, a volume discount

price offered by HBI in the ordinary course of its business) and on such other of HBI's customary terms and conditions (including time of delivery) then in effect for any such products.

Actions for a Material Adverse Effect. In the event prior to the Closing there shall occur, or it could be reasonably expected to occur, a violation of any applicable statutes, ordinances, orders, judgments, decrees and rules and regulations promulgated by any federal, state, municipal or other governmental authority which apply to our company or to the conduct of the BTX Division which would have a material adverse effect on the financial condition, prospects, properties, assets, liabilities or operations of the BTX Assets or the BTX Division ("Material Adverse Effect"), then our company has agreed, (a) to give HBI prompt notice of such event, (b) to consult with HBI on the facts and circumstances of such event and on possible measures that could be implemented to address such event, and (c) to implement any such measures which are reasonably suggested by HBI to eliminate or mitigate, to the extent possible, such Material Adverse Effect.

Covenants of HBI.

Non-competition of HBI.

(a) HBI has agreed that following the Closing, it shall not, without the prior written consent of our company, directly or indirectly, engage or participate in, or have any interest in or make any loan to any person, firm, corporation or business which engages in, anywhere in the world, the development, manufacturing, marketing or selling of electroporation equipment, instrumentation and accessories therefor for use in the Excluded Line of Business (the "Competitive Business"); provided, however, the foregoing shall not: (a) prevent HBI from owning beneficially or of record up to one percent (1%) of the outstanding securities of a publicly-held corporation which engages in the Competitive Business, (b) prohibit HBI from engaging in the BTX Division, (c) prohibit HBI from engaging in research collaboration projects, (d) limit or restrict HBI from engaging in the sale of electroporation equipment, instruments and accessories used in research collaboration projects of our company or in the activities contemplated in the License Agreement to be entered into providing HBI certain rights to practice certain of our intellectual property, or (e) subject to paragraph (b) below, preclude HBI from merging with or otherwise acquiring any partnership, corporation, limited liability company or other business that is engaged in the Competitive Business, and continuing to operate such Competitive Business thereafter; and

(b) In the event that HBI merges with or otherwise acquires any partnership, corporation, limited liability company or other business that is engaged, in whole or in part, in the Competitive Business, HBI agrees that it will offer an option (the "Option") to our company to acquire from HBI, whether by purchase or license, that part of such acquired entity's business which constitutes the Competitive Business, on the following terms and conditions. Upon HBI's acquisition of the aforementioned Competitive Business, HBI shall provide notice thereof to our company, and within thirty (30) days of our company's receipt of such notice, we may provide written notice to HBI that it desires to exercise such Option, subject to the parties negotiation of mutually agreeable acquisition terms. In the event that the parties are unable to negotiate mutually agreeable acquisition terms within sixty (60) days of HBI's receipt of notice from us regarding their interest in exercising the Option, or if we decline to accept the Option or fails to give notice to HBI of their interest in exercising the Option within the aforementioned thirty (30) day acceptance period, then HBI may continue to operate in any manner the Competitive Business of the acquired entity, notwithstanding the provisions stated above in paragraph (a).

Conditions to the Transaction.

Conditions to the Obligations of HBI. HBI's obligation to consummate the Asset Purchase Agreement and the transactions contemplated thereunder is subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties. Each of the representations and warranties of our company in the Asset Purchase Agreement shall be true and correct in all material respects (except for such representations and warranties that are qualified by their terms as to materiality, which representations and warranties as so qualified shall be true in all respects) as though made on and as of the Closing. Our company shall, on or before the Closing, have performed all of its obligations which are to be performed on or before such Closing;

