

GENETRONICS BIOMEDICAL CORP

Form PRE 14A

March 14, 2002

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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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Genetronics Biomedical Corporation

(Name of Registrant as Specified In Its Charter)

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:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

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.

- (1) Amount previously paid:
- (2) Form, Schedule or Registration No.
- (3) Filing Party:
- (4) Date Filed:

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March 21, 2002

Dear Stockholder:

This year's annual meeting of Stockholders will be held on April 29, 2002 at 9:00 am. local time, at the Hyatt Regency La Jolla, 3777 La Jolla Village Drive, San Diego, CA 92122. The phone number is (858) 552-1234.

You are cordially invited to attend.

The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, follow this letter.

After reading the Proxy Statement, please promptly mark, sign, and return the enclosed proxy in the prepaid envelope (for mailing in the United States only) to assure that your shares will be represented. Your shares cannot be voted unless you date, sign, and return the enclosed proxy or attend the annual meeting in person. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before our Stockholders are important.

A copy of Genetronics' 2001 Annual Report is also enclosed.

The Board of Directors and management look forward to seeing you at the annual meeting.

Very truly yours,

Dr. Avtar Dhillon
President and Chief Executive Officer

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**GENETRONICS BIOMEDICAL CORPORATION
11199 Sorrento Valley Road
San Diego, Ca 92121-1334
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD April 29, 2002**

Dear Stockholder:

You are invited to attend the Annual Meeting of the Stockholders of Genetronics Biomedical Corporation, which will be held on April 29, 2002, at 9:00 am. local time, at the Hyatt Regency La Jolla, 3777 La Jolla Village Drive, San Diego, CA 92122, for the following purposes:

1. To elect directors. Management has nominated the following persons for election at the meeting:

Dr. Avtar Dhillon
James L. Heppell
Gordon J. Politeski
Felix Theeuwes
Tazdin Esmail

2. To amend the 2001 Stock Option Plan (the Plan) to increase the maximum number of common shares of the Company reserved for issuance under the Plan including options currently outstanding, from 7,400,000 to 10,000,000.
3. To authorize the directors to carry out future financings in circumstances where the policies of The Toronto Stock Exchange would require shareholder approval in such circumstances where the aggregate number of shares which are issued or made subject to issuance by way of one or more private placements during any particular six month period is greater than 25% and up to 100% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such private placements.
4. To ratify the appointment of the Company s independent accountants for 2002.
5. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 20, 2002 are entitled to notice of, and to vote at, this meeting and any adjournments thereof. For ten days prior to the meeting, a complete list of the Stockholders of record on March 20, 2002 will be available at Genetronics, during ordinary business hours, for examination by any Stockholder for any purpose relating to the meeting.

By order of the Board of Directors,

*Avtar Dhillon, President
and Chief Executive Officer*

San Diego, California
March , 2002

IMPORTANT: Please fill in, date, sign and promptly mail the enclosed proxy card in the accompanying postpaid envelope to assure that your shares are represented at the meeting. If you attend the meeting, you may choose to vote in person even if you have previously sent in your proxy card.

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**GENETRONICS BIOMEDICAL CORPORATION
11199 Sorrento Valley Road
San Diego, Ca 92121-1334**

Proxy Statement for Annual Meeting of Stockholders

The accompanying proxy is solicited by the Board of Directors of Genetronics Biomedical Corporation, a Delaware corporation, for use at the Annual Meeting of Stockholders to be held April 29, 2002, or any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting. The date of this Proxy Statement is March 21, 2002 the approximate date on which this Proxy Statement and the accompanying form of proxy were first sent or given to stockholders. Unless the context requires otherwise, references to we, us, our, and Genetronics refer to Genetronics Biomedical Corporation.

GENERAL INFORMATION

Annual Report. An annual report for the nine month fiscal year ended December 31, 2001, is enclosed with this Proxy Statement.

Voting Securities. Only stockholders of record as of the close of business on March 20, 2002, will be entitled to vote at the meeting and any adjournment thereof. As of the date of this statement, there are [] shares of common stock, \$0.001 par value, of Genetronics, issued and outstanding. Stockholders may vote in person or in proxy. Each holder of shares of common stock is entitled to one vote for each share of stock held on the proposals presented in this Proxy Statement. Genetronics bylaws provide that a majority of all of the shares of the stock entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting.

Solicitation of Proxies. The cost of soliciting proxies will be borne by Genetronics. In addition, Genetronics will solicit Stockholders by mail through its regular employees, and will request banks and brokers, and other custodians, nominees and fiduciaries, to solicit their customers who have stock of Genetronics registered in the names of such persons and will reimburse them for their reasonable, out-of-pocket costs. Genetronics may use the services of its officers, directors, and others to solicit proxies, personally or by telephone, without additional compensation.

Voting of Proxies. All valid proxies received prior to the meeting will be voted. All shares represented by a proxy will be voted, and where a Stockholder specifies a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the proxy, the shares will be voted in favor of the election of the nominees for director contained in this Proxy Statement, in favor of the one other proposal specified in the Notice of the meeting, and in the discretion of the proxy holders on any other matter that comes before the meeting. A Stockholder giving a proxy has the power to revoke his or her proxy, at any time prior to the time it is voted, by delivery to the Secretary of Genetronics of either a written instrument revoking the proxy or a duly executed proxy with a later date, or by attending the meeting and voting in person.

Stock Ownership of Certain Beneficial Owners and Management. The table herein sets forth certain information, as of March 20, 2002, with respect to the beneficial ownership of Genetronics common stock by (i) all persons known by Genetronics to be the beneficial owners of more than 5% of the outstanding common stock of Genetronics, (ii) each nominee for director of Genetronics, (iii) each executive officer of Genetronics named in the Summary Compensation Table, and (iv) each associate of any of the foregoing persons.

Accountants. Representatives of Ernst & Young LLP, the Company's principal accountant during the preceding fiscal year, will be present at the Stockholders meeting, will have the opportunity to make a statement, and will be available to respond to questions.

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COMMITTEES OF THE BOARD OF DIRECTORS

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee identifies and recommends candidates for election to the Board of Directors. It advises the Board of Directors on all matters relating to directorship practices, including the criteria for selecting directors, policies relating to tenure and retirement of directors and compensation and benefit programs for non-employee directors. The Nomination and Corporate Governance Committee also makes recommendations relating to the duties and membership of committees of the Board of Directors, recommends processes to evaluate the performance and contributions of individual directors and the Board of Directors as a whole, approves procedures designed to provide that adequate orientation and training are provided to new members of the Board of Directors, consults with the Chief Executive Officer in the process of recruiting new directors and assists in locating senior management personnel and selecting members for the scientific advisory board. The Nomination and Corporate Governance Committee has developed a policy to govern the Company's approach to corporate governance issues and provides a forum for concerns of individual directors about matters not easily or readily discussed in a full board meeting, e.g., the performance of management. Individual directors are entitled to engage outside advisors at the expense of the Company, with the prior approval of the Nomination and Corporate Governance Committee, and with the full knowledge of management.

The members of the Nomination and Corporate Governance Committee are Gordon J. Politeski (Chair), James L. Heppell, Felix Theeuwes and Tazdin Esmail.

The Nomination and Corporate Governance Committee will consider nominees recommended by Stockholders. Any Stockholder who wishes to recommend for the Nomination and Corporate Governance Committee's consideration a prospective nominee to serve on the Board of Directors may do so by giving the candidate's name and qualifications in writing to the Company's Secretary at the following address: 11199 Sorrento Valley Road, San Diego, CA 92121-1334. During the fiscal year ending December 31, 2001, the Nomination and Corporate Governance Committee met twice.