(b) No Material Change. There shall have been no change, event, occurrence, non-occurrence, or condition which, individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect since the date of the Asset Purchase Agreement, whether or not in the ordinary course of business; provided, however, that notwithstanding the foregoing, HBI and our company have acknowledged and agreed that a Material Adverse Effect which occurs as a result of voluntary terminations of employment by our company's employees following the announcement of the transactions contemplated by the Asset Purchase Agreement shall not constitute a Material Adverse Effect if: (i) our company has provided notice to HBI that such a Material Adverse Effect has occurred or could reasonably be expected to occur, and (ii) our company is not in breach of any of its obligations with respect to the Employee Stay Arrangements or the Actions for a Material Adverse Effect. See Certain Material Terms of the Asset Purchase Agreement -Covenants of our company on Page 13;

(c) No Litigation. There shall have been no determination by HBI, acting in good faith, that the consummation of the transactions contemplated by the Asset Purchase Agreement have become inadvisable or impracticable by reason of the institution or threat by any person or any federal, state or other governmental authority of litigation, proceedings or other action against HBI or our company with respect to the BTX Division or the acquisition thereof;

(d) Approvals; Consents. Our company shall have made all filings with and notifications of governmental authorities, regulatory agencies, regulatory authorities and other entities required to be made by our company in connection with the execution and delivery of the Asset Purchase Agreement, the performance of the transactions contemplated thereunder and the continued operation of the BTX Division by HBI subsequent to the Closing. Our company and HBI shall have received all authorizations, waivers, consents and permits, in form and substance reasonably satisfactory to HBI, from all third parties whose authorization, waiver or consent is required, and from all governmental authorities and, regulatory agencies, required to permit the continuation of the BTX Division and the consummation of the transactions contemplated by the Asset Purchase Agreement;

(e) Other Agreements. Our company shall have executed and delivered to HBI the Escrow Agreement, the License Agreement, the Assumption Agreement and the Transition Services Agreement contemplated under the Asset Purchase Agreement; and

(f) Stockholder Approval. Genetronics Biomedical Corporation shall have obtained the affirmative vote of the requisite number of its stockholders required to approve the transactions contemplated by the Asset Purchase Agreement.

Conditions to the Obligations of our Company. Our company's obligation to consummate the Asset Purchase Agreement and the transactions contemplated thereunder is subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties. Each of the representations and warranties of HBI in Asset Purchase Agreement shall be true and correct in all material respects as though made on and as of the Closing. HBI shall, on or before the Closing, have performed all of its obligations hereunder which by the terms hereof are to be performed on or before the Closing; and

(b) No Litigation. There shall have been no determination by our company, acting in good faith, that the consummation of the transactions contemplated by the Asset Purchase Agreement have become inadvisable or impracticable by reason of the institution or threat by any person or any federal, state or other governmental authority of material litigation, proceedings or other action against HBI or our company.

Indemnification.

Indemnification by our Company. Our company has agreed to indemnify and hold HBI and its respective subsidiaries and affiliates and persons serving as officers, directors, partners or employees thereof harmless from and against any damages, liabilities, losses, diminution in value, taxes, fines, penalties, costs, and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising

out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them arising out of or based upon any of the following matters:

(a) any breach of any representation or warranty of our company under the Asset Purchase Agreement or in any certificate, schedule, exhibit or agreement delivered pursuant hereto;

(b) any fraud, intentional misrepresentation or any deliberate or willful breach by our company of any of their representations, warranties or covenants under the Asset Purchase Agreement or in any certificate, exhibit, schedule or other agreement delivered pursuant hereto;

(c) any breach by our company of any covenant set forth in the Asset Purchase Agreement; and

(d) any failure by our company to perform and discharge any of the obligations or liabilities of our company of any kind or nature, known, unknown, accrued, absolute, fixed, contingent, or otherwise, whether or not existing or hereafter arising whatsoever, relating to the BTX Assets or the BTX Division.

Indemnification by HBI. HBI agrees to indemnify and hold our company and its representatives, affiliates and persons serving as officers, directors or employees thereof harmless from and against any damages, liabilities, losses and expenses (including, without limitation, reasonable fees of counsel) of any kind or nature whatsoever (whether or not arising out of third-party claims and including all amounts paid in investigation, defense or settlement of the foregoing) which may be sustained or suffered by any of them arising out of or based upon any of the following matters:

(a) any breach of any representation or warranty of HBI under the Asset Purchase Agreement or in any certificate, schedule, exhibit or agreement delivered pursuant hereto;

(b) any fraud, intentional misrepresentation or any deliberate or willful breach by HBI of any of their representations, warranties or covenants under the Asset Purchase Agreement or in any certificate, exhibit, schedule or other agreement delivered pursuant hereto;

(c) any breach by HBI of any covenant set forth in the Asset Purchase Agreement; and

(d) any failure by HBI to perform and discharge any of the assumed liabilities as set forth in the Asset Purchase Agreement.

Time and Other Limits on Indemnification.

(a) The right to indemnification shall expire on April 15, 2004; and

(b) (i)(A) Our company will have no liability until the amount of indemnifiable losses thereunder, in the aggregate, exceeds \$50,000 (the Minimum Loss), at which time all such losses (including, without limitation, the Minimum Loss) shall be recoverable, and (B) HBI shall have no liability until the amount of indemnifiable losses thereunder, in the aggregate, exceeds the Minimum Loss, at which time all such losses (including, without limitation, the Minimum Loss) shall be recoverable, and (ii) (A) the aggregate obligations of our company to indemnify, defend and hold HBI harmless for indemnification claims shall be limited to \$3.7 million, and (B) the aggregate obligations of HBI to indemnify, defend and hold our company harmless for indemnification claims shall be limited to \$3.7 million.

Termination; Fees and Expenses.

Termination. At any time prior to the Closing, the Asset Purchase Agreement may be terminated as follows:

(a) by mutual written consent of all of the parties to the Asset Purchase Agreement;

(b) by HBI, pursuant to written notice by HBI to our company, if any of the conditions set forth above in Conditions to the Obligations of HBI have not been satisfied at or prior to the Closing, or if it has become reasonably and objectively ascertainable that any of such conditions, other than a condition within the control of our company, will not be satisfied at or prior to the Closing, such written notice to set forth such conditions which have not been or will not be so satisfied;

(c) by our company, pursuant to written notice by our company to HBI, if any of the conditions to the transaction have not been satisfied at or prior to the Closing, or if it has become reasonably and objectively ascertainable that any of such conditions, other than a condition within the control of HBI, will not be satisfied at or prior to the Closing, such written notice to set forth such conditions which have not been or will not be so satisfied; See Certain Material Terms of the Asset Purchase Agreement Conditions to the Obligations of HBI on Page 15;

(d) by either HBI or our company if: (i) the Closing has not occurred on or prior to March 14, 2003 for any reason, and (ii) the terminating party is not, on the date of termination, in material breach of any provision of the Asset Purchase Agreement;

(e) if the stockholders of Genetronics Biomedical Corporation do not approve the Asset Purchase Agreement and the transactions contemplated thereunder, provided, however, that the right to terminate the Asset Purchase Agreement shall not be available to our company where the failure to obtain the approval of the stockholders of Genetronics Biomedical Corporation shall have been caused by the action or failure to act of our company and such action or failure to act constitutes a breach of our company of the Asset Purchase Agreement; or

(f) by either HBI or our company if: (i) the non-terminating party is in breach of any material provision of the Asset Purchase Agreement and such breach shall not have been cured within thirty (30) days of receipt by such party of written notice thereof from the terminating party, and (ii) the terminating party is not, on the date of termination, in material breach of any provision of the Asset Purchase Agreement.

(g) by HBI if (i) our company shall have breached any representation, warranty, covenant or other agreement contained in the non-solicitation provisions in the Asset Purchase Agreement or (ii) any of the parties to the Voting Agreement shall have breached any representation, warranty, covenant or agreement contained in the Voting Agreement and as a result of such breach of the Voting Agreement, our company is not able to obtain the approval of the Genetronics Biomedical Corporation stockholders.