Audit Committee

The Audit Committee meets with our independent auditors at least annually to review the results of the annual audit and discuss the financial statements, recommends to the Board the independent auditors to be retained and receives and considers the auditors' comments (out of the presence of management) as to adequacy of staff and management performance and procedures in connection with the audit. During the fiscal year ending December 31, 2001, the Audit Committee met three times.

The members of the Audit Committee are Tazdin Esmail (Chair), Gordon J. Politeski and Felix Theeuwes.

The Board of Directors adopted a charter for the Audit Committee on June 8, 2001.

Compensation Committee

The Compensation Committee makes recommendations to the Board of Directors, based upon management's suggestions, regarding the salaries and incentive compensation for officers and key employees and performs such other functions regarding compensation as the Board may delegate. During the fiscal year ended December 31, 2001, the Compensation Committee met nine times.

The members of the Compensation Committee are James L. Heppell (Chair), Tazdin Esmail and Gordon J. Politeski.

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Report of the Audit Committee

The audit committee oversees Genetronics' financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The committee reviewed with the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our company's accounting principles and such other matters as are required to be discussed with the committee under generally accepted auditing standards. In addition, the committee has discussed with the independent auditors the auditors' independence from management and our company including the matters in the written disclosures required by the Independence Standards Board.

The committee discussed with our company's independent auditors the overall scope and plans for their respective audits. The committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2001, for filing with the Securities and Exchange Commission. The committee and the board have also recommended the selection of our company's independent auditors. All members of the Audit committee are independent as defined in Section 121(A) of the America Stock Exchange (AMEX) listing standards.

Tazdin Esmail (Chair), Gordon J. Politeski, and Felix Theeuwes.

Corporate Governance

Stewardship of the Company

The Board of Directors has implicitly and explicitly acknowledged its responsibility for the stewardship of Genetronics in the following ways:

Strategic Planning and Identification of Risks

Management prepares an annual business plan for Genetronics and presents the plan to the Board of Directors for its review and comments. In connection therewith, the Board of Directors discusses various strategic matters with management and identifies business risks associated with our activities.

Senior Management

The Board of Directors takes responsibility for appointing those members of senior management who become our officers. Currently, the senior officers of our company are: Dr. Avtar Dhillon, President and Chief Executive Officer; Markus G. Hofmann, acting Chief Financial Officer; Dietmar Rabussay, Vice President, Research and Development; Jack Snyder, Vice President, Regulatory, Clinical and Quality Assurance; James L. Heppell, Executive Chairman of the Board of Directors; and William K. Dix, Vice President, Legal Affairs.

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The Board of Directors has procedures in place to ensure effective communication between Genetronics, its shareholders, prospective investors and the public, including the dissemination of information on a regular and timely basis. Each of Dr. Avtar Dhillon, Jr., James L. Heppell, and William K. Dix dedicates a portion of his time to dealing with shareholders and prospective investors.

Internal Control and Management Information Systems

The Board of Directors is responsible for our internal control and management information systems. An audit committee of the Board of Directors meets with our auditors annually to review the audited financial statements and to review our financial reporting procedures.

Independence from Management

To ensure that the Board of Directors functions independently of management, we have separated the office of Chairman of the Board of Directors from that of Chief Executive Officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon a review of the filings with the Securities and Exchange Commission and written representations that no other reports were required, we believe that all of our directors, executive officers, and owners of more than 10% of our common shares complied during the financial year ended December 31, 2001 with the reporting requirements contained in Section 16(a) of the Securities Exchange Act.

EXECUTIVE COMPENSATION

The following table sets forth the compensation of our Chief Executive Officer and our four most highly compensated executive officers in the last fiscal year whose total annual compensation exceeded \$100,000 for the last three completed fiscal years.

Summary Compensation Table

| Name and Principal Position | Year Ended(1) | Annual Compensation | | | Long Term Compensation | | | |
|--|-------------------------------------|------------------------|------------------|--------------------------------|---|--|---------------------|------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation (\$) | Awards | | Payouts | |
| | | | | | Securities Under Options/ SARs(3) Granted (#) | Restricted Shares or Restricted Share Units (\$) | LTIP(4) Payouts(\$) | All Other Compensation |
| Dr. Avtar Dhillon <i>President and CEO</i> | 12/31/01(2) 03/31/01 03/31/00 | 36,922 0 0 | 0 0 0 | 2,109 0 0 | 400,000 0 0 | 0 0 0 | 0 0 0 | 0 0 0 |
| William K. Dix <i>Vice President, Legal Affairs and Secretary</i> | 12/31/01(2) 03/31/01 03/31/00 | 138,846 29,231 0 | 0 45,000 0 | 2,850 0 0 | 55,000 100,000 0 | 0 0 0 | 0 0 0 | 0 0 0 |

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| Name and Principal Position | Year Ended(1) | Annual Compensation | | | Long Term Compensation | | | |
|---|---|------------------------------|-----------------------|--------------------------------|---|--|---------------------|------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation (\$) | Awards | | Payouts | |
| | | | | | Securities Under Options/ SARs(3) Granted (#) | Restricted Shares or Restricted Share Units (\$) | LTIP(4) Payouts(\$) | All Other Compensation |
| Grant W. Denison, Jr. <i>former President & CEO(5)</i> | 12/31/01(2) 03/31/01 03/31/00 | 0 0 0 | 0 0 0 | 0 0 0 | 250,000 0 0 | 0 0 0 | 0 0 0 | 0 0 0 |
| Martin Nash(6) <i>former President & CEO</i> | 12/31/01(2) 03/31/01 03/31/00 | 57,412 230,789 201,808 | 0 0 0 | 142,753 12,566 17,347 | 0 102,000 300,000 | 0 0 0 | 0 0 0 | 0 0 0 |
| Babak Nemati(7) <i>former Executive VP</i> | 12/31/01(2) 03/31/01 | 130,827 90,834 | 0 0 | 3,925 0 | 55,000 102,000 | 0 0 | 0 0 | 0 0 |
| Terry Gibson(8) <i>former COO</i> | 03/31/00 12/31/01(2) 03/31/01 03/31/00 | 0 132,012 113,077 0 | 0 0 21,000 0 | 0 47,472 1,939 0 | 0 25,000 100,000 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Mervyn J. McCulloch(9) <i>former CFO</i> | 12/31/01(2) 03/31/01 03/31/00 | 118,717 71,808 0 | 0 0 0 | 32,213 0 0 | 25,000 100,000 0 | 0 0 0 | 0 0 0 | 0 0 0 |

(1) On June 15, 2001, concurrent with the change in our jurisdiction of incorporation, we changed our financial year-end from March 31 to December 31, with the first of such new financial year ending December 31, 2001.

(2) Nine month financial year, due to the change of our financial year-end from March 31 to December 31, with the first of such new financial year ending December 31, 2001.(3) All securities are under options granted during the year covered. No SARs have been granted.(4) We do not currently have any long-term incentive plans.(5) Grant W. Denison,

Jr. ceased his position as our President and Chief Executive Officer on September 20, 2001.(6) Martin Nash ceased his positions as our President and Chief Executive Officer on May 14, 2001.(7) Babak Nemati ceased his position as our Executive Vice President on January 7, 2002.(8) Terry Gibson ceased his position as our Chief Operating Officer on October 24, 2001.(9) Mervyn J. McCulloch ceased his position as our Chief Financial Officer on October 24, 2001.

Table of Contents*Stock Option Grants in Last Fiscal Year*

The following table sets out stock options and stock appreciation rights granted to each named Executive Officer during the nine month fiscal year ended December 31, 2001:

| Name | Date of Grant | Securities Under Options Granted(#) | % of Total Options Granted to Employees in Fiscal Year(2) | Exercise or Base Price (\$/Security) | Expiration Date | Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option | |
|---------------------|---------------|-------------------------------------|---|--------------------------------------|-----------------|---|------------|
| | | | | | | 5% | 10% |
| Dr. Avtar Dhillon | 10/10/01 | 400,000 | 22% | \$ 0.52 | 10/09/11 | \$ 130,810 | \$ 331,498 |
| William K. Dix | 05/17/01 | 25,000 | 1% | \$ 1.57 | 05/16/11 | \$ 24,684 | \$ 62,554 |
| | 10/24/01 | 30,000 | 2% | \$ 0.45 | 10/23/11 | \$ 8,490 | \$ 21,516 |
| Grant W. Denison | 06/01/01 | 250,000 | 14% | \$ 1.35 | 12/19/01 | \$ 212,252 | \$ 537,888 |
| Martin Nash(1) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Babak Nemati | 05/17/01 | 25,000 | 1% | \$ 1.57 | 01/07/02 | \$ 24,684 | \$ 62,554 |
| | 10/24/01 | 30,000 | 2% | \$ 0.45 | 04/07/02 | \$ 8,490 | \$ 21,516 |
| Terry Gibson | 05/17/01 | 25,000 | 1% | \$ 1.57 | 10/26/01 | \$ 24,684 | \$ 62,554 |
| Mervyn J. McCulloch | 05/17/01 | 25,000 | 1% | \$ 1.57 | 10/26/01 | \$ 24,684 | \$ 62,554 |

(1) We do not have Stock Appreciation Rights. All noted securities are options.

(2) We granted a total of 1,781,500 options to our employees in the nine months ended December 31, 2001.(3) The fair value for these options was estimated at the date of grant using a Black Scholes pricing model.

Aggregated Option Exercises and Fiscal Year-End Option Values

The following table sets forth information concerning each exercise of stock options or tandem SARs and freestanding SARs during the last completed fiscal year by each of the named executive officers and the fiscal year-end value of unexercised options and SARs, provided on an aggregated basis:

The following table sets forth details of all exercises of stock options during the nine month fiscal year ended December 31, 2001 by the listed executive officers and the fiscal year-end value of unexercised options on an aggregate basis:

| Number of Securities Underlying | Value of Unexercised in the Money Options/SARS at Fiscal |
|---------------------------------|--|
|---------------------------------|--|

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| Name of Executive Officer | Securities Acquired on Exercise | Value Realized (\$) | Unexercised Options/SARS at Fiscal Year End(1) | | Year End(\$) | |
|------------------------------|--|---------------------------|--|------------------|-------------------|-----------------|
| | | | (#) Exercisable | (#)Unexercisable | (\$)Unexercisable | (\$)Exercisable |
| Dr. Avtar Dhillon | 0 | N/A | 100,000 | 300,000 | \$ 12,000 | \$ 36,000 |
| William K. Dix | 0 | N/A | 32,500 | 122,500 | \$ 1,425 | \$ 4,275 |
| Grant W. Denison | 0 | N/A | 25,000 | | 0 | 0 |
| Martin Nash | 0 | N/A | 499,199 | 124,901 | 0 | 0 |
| Babak Nemati | 0 | N/A | 59,500 | 97,500 | \$ 1,425 | \$ 4,275 |
| Terry Gibson | 0 | N/A | 50,000 | | 0 | 0 |
| Mervyn J. McCulloch | 0 | N/A | 25,000 | | 0 | 0 |

(1) We do not have Stock Appreciation Rights. All noted securities are options.

(2) The closing price of our common shares on AMEX was \$0.64 on December 31, 2001. This price was used in the determination of the Value of Unexercised In-the-Money Options/SARs at Fiscal Year-end.

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The following graph compares the monthly relative returns a shareholder of Genetronics would have versus the AMEX Composite Index, assuming a \$100 investment was made on December 31, 1996. The AMEX Index represents all AMEX-listed companies. The AMEX Composite Index started on December 29, 1995.

| December 31 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-------------|------|--------|--------|--------|--------|-------|
| Genetronics | 100 | 73.81 | 120.24 | 107.14 | 30.95 | 25.71 |
| AMEX Index | 100 | 119.62 | 120.38 | 153.23 | 156.86 | 148.1 |

S & P Super Cap Biotechnology Index

The following graph compares the monthly relative returns a shareholder of common shares of the Company would have versus the S & P Super Cap Biotechnology Index, assuming a \$100 investment was made on December 31, 1996. The S & P Super Cap Biotechnology Index started on July 1, 1996 and is comprised of 16 biotechnology firms culled from the S & P Super Cap Index.

| December 31 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-----------------------|------|-------|--------|--------|--------|--------|
| Genetronics | 100 | 73.81 | 120.24 | 107.14 | 30.95 | 25.71 |
| S & P Super Cap Index | 100 | 99.84 | 178.67 | 344.06 | 416.51 | 351.48 |

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**EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT
AND CHANGE-IN-CONTROL ARRANGEMENTS**

The Company has entered into employment agreements with the following named executive officers.

Under the employment agreement with Dr. Avtar Dhillon dated October 10, 2001, Dr. Dhillon acts as our current President and Chief Executive Officer. Dr. Dhillon's employment agreement provides for an annual salary of \$200,000. The Board reviews this salary annually. Dr. Dhillon was also granted 400,000 stock options vesting over three years with 100,000 shares vesting immediately, 37,500 shares vesting quarterly during the first year of the employment agreement, 25,000 shares vesting quarterly during the second year and 12,500 shares vesting quarterly during the third year. Dr. Dhillon will also receive an annual bonus, if certain milestone objectives agreed between the Board and Dr. Dhillon are met, as determined by the Board. Dr. Dhillon receives living expenses of \$2,000 per month for the six months following the date of his employment agreement and relocation expenses. He receives four weeks of paid vacation each year.

Under the employment agreement with William K Dix dated January 6, 2001, Mr. Dix acts as our current Vice President, Legal Affairs. Mr. Dix's employment agreement provides for an annual salary of \$190,000 with an annual bonus of up to \$45,000. The Board reviews this salary annually. Mr. Dix was also granted 100,000 stock options vesting over three years with 25,000 shares vesting on July 6, 2001, and 25,000 shares vesting on the anniversary date of his appointment over the three years following his appointment. He receives four weeks of paid vacation each year.

On November 20, 2001, we entered into a confidential separation agreement with Grant W. Denison, Jr. Mr. Denison was appointed our President and Chief Executive Officer from May 14, 2001 to September 20, 2001. Mr. Denison's separation agreement provides for the return of our company leased vehicle by November 30, 2001, our company taking over an apartment lease from October 1, 2001 until lease termination, of the 250,000 options granted to Mr. Denison, 50,000 are cancelled and the remaining 200,000 are vested, the payment of business expenses totaling \$56,377 to Mr. Denison, and the resignation of Mr. Denison from the boards of our company and Genetronics, Inc.

In January 1995, we entered into an employment agreement with Martin Nash, our then Senior Vice President. Mr. Nash was appointed our President and Chief Executive Officer on September 7, 1999 and on July 10, 2001, Mr. Nash's resigned from the boards of our company and Genetronics, Inc. On July 17, 2001, we entered into a confidential separation agreement with Mr. Nash. The separation agreement provided Mr. Nash with a severance payment equivalent of 12 months base salary, less all appropriate federal and state income and employment taxes paid out over 12 months. Any vested stock options granted to Mr. Nash were exercisable until January 31, 2002. On January 28, 2002 Mr. Nash exercised all vested stock options. A part of the separation agreement we cancelled 200,000 stock options granted to Mr. Nash on December 19, 2001. As of March 1, 2002, options to purchase 25,000 of our common shares are outstanding to Mr. Nash. We also provided a leased vehicle to Mr. Nash who agreed to deduct the lease payments from his severance package.