(h) by HBI if (i) our company's Board of Directors shall have withdrawn or modified in a manner adverse to HBI its approval or recommendation of the Asset Purchase Agreement or the transactions contemplated under the Asset Purchase Agreement, approved or recommended an Acquisition Proposal, or approved, recommended, executed or entered into an agreement in principle or definitive agreement relating to an Acquisition Proposal, or proposed or resolved to do any of the foregoing or (ii) a tender or exchange offer relating to securities of our company shall have been commenced by a third party and our company shall not have sent to the Genetronics Biomedical Corporation stockholders, within ten business days after such tender or exchange offer is first published, sent or given, a statement disclosing that our company recommends rejection of such tender or exchange offer.

Effects of Termination. All obligations of the parties under the Asset Purchase Agreement shall cease upon any termination provided, however, that (i) the provisions of the termination section, the confidentiality provisions and other miscellaneous provisions of the Asset Purchase Agreement which shall survive any termination of the Asset Purchase Agreement and (ii) nothing in the Asset Purchase Agreement shall relieve either our company or HBI from any liability for any breach of any of its representations or warranties or any failure to comply with any of its covenants, conditions or agreements contained in the Asset Purchase Agreement. However, if the Asset Purchase Agreement is terminated due to a breach by our company: (i) of any representation, warranty covenant or other agreement under the Asset Purchase Agreement, (ii) of the Voting Agreement, (iii) by our Board of Directors withdrawing its approval or recommendation of the Asset Purchase Agreement, (iv) by our Board of Directors approving, recommending or entering an agreement in principle or into a definitive agreement relating to an Acquisition Proposal or (v) a tender or exchange offer relating to our company's securities by a third party has commenced and our Board of Directors failing to send our stockholders their recommendation to reject such tender or exchange offer within ten business days after such tender or exchange offer is first published, sent or given then our company shall pay to HBI \$1.0 million plus HBI's out-of-pocket expenses incurred in connection with pursuing the transactions contemplated by the Asset Purchase Agreement (including but not limited to legal, accounting, investment banking and printing fees).

Fees and Expenses. Each of the company and HBI will bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by the Asset Purchase Agreement, including, without limitation, legal, accounting, finders/brokers or other professional expenses (collectively, Transaction Expenses); provided, however, that notwithstanding the foregoing, in the event the Asset Purchase Agreement is terminated pursuant due to a breach of any material provision of the Asset Purchase Agreement that has not been cured within thirty (30) days, then in addition to any other liability that the non-terminating party may have, the non-terminating party shall promptly reimburse the terminating party for all of its Transaction Expenses reasonably incurred. The parties hereto acknowledge and agree that a failure to satisfy the condition requiring the approval of Genetronics Biomedical Corporation stockholders shall not, in and of itself, constitute a breach

by our company of the Asset Purchase Agreement unless such failure is caused by the action or failure to act of our company and such action or failure to act constitutes a breach of the Asset Purchase Agreement; provided, however, that the foregoing shall in no way limit any of the obligations of our company under the Asset Purchase Agreement. If the Asset Purchase Agreement is terminated due to a breach by the company: (i) of any representation, warranty covenant or other agreement under the Asset Purchase Agreement, (ii) of the Voting Agreement, (iii) by our Board of Directors withdrawing its approval or recommendation of the Asset Purchase Agreement, (iv) by our Board of Directors approving, recommending or entering an agreement in principle or into a definitive agreement relating to an Acquisition Proposal or (v) a tender or exchange offer relating to our company's securities by a third party has commenced and our Board of Directors failing to send our stockholders their recommendation to reject such tender or exchange offer within ten business days after such tender or exchange offer is first published, sent or given then our company shall pay to HBI \$1.0 million plus HBI's out-of-pocket expenses incurred in connection with pursuing the transactions contemplated by the Asset Purchase Agreement (including but not limited to legal, accounting, investment banking and printing fees).