Under the employment agreement with Babak Nemati dated August 1, 2000, Dr. Nemati acted as our Executive Vice President. Dr. Nemati was paid a salary of \$130,827 for the nine month financial year ended December 31, 2001. Dr. Nemati was also eligible for grants of incentive stock options as determined by the Board. He received two weeks of paid vacation each year. Dr. Nemati ceased to be employed by the Company in January 2002. We are currently negotiating a severance package with Dr. Nemati.

Under the employment agreement with Terry Gibson dated August 14, 2000, Mr. Gibson acted as our Chief Operating Officer. Mr. Gibson was paid a salary of \$132,012 in the nine month financial year ended December 31, 2001. Mr. Gibson was also eligible for grants of incentive stock options as determined by the Board. He received three weeks of paid vacation each year. Mr. Gibson ceased to be employed by the Company in October 2001 and received a severance package of \$105,000 in cash and \$3,531 for health benefits paid out over six months.

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Under the employment agreement with Mervyn J. Culloch dated November 6, 2000, Mr. McCulloch acted as our Chief Financial Officer. Mr. McCulloch was paid a salary of \$118,717 in the nine month financial year ended December 31, 2001. Mr. McCulloch was also eligible for grants of incentive stock options as determined by the Board. He received three weeks of paid vacation each year. Mr. McCulloch ceased to be employed by the Company in October 2001 and received a severance package of \$48,750 in cash paid out over three months.

Our executive officers participate, while they are employees, in all employee benefits maintained by the Company, including any group disability plan, insurance plan, medical and dental plans, and are entitled to reimbursement of all reasonable out-of-pocket Company-related expenses.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee is responsible for determining the compensation of the executive officers of our company. The members of the Compensation Committee for the fiscal year ended December 31, 2001 were James L. Heppell (Chair), Gordon J. Politeski, Felix Theeuwes, and Tazdin Esmail. No member of the Compensation Committee is a former or current officer or employee of the Company, other than James L. Heppell the Chairman of the Board. No executive officers of the Company serve or have ever served on the board of directors or compensation committees of entities at which board members of the Company's board or Compensation Committee serve or have served as officers. Mr. Blankstein resigned as a member of the Compensation Committee on September 7, 2001.

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The compensation programs of our company are designed to reward performance and to be competitive with the compensation agreements of other biomedical companies. The Compensation Committee of the Board of Directors of our company evaluates each executive officer position to establish skill requirements and levels of responsibility. The Compensation Committee, after referring to information from other corporations and public data, determines the compensation for the executive officers.

Objectives

The primary objectives of our executive compensation program are to enable us to attract, motivate and retain qualified individuals and to align their success with that of our stockholders through the achievement of strategic corporate objectives and the creation of stockholder value. The level of compensation paid to each executive is based on the executive's overall experience, responsibility and performance. Executive officer compensation is composed of salary, bonuses and the opportunity to receive options granted under our Stock Option Plan.

Salary

Salary ranges are determined following a review of the market data for similar positions in corporations of a comparable size and type of operations to our company. The salary for each executive officer is largely determined by the terms of the officer's employment agreement with us.

Bonuses

Our company may provide annual incentive compensation to the executive officers through bonus arrangements. Awards are contingent upon the achievement of corporate and individual objectives determined by our Compensation Committee.

Table of Contents***Stock Option Plan***

The executive officers may be granted incentive stock options or non-incentive stock options under our 2000 Stock Option Plan. In previous years stock options or non-incentive stock options were granted under the 1995 and 1997 Stock Option Plans, which we discussed in Note 11 to the consolidated financial statements.

Compensation of President and Chief Executive Officer

The Committee considers with particular care the compensation of our Chief Executive Officer, and recommends such compensation for Board approval. Dr. Avtar Dhillon was appointed our President and Chief Executive Officer on October 10, 2001. Dr. Dhillon's base salary is \$200,000. Dr. Dhillon's salary was based upon predecessor chief executive officers' salaries and a survey of similarly situated companies in San Diego, California. The Board reviews this salary annually. Dr. Dhillon will also receive an annual bonus if certain milestone objectives agreed between the Board and Dr. Dhillon are met, as determined by the Board.

James L. Heppell (Chair), Gordon J. Politeski, Tazdin Esmail, Felix Theeuwes.

COMPENSATION OF DIRECTORS

Outside directors of Genetronics are paid a fee of \$1,000 per day for each board or committee meeting a director attends in person; a director participating telephonically is paid \$500 per day for each such meeting. In addition, each of the outside directors may receive an annual grant of an option to purchase shares of Genetronics' common stock. On September 7, 2001, our outside directors agreed to temporarily waive any cash compensation for attendance at Board or committee meetings. In return, we granted a stock option to purchase 50,000 shares of common stock to each of our outside directors. Inside directors do not receive separate compensation for their participation in board or committee meetings. We pay all reasonable expenses associated with directors' attendance at, and participation in, board and committee meetings, and other company business to which a director attends.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 1, 2002 with respect to the beneficial ownership of Genetronics' common stock by (i) all persons known by Genetronics to be the beneficial owners of more than 5% of the outstanding common stock of Genetronics, (ii) each nominee for director of Genetronics, (iii) each executive officer of Genetronics named in the Summary Compensation Table, and (iv) each associate of any of the foregoing persons.

| Beneficial Owner of Shares of Common Stock(1) | Amount and Nature of Beneficial Ownership of Shares of Common Stock(2) | Percent of Class of Shares of Common Stock(2) |
|---|---|--|
| Foreign & Colonial Bank The Exchange House Primrose Street London, EC2A2NY | 3,450,000 | 8.61% |
| Lois J. Crandell (3) | 2,804,388 | 7.00% |
| Günter A. Hofmann (4) | 2,804,388 | 7.00% |
| Park Place Capital Limited 25 St. James Street London, England SW1A 1HA | 2,865,100 | 7.15% |

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| | | |
|--|-----------|-------|
| Johnson & Johnson Development Corporation One Johnson & Johnson Plaza, New Brunswick, New Jersey | 2,242,611 | 5.60% |
| Smallcap World Fund Inc. 333 South Hope Street 55th Floor Los Angeles, CA 90071 | 2,090,000 | 5.22% |

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| Beneficial Owner of Shares of Common Stock(1) | Amount and Nature of Beneficial Ownership of Shares of Common Stock(2) | Percent of Class of Shares of Common Stock(2) |
|--|---|--|
| Dr. A. Dhillon (13) | 319,444 | * |
| James L. Heppell (5) | 230,500 | * |
| Gordon J. Politeski (6) | 185,000 | * |
| Felix Theeuwes (7) | 207,000 | * |
| Grant W. Denison, Jr. (8) | 25,000 | * |
| Tazdin Esmail (9) | 110,000 | * |
| Terry Gibson | 0 | 0 |
| Martin Nash | 457,461 | 1.14% |
| William K. Dix (10) | 60,500 | * |
| Babak Nemati (11) | 59,500 | * |
| Mervyn J. McCulloch | 0 | 0 |
| All Executive Officers and Directors as a group (12) (11 persons) | 1,654,405 | 4.13% |

* less than 1%

(1) This table is based upon information supplied by officers, directors and principal stockholders. Except as shown otherwise in the table, the address of each stockholder listed is in care of our company at 11199 Sorrento Valley Rd., San Diego,

California
92121.(2) Except
as otherwise
indicated in
the footnotes
of this table
and pursuant
to applicable
community
property laws,
the persons
named in the
table have sole
voting and
investment
power with
respect to all
shares of
common
stock.
Beneficial
ownership is
determined in
accordance
with the rules
of the SEC
and generally
includes
voting or
investment
power with
respect to
securities.
Shares of
common stock
subject to
options or
warrants
exercisable
within 60 days
of March 1,
2002 are
deemed
outstanding
for computing
the percentage
of the person
or entity
holding such
options or
warrants but
are not
deemed
outstanding
for computing
the percentage
of any other
person.
Percentage of
beneficial
ownership is
based upon

40,072,661
shares of our
common stock
outstanding as
of March 1,
2002,
assuming
5,212,494
Special
Warrants are
converted into
common
stock.(3) Includes
209,825 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002. Also
includes
2,115,199
shares and
options owned
by Günter A.
Hofmann,
Ms. Crandell's
husband.
Ms. Crandell
disclaims
beneficial
ownership of
Dr. Hofmann's
shares.(4) Includes
232,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002. Also
includes
689,189 shares
and options
owned by Lois
J. Crandell,
Dr. Hofmann's
wife.
Dr. Hofmann
disclaims
beneficial
ownership of
Ms. Crandell's
shares.(5) Includes
200,000 shares
of common
stock issuable
pursuant to

options
exercisable
within 60 days
of March 1,
2002, 200
shares owned
by Free Spirit
Investments
Ltd., which is
owned 50% by
Mr. Heppell
and 50% by
his wife, and
11,000 shares
owned by
Mr. Heppell's
wife.(6) Includes
185,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.(7) Includes
135,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.(8) Includes
25,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.(9) Includes
110,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.(10) Includes
57,500 shares
of common
stock issuable
pursuant to
option
exercisable
within 60 days
of March 1,
2002.(11) Includes

59,500 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.

Mr. Nemati's
employment
ended on
January 7,
2002.(12) Includes

947,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.(13) Includes

175,000 shares
of common
stock issuable
pursuant to
options
exercisable
within 60 days
of March 1,
2002.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to a private placement (the *Private Placement*) of special warrants that closed on November 30, 2001 and raised aggregate gross proceeds to the Company of \$2,345,622, a number of investors required that Dr. Avtar Dhillon, our Chief Executive Officer, President and one of our directors, participate in the Private Placement. We loaned \$65,000 (the *Loan*) to Dr. Dhillon to enable him to purchase 144,444 special warrants (the *Special Warrants*), at a purchase price of \$0.45 per Special Warrant, that is approximately 3% of the aggregate number of special warrants that were issued. The Loan is repayable in three years, and interest accrues at the prime rate of the Union Bank of California published on November 9, 2001 over the term of the Loan.

As security for Dr. Dhillon's due repayment of the Loan, Dr. Dhillon entered into an agreement with the Company dated November 9, 2001 (the *Loan Agreement*) and executed a Promissory Note attached to the Loan Agreement. Pursuant to the Loan Agreement, Dr. Dhillon granted to the Company a security interest in the Special Warrants, and in the common shares and common share purchase warrants to be issued pursuant to the exercise of the Special Warrants.

As further security, Dr. Dhillon agreed to use all proceeds realized by any sale of said Special Warrants, common shares, common share purchase warrants (the *Warrants*) or common shares to be issued upon exercise of the Warrants and any cash bonuses that he receives as a result of his employment with us to pay down the Loan until it was fully repaid. Upon issuance of the common shares upon exercise of the Special Warrants and the Warrants the common shares will be fully paid and non-assessable common shares of the Company.

As described in Note 17 to the Financial Statements, we incurred legal fees charged by the law firm of Catalyst Corporate Finance Lawyers in Vancouver, British Columbia, Canada, in the amount of \$272,034 in the nine month period ended December 31, 2001. James L. Heppell, a partner of that law firm, is the Chairman of our Board of Directors.

Pursuant to an employment agreement between Genetronics, Inc. and James L. Heppell dated November 15, 2001, Genetronics, Inc. has employed Mr. Heppell as its Executive Chairman. Pursuant to the employment agreement, Mr. Heppell receives \$250 per hour for work performed and \$125 per hour of travel time. Mr. Heppell also received, upon execution of the employment agreement, a stock option to purchase up to 40,000 common shares of the Company. The employment agreement terminates upon the date that Mr. Heppell ceases to be the Chairman of Genetronics, Inc., unless terminated earlier in accordance with the terms of the employment agreement.

We also incurred accounting and administrative fees charged by Wood & Associates of Vancouver, British Columbia, Canada, in the amount of \$588 in the nine month period ended December 31, 2001. Suzanne Wood, the Principal of Wood & Associates, is a former director of Genetronics.

INDEBTEDNESS OF MANAGEMENT

Pursuant to a private placement (the *Private Placement*) of special warrants that closed on November 30, 2001 and raised aggregate gross proceeds to the Company of \$2,345,622, a number of investors required that Dr. Avtar Dhillon, our Chief Executive Officer, President and one of our directors, participate in the Private Placement. We loaned \$65,000 (the *Loan*) to Dr. Dhillon to enable him to purchase 144,444 special warrants, at a purchase price of \$0.45 per special warrant, that is approximately 3% of the aggregate number of special warrants that were issued. The Loan is repayable in three years, and interest accrues at the prime rate of the Union Bank of California published on November 9, 2001 over the term of the Loan. The Loan is secured by the special warrants purchased.

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PRINCIPAL ACCOUNTING FIRM FEES

Audit Fees. The aggregate fees billed by Ernst & Young LLP for professional services for the audit of Genetronics' annual consolidated financial statements for the nine month fiscal year ended December 31, 2001, and the review of the consolidated financial statements included in Genetronics' Forms 10-Q for the nine month fiscal year ended December 31, 2001 were \$90,000.

Financial Information Systems Design and Implementation Fees. There were no fees billed by Ernst & Young LLP to Genetronics for financial information systems design and implementation for the nine month fiscal year ended December 31, 2001.

All Other Fees. The aggregate fees billed to Genetronics for all other services rendered by Ernst & Young LLP for the nine month fiscal year ended December 31, 2001, including accounting and tax consultations and audits were \$136,541.

Table of Contents**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

The nominees for election at the Annual Meeting of Stockholders to fill the positions on the Board of Directors are Dr. Avtar Dhillon, James L. Heppell, Gordon J. Politeski, Felix Theeuwes, and Tazdin Esmail. If elected, the nominees will serve as directors until Genetronics Annual Meeting of Stockholders in 2003, or until their successors are elected and qualified. If a nominee declines to serve or becomes unavailable for any reason, the proxies may be voted for such substitute nominee as the proxy holders may designate.

If a quorum is present, the five nominees for the positions as directors receiving the highest number of votes will be elected. Abstentions and broker non-votes will have no effect on the vote, except that abstentions will be counted as shares present for purposes of determining the presence of a quorum. **The Board of Directors Unanimously Recommends a Vote FOR the Nominees Named Above.**

The table below sets forth for the nominees for election as director, certain information, as of January 25, 2002, with respect to their ages and backgrounds.

| <u>Name</u> | <u>Age</u> | <u>Title</u> | <u>Director Since</u> |
|--|------------|---------------------------------|-----------------------|
| Dr. Avtar Dhillon ⁽¹⁾ | 41 | President and CEO; Director | 10/16/01 |
| James L. Heppell ⁽²⁾⁽³⁾ | 46 | Director, Chairman of the Board | 9/29/94 |
| Gordon J. Politeski ⁽²⁾⁽³⁾⁽⁴⁾ | 58 | Director | 5/22/97 |
| Felix Theeuwes ⁽³⁾⁽⁴⁾ | 65 | Director | 8/11/99 |
| Tazdin Esmail ⁽²⁾⁽³⁾ | 53 | Director | 8/7/00 |

(1) Dr. Dhillon was appointed President and Chief Executive Officer on September 20, 2002.