REASONS FOR ENGAGING IN THE ASSET SALE

In reaching the decision to engage in the sale of the BTX Assets, our Board of Directors considered a number of factors, including:

1. **Operating History and Financial Condition.** Our Board of Directors considered the current and historical financial condition and results of operations of the BTX Division and our company, as well as the prospects and strategic objectives of our company, including the risks involved in achieving those prospects and objectives. Genetronics Biomedical Corporation has experienced operating losses in each quarter since its inception and expects to continue to experience operating losses for the foreseeable future. Our company has limited resources available to meet our operating and capital expenditure requirements. Genetronics Biomedical Corporation historically has funded its operating losses with cash reserves from equity offerings most recently in November 2001 and June 2002. Net losses for the year ended December 31, 2001 and nine months ended September 30, 2002 were \$6.4 million and \$4.4 million respectively, and Genetronics Biomedical Corporation had an accumulated deficit of \$51.8 million at September 30, 2002. As of September 30, 2002, Genetronics Biomedical Corporation had cash, cash equivalents and short term investments of \$2.4 million. Genetronics Biomedical Corporation believes that its existing cash and cash

equivalents may not be sufficient to fund its operations throughout 2003. The financial statements of Genetronics Biomedical Corporation already have a going concern qualification, indicating that it may not have sufficient capital and other resources to continue as a going concern for 12 months.

2. **Strategic Alternatives.** The Board of Directors considered a number of strategic alternatives in an effort to maximize stockholder value including attracting new capital to our company, attempting to achieve profitability within the current capital structure and the sale of BTX Assets. The Board of Directors did not believe that our company was likely to attract significant new capital for BTX operations and further concluded that our company would not likely survive as a going concern without additional capital. Of the options available, the Board of Directors concluded that the transaction with HBI represented the best option to maximize stockholder value and allow continuation of our company as viable business entity.
3. **Market Conditions.** The Board of Directors considered the effect of market conditions since the fall of 2001 on its ability to raise capital or complete another transaction. The market for raising capital, particularly for micro cap public companies has been very difficult. While the market could improve before Genetronics expends its available funds, the Board of Directors concluded that the risk of relying upon improved market conditions was not acceptable and decided to pursue the sale of the BTX Assets.
4. **Terms of the Transaction.** The Board of Directors considered that HBI's obligation to consummate the purchase is subject to a limited number of conditions. For instance, HBI does not need to obtain outside financing before closing. The Board of Directors also considered the ability of HBI to complete the transaction quickly and the liabilities that it was willing to assume from us. The Board of Directors also considered the purchase price adjustments and the limited indemnification in assessing the anticipated proceeds.
5. **Fairness Opinion.** The Board of Directors received a fairness opinion from Seidman with respect to the fairness, from a financial point of view, of the anticipated sale of the BTX Assets to HBI. Stockholders are urged to read the opinion; a copy is attached to this Proxy Statement as Exhibit B.

BACKGROUND, PAST CONTACTS, AND NEGOTIATIONS

In the fourth quarter of 2001, a number of matters affecting our ability to raise additional investment capital led the Board of Directors of Genetronics Biomedical Corporation to consider hiring an investment banking firm to assist our company in the sale of the BTX Division. These included capital constraints, low share price, potential American Stock Exchange listing compliance issues, limited interest in our company by investment professionals and research analysts, and the pace of moving toward profitability. After interviewing a number of investment banks, we hired Katan & Associates (Katan) an investment banking firm, in January 2002 to assist us in seeking out a strategic partner or buyer for the BTX Division.

The Board of Directors instructed Katan to begin contacting third parties regarding potential strategic transactions with us for the sale of the BTX Assets. Katan discussed the sale of the BTX Assets with numerous public and private companies. Approximately three to four of these companies subsequently agreed to enter into confidentiality agreements with us in order to obtain certain confidential information about our company and the BTX Division in order to evaluate a potential transaction. On March 15, 2002, the Board of Directors met and received an update from Katan