(2) Member of the Compensation Committee(3) Member of Nomination and Corporate Governance Committee(4) Member of the Audit Committee

DR. AVTAR DHILLON recently joined our company as the President and Chief Executive Officer in September 2001 and a director in October 2001. Prior to joining our company, Dr. Dhillon was engaged by MDS Capital Corp. as a consultant in July 1998, and subsequently became investment manager in August 1999 and Vice President in 2000. MDS Capital Corp., is one of North America's leading healthcare venture capital organizations. In July 1989, Dr. Dhillon started a medical clinic and subsequently practiced family medicine for over 12 years. From March 1997 to July 1998, Dr. Dhillon acted as consultant to Cardiome Pharma Corp., a biotechnology company listed on the Toronto Stock Exchange (the "TSE"). Dr. Dhillon has also acted as consultant to IGT Pharmaceuticals from May 1997 to November 1997, consultant to Inflazyme Pharmaceuticals Inc. from March 1996 to March 1997, and biotechnology investment analysis to various institutions from November 1996 to July 1998. Dr. Dhillon is a member of the following: B.C. Biotechnology Alliance, College of Physicians and Surgeons, B.C. Medical Association, Canadian Medical Association and College of Family Practitioners. Dr. Dhillon has a Bachelor of Science, honours degree in physiology and M.D. degree from the University of British Columbia.

JAMES L. HEPELL, L.L.B. has been a director of our company and Genetronics, Inc. since September 1994, Interim Chairman of the Board since September 1999 and Chairman of the Board since March 2001. Mr. Heppell is a founding partner, President and Chief Executive Officer of Catalyst Corporate Finance Lawyers of Vancouver, British Columbia. Since his call to the Canadian Bar in 1986, Mr. Heppell has focused solely on representing technology companies. In representing these companies, he has developed particular experience in developing early stage technology companies and in completing cross-border financings and listings in dealing with the requirements of all major Canadian exchanges, as well as NASDAQ. Mr. Heppell is also director of Duran

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Ventures Inc., Secretary of Nucleus BioScience Inc., director and Secretary of Pheromone Sciences Corp., Secretary of Forbes Medi-Tech Inc. and director of Harmony Integrated Solutions, Inc. In addition to his LL.B., Mr. Heppell has a Bachelor of Science degree in Microbiology from the University of British Columbia.

GORDON J. POLITESKI has been one of our directors and a director of Genetronics, Inc. since May 1997. Mr. Politeski is currently retired. From August 1997 to June 1998, he was President and Chief Executive Officer of Cardiocomm Solutions Inc., involved in ambulatory ECG monitoring, and from April 1992 to March 1997, he was President and Chief Executive Officer of Cardiome Pharma Corp. where he took the company's first drug candidate successfully through a Phase I clinical trial. As founding President and Chief Executive Officer of Biomira, Inc., a cancer diagnostics and therapy company, Mr. Politeski took Biomira from the former Alberta Stock Exchange to the TSE and subsequently to the NASDAQ. He has also served as President and General Manager for Allergan Pharmaceuticals in ophthalmology. Mr. Politeski was formerly the Chairman and a director of Pheromone Sciences Corp., a director of BCY LifeSciences Inc.; a director of Brisbane Capital Corp and a former director of Daybreak Resources Corporation. Mr. Politeski is a graduate of the University of Saskatchewan and the Amos Tuck Executive Program at Dartmouth University.

FELIX THEEUWES, Ph.D. has been one of our directors and a director of Genetronics, Inc. since August 1999. From 1970 to June 1999 Dr. Theeuwes held various positions within Alza Corporation, directing research, technology development and product development for a variety of controlled drug delivery systems. Dr. Theeuwes co-founded DURECT Corporation where he is presently the Chairman and Chief Scientific Officer. DURECT Corporation spun out from Alza Corporation focusing on the development of pharmaceutical systems starting with applications of the DUROS system technology. Dr. Theeuwes' work at Alza led to the product introduction of the Alzet® mini osmotic pump series for animal research, and the OROS® systems series of products. He directed research in transdermal research and development, initiated the electrotransport/iontophoresis program, and initiated the DUROS osmotic implant program. Dr. Theeuwes holds more than 210 United States patents covering these systems and has published more than 80 articles and chapters of books. Dr. Theeuwes is a member of the board of directors of Vinifera Inc. and DURECT Corporation and a member of the scientific advisory board at Antigenics. In 1993, Dr. Theeuwes completed the Stanford Executive Program at Palo Alto, California.

TAZDIN ESMAIL has been one of our directors and a director of Genetronics, Inc. since August 2000. Mr. Esmail is the Chairman of the Board, Chief Executive Officer and a director of Forbes Medi-Tech Inc., a company listed on the TSE and NASDAQ. He has been with Forbes Medi-Tech Inc. since March 1992 and was President from March 1992 to April 2001 and Chief Operating Officer from March 1992 to June 1998. Mr. Esmail has over 20 years experience in the biomedical and pharmaceutical fields. Mr. Esmail was formerly Vice President, Medical Operations of QLT Inc., a Vancouver-based biotechnology company. In this role, he was responsible for both operations and strategic development. Prior to QLT, Inc., he was with Cyanamid Canada Inc., a subsidiary of American Cyanamid Company, in its Lederle multinational pharmaceutical division where he held several progressive senior management positions in areas such as strategic planning, sales and marketing, new product development, marketing research and management training.

As of the date of this document, the Board of Directors held an aggregate of 12 meetings in person and by conference call during the fiscal year ended December 31, 2002. All directors who are nominees for election at the meeting attended at least 75 % of the meetings except for Mr. Dhillon. Mr. Dhillon's inability to attend at least 75% of the meetings was due entirely to his late addition to the Board of Directors during the fiscal year.

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PROPOSAL NO. 2
APPROVAL OF AMENDMENT TO THE AMENDED 2000 STOCK OPTION PLAN

The current stock option plan of the Company effective July 31, 2000 was approved by the shareholders on August 7, 2000, pursuant to which 7,400,000 common shares are reserved for issuance to executive officers, directors, employees and consultants of the Company. This stock option plan supercedes all previous stock option plans. At March 1, 2002, 1,384,201 common shares are available for future grants and 4,737,350 stock options are outstanding pursuant to the 2000 Plan.

The Board of Directors approved amendments to the plan on June 8, 2001 and the shareholders of the Company approved the same amendments (the 2000 Plan), as of September 7, 2001, (the 2000 Plan).

On March 15, 2002 the Board of Directors approved an increase in the number of common shares under the 2000 Plan in the amount of 2,600,000 common shares. This increased the number of shares available to be issued under the 2000 Plan to 10,000,000 common shares and also increased the number of common shares available for future option grants to 3,984,201.

The following is a summary of the proposed amendments to the 2000 Plan which were adopted by the Compensation Committee of the Board of Directors on March 15, 2002 subject to stockholder approval:

Subject to regulatory approval, the Company is authorized to grant stock options pursuant and subject to the terms and conditions of the Amended 2000 Stock Option Plan, entitling the optionholders to purchase an aggregate of up to 10,000,000 common shares of the Company;

Section 5.1 of the 2000 Plan has been amended to provide that, subject to regulatory approval:

- (i) **Number of Shares** - The Committee, from time to time, may grant Options to purchase an aggregate of up to ten million (10,000,000) Shares, subject to regulatory approval, to be made available from authorized, but unissued or reacquired, Shares. In calculating the foregoing ten million (10,000,000) Shares, the Committee shall include all Shares subject to options outstanding as of the Effective Date of the Plan. The foregoing number of Shares shall be adjusted, where necessary, to take account of the events referred to in Section 11 hereof.

The amendment was made to provide the Company with the ability to grant stock options to attract and retain personnel of the highest caliber by offering them an opportunity to share in any increase in the value of the Company's shares resulting from their efforts.

The following is a summary of the 2000 Plan activity to date:

| | Options Outstanding | Plan Maximum | Available for Future Grant |
|--|---------------------|--------------|----------------------------|
| As at March 31, 2001 | 3,459,700 | 7,400,000 | 1,165,300 |
| Options Granted in nine months ended December 31, 2001 | 2,114,000 | N/A | N/A |
| Options Cancelled in nine months ended December 31, 2001 | 1,798,525 | N/A | N/A |
| Options Exercised in nine months ended December 31, 2001 | 4,250 | N/A | N/A |
| Totals March 1, 2002 | 4,737,350 | 7,400,000 | 1,384,201 |
| Proposed Increase | N/A | 2,600,000 | N/A |

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Amended Plan as at March 15, 2002

4,737,350

10,000,000

3,984,201

Table of Contents**Summary of the Provisions of the 2000 Stock Option Plan**

The following summary of the 2000 Plan is qualified in its entirety by the specific language of the 2000 Plan, a copy of which is available to any stockholder upon request.

General. The 2000 Plan provides for the grant of Incentive Stock Options (ISOs) and nonstatutory stock options. As of March 1, 2002, Genetronics had outstanding options under the 2000 Plan to purchase an aggregate of 4,737,350 shares at a weighted average exercise price of \$1.69 per share. As of March 1, 2002, options to purchase 81,249 shares of Genetronics Common Stock granted pursuant to the 2000 Plan had been exercised, and there were 1,384,201 shares of Genetronics Common Stock available for future grants under the 2000 Plan. During the nine month fiscal year ended December 31, 2001, (i) Messrs. Avtar Dhillon, William K. Dix, Grant Dennison, Babak Nemati, Terry Gibson and Mervyn J. McCulloch were granted options to purchase 400,000 shares, 55,000 shares, 250,000 shares, 55,000 shares, 25,000 shares and 25,000 shares respectively; (ii) all current executive officers as a group were granted options to purchase an aggregate of 455,000 shares; and (iii) all current employees, including officers who are not executive officers, as a group were granted options to purchase an aggregate of 1,781,500 shares. During the nine month fiscal year ended December 31, 2001, the following options were granted under the 2000 Plan to directors who are not executive officers, or to associates of any director, executive officer or Board nominee of Genetronics:

| <u>Name</u> | <u>Number of shares granted for purchase</u> |
|---------------------|--|
| Felix Theeuwes | 50,000 |
| Tazdin Esmail | 50,000 |
| James L. Heppell | 50,000 |
| Gordon J. Politeski | 50,000 |

The following person was granted 5% or more of the total amount of options granted under the 2000 Plan during the year ended December 31, 2001:

| <u>Name</u> | <u>Number of Shares</u> | <u>Percentage</u> |
|---------------|-------------------------|-------------------|
| Avtar Dhillon | 400,000 | 19% |

Shares subject to the 2000 Plan. Currently, a maximum of 7,400,000 shares of the authorized but unissued or reacquired Common Stock of Genetronics may be issued pursuant to the 2000 Plan. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change in the capital structure of Genetronics, appropriate adjustments will be made to the shares subject to the 2000 Plan, and to outstanding options. To the extent any outstanding option under the 2000 Plan expires or terminates prior to exercise in full or if Genetronics repurchases shares issued upon exercise of an option, the shares of Common Stock for which that option is not exercised or the repurchased shares are returned to the 2000 Plan and will again be available for issuance under the 2000 Plan.

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Administration. The Compensation Committee of the Board administers the 2000 Plan. With respect to the participation of individuals whose transactions in Genetronics' equity securities are subject to Section 16 of the Securities Exchange Act of 1934, the 2000 Plan must be administered in compliance with the requirements, if any, of Rule 16b-3 under the Exchange Act. Subject to the provisions of the 2000 Plan, the Compensation Committee determines the persons to whom options are to be granted, the number of shares to be covered by each option, whether an option is to be an ISO or a nonstatutory stock option, the terms of vesting and exercisability of each option, including the effect thereon of an optionee's termination of service, the type of consideration to be paid to Genetronics upon exercise of an option, the duration of each option, and all other terms and conditions of the options. Accordingly, future grants under the 2000 Plan are not yet determinable.

Eligibility. Generally, all employees, directors and consultants of Genetronics or of any present or future parent or subsidiary corporations of Genetronics are eligible to participate in the 2000 Plan. In addition, the 2000 Plan also permits the grant of options to prospective employees, consultants and directors in connection with written offers of employment or engagement. As of March 20, 2002, Genetronics had 54 employees, including two executive officers and five directors. Any person eligible under the 2000 Plan may be granted a nonstatutory option. However, only employees may be granted ISOs.

Terms and conditions of options. Each option granted under the 2000 Plan is evidenced by a written agreement between Genetronics and the optionee specifying the number of shares subject to the option and the other terms and conditions of the option, consistent with the requirements of the 2000 Plan. The exercise price per share must equal at least the fair market value of a share of Genetronics' Common Stock on the date of grant of an ISO and at least 85% of the fair market value of a share of the Common Stock on the date of grant of a nonstatutory stock option. The exercise price of any ISO granted to a person who at the time of grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of Genetronics or any parent or subsidiary corporation of Genetronics, referred to as a 10% Stockholder, must be at least 110% of the fair market value of a share of Genetronics' Common Stock on the date of grant. The fair market value of Genetronics' Common Stock is based on the trading price of Genetronics' shares on the American Stock Exchange, the fair market value as of March 20, 2002 was \$ per share.

Generally, the exercise price may be paid in cash, by check, or in cash equivalent, by tender of shares of Genetronics' Common Stock owned by the optionee having a fair market value not less than the exercise price, by the assignment of the proceeds of a sale or a loan with respect to some or all of the shares of Common Stock being acquired upon the exercise of the option, by means of a promissory note, by any lawful method approved by the board or by any combination of these. The Compensation Committee may nevertheless restrict the forms of payment permitted in connection with any option grant.

The Compensation Committee will specify when options granted under the 2000 Plan will become exercisable and vested. Shares subject to options generally vest and become exercisable in installments, subject to the optionee's continued employment or service.

Change in control. Upon a change in control, as defined in the 2000 Plan, the Compensation Committee may arrange for the acquiring or successor corporation to assume or substitute new options for the options outstanding under the 2000 Plan. To the extent that the options outstanding under the 2000 Plan are not assumed, substituted for, or exercised prior to such event, generally, they will terminate.

Termination or amendment. Unless sooner terminated, no ISOs may be granted under the 2000 Plan after July 30, 2010. The Board may terminate or amend the 2000 Plan at any time, but, no amendment may adversely affect an outstanding option without the consent of the optionee, unless the amendment is required to preserve the option's status as an ISO or is necessary to comply with any applicable law.

Summary of federal income tax consequences of the 2000 Plan

The following summary is intended only as a general guide as to the United States federal income tax consequences under current law of participation in the 2000 Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances.

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ISOs. An optionee recognizes no taxable income for regular income tax purposes as the result of the grant or exercise of an ISO qualifying under Section 422 of the Internal Revenue Code of 1986, as amended (the Code). Optionees who do not dispose of their shares for two years following the date the option was granted or within one year following the exercise of the option will normally recognize a long-term capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. If an optionee satisfies such holding periods upon a sale of the shares, Genetronics will not be entitled to any deduction for federal income tax purposes. If an optionee disposes of shares within two years after the date of grant or within one year from the date of exercise, referred to as a disqualifying disposition, the difference between the fair market value of the shares on the exercise date, and the option exercise price, not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized, will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. A capital gain or loss will be long-term if the optionee's holding period is more than 12 months. Generally, for federal income tax purposes, Genetronics should be able to deduct any ordinary income recognized by the optionee upon the disqualifying disposition of the shares, except to the extent the deduction is limited by applicable provisions of the Code or the regulations thereunder.

The difference between the option exercise price and the fair market value of the shares on the exercise date of an ISO is an adjustment in computing the optionee's alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if the tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits that may arise with respect to optionees subject to the alternative minimum tax.

Nonstatutory stock options. Options not designated or qualifying as ISOs will be nonstatutory stock options. Nonstatutory stock options have no special tax status. An optionee generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a nonstatutory stock option, the optionee normally recognizes ordinary income in an amount equal to the difference between the option exercise price and the fair market value of the shares on the exercise date. If the optionee is an employee, the ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. A capital gain or loss will be long-term if the optionee's holding period is more than 12 months. No tax deduction is available to Genetronics with respect to the grant of a nonstatutory option or the sale of the stock acquired pursuant to that grant. Genetronics generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a nonstatutory option, except to the extent the deduction is limited by applicable provisions of the Code or the regulations thereunder.

Vote Required and Board of Directors Recommendation

The Toronto Stock Exchange Rules require that any material change to the 2000 Plan be approved by the affirmative vote of a majority of the votes cast at the Meeting, other than the votes attaching to shares beneficially owned by insiders of the Company to whom options may be issued pursuant to the Plan, or their associates. Accordingly, such insiders and their associates will abstain. The Board believes that the proposed amendment of the 2000 Stock Option Plan is in the best interests of the Company and its stockholders for the reasons stated above. Therefore, the Board unanimously recommends a vote **FOR** approval of this proposal to amend the 2000 Stock Option Plan, and the non-abstaining stockholders of the Company will be asked to pass the following resolution:

"BE IT RESOLVED THAT the amendment to the 2000 Stock Option Plan, as set out in the Proxy Statement of the Company dated March 21, 2002, be approved.

If a quorum is present, the above resolution must be approved by not less than a majority of the votes cast by the stockholders of the Company, other than insiders of the Company and their associates, who, being entitled to do so, vote in person or by proxy at the Meeting. Abstentions and broker non-votes will have no effect on the vote, except that abstentions will be counted as shares present for purposes of determining the presence of a quorum. **The Board of Directors Unanimously Recommends a Vote FOR the Amendment of the Stock Option Plan of the Company as Discussed Above.**

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**PROPOSAL NO. 3
TO AUTHORIZE THE DIRECTORS TO CARRY OUT FUTURE FINANCINGS**

Future Financings The Toronto Stock Exchange (the TSE)

The policies of the TSE provide that the aggregate number of shares of a listed company which are issued or made subject to issuance by way of one or more private placements during any particular six month period must not exceed 25% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such private placements (the 25% Rule). The application of the 25% Rule may restrict the Company s ability to raise funds by the private placement of its securities.

In particular management of the Company considers it to be in the best interests of the Company to solicit private placement funds for working capital and Company operations. The TSE has advised that it will accept advance approval by the shareholders of the Company in anticipation of private placements that may exceed the 25% Rule, provided such private placements are completed within 12 months of the date such advance shareholder approval is given. By giving the advance approval, shareholders would only be satisfying the shareholder approval requirement of the TSE. Each private placement would still remain subject to TSE approval.

The Company s issued and outstanding share capital is currently 34,860,167 common shares and the Company proposes that the maximum number of shares which either would be issued or made subject to issuance under one or more private placements in the twelve month period commencing on April 29, 2002 would not exceed 1 shares in the aggregate, or 100% of the Company s issued and outstanding share capital as at March 21, 2002.

Any private placement proposed by the Company will be subject to the following additional restrictions:

- (a) the private placement must be substantially with parties at arms-length to the Company;
- (b) the private placement cannot materially affect control of the Company;
- (c) the private placement must be completed within a 12 month period following the date the advance shareholder approval is given; and
- (d) the private placement must comply with the private placement pricing rules of the TSE, which currently require that the price per security must not be lower than the closing market price of the security on the TSE on the trading day prior to the date notice of the private placement is given to the TSE less the applicable discount. Maximum permissible discounts are as follows:

| Market Price | Maximum Discount Therefrom |
|---------------------|---|
| \$0.50 or less | 25% |
| \$0.51 to \$2.00 | 20% |
| Above \$2.00 | 15% |

The TSE retains the discretion to decide whether a particular placement is substantially at arms length or will materially affect control, in which case specific shareholder approval may be required. The Company has # Common Shares issued and outstanding as of March 20, 2002.

In order to provide the directors of the Company with flexibility regarding future financing and to save the Company the cost of holding an extraordinary general meeting to approve a specific financing, the shareholders of the Company will be requested at the Meeting to pass the following resolution, which requires an affirmative vote of a simple majority of the votes cast by holders of Common Shares at the Meeting:

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BE IT RESOLVED THAT the issuance by the Company in one or more private placements during the 12 month period commencing April 29, 2002 of such number of securities that would result in the Company issuing or making issuable common shares aggregating up to 100% of the number of issued and outstanding common shares as at March 21, 2002, being the date of the Proxy Statement of the Company describing the advance approval, as more particularly described in and subject to the restrictions described in the Proxy Statement of the Company, be approved.

If a quorum is present, the above resolution must be approved by not less than a majority of the votes cast by the stockholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting. Abstentions and broker non-votes will have no effect on the vote, except that abstentions will be counted as shares present for purposes of determining the presence of a quorum. **The Board of Directors Unanimously Recommends a Vote FOR the Directors to Be Authorized to Carry Out Future Financings.**

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**PROPOSAL NO. 4
RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS**

The Company appointed Ernst & Young LLP as the Company's independent accountants for the fiscal year ending December 31, 2002. Ernst & Young LLP has served as the Company's auditors since December 13, 1994. Services provided to the Company during the nine month fiscal year ended December 31, 2001 included the examination of the Company's consolidated financial statements, limited revenues and quarterly reports, services related to filings with the Securities and Exchange Commission and consultations in various tax, accounting, information services and business process matters.

Representatives of Ernst & Young LLP will be present at the annual meeting to respond to appropriate questions and to make such statements as they may desire.

Board of Directors Recommendation

The Board unanimously recommends a vote **FOR** the ratification of the appointment of Ernst & Young LLP as the Company's independent accountants for fiscal 2002.

In the event shareholders do not ratify the appointment, the appointment will be reconsidered by the Audit Committee and the Board of Directors.

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**STOCKHOLDER PROPOSALS TO BE PRESENTED
AT NEXT ANNUAL MEETING**

Our bylaws require that, for business to be properly brought by a stockholder before an annual meeting, notice must be delivered or mailed by the stockholder and received by the Company not less than 120 calendar days prior to the one year anniversary of the date the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except if we did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than thirty days from the date of the previous year's meeting, then the deadline is a reasonable time before we begin to print and mail our proxy materials.

All stockholders proposals that are intended to be presented at the 2003 annual meeting of the stockholders of the Company must be received by the Company at our offices at 11199 Sorrento Valley Road, San Diego, California 92121-1334, ATTN: Corporate Secretary no later than November 18, 2002 for inclusion in the Board of Directors' proxy statement and form of proxy relating to the meeting. Any stockholder who intends to present a proposal at the Company's 2003 annual meeting of stockholders without requesting the Company to include such proposal in the Company's proxy statement must notify the Company no later than February 6, 2003, of his, her or its intention to present the proposal. Otherwise, the Company may exercise discretionary voting with respect to such stockholder's proposal pursuant to authority conferred on the Company by proxies to be solicited by the Board of Directors of the Company and delivered to the Company in connection with the meeting.

FORM 10-K AND ANNUAL REPORT

The Company filed an annual report on Form 10-K with the Securities and Exchange Commission on or about March 1, 2002. Stockholders may obtain a copy of this report, without charge. Requests should be made to the Corporate Secretary of the Company at the Company's offices located at 11199 Sorrento Valley Road, San Diego, CA 92121-1334. The Company's annual report to stockholders for the year ended December 31, 2001 is enclosed herewith. The annual report is not incorporated into this proxy statement and is not considered proxy material.

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the only business which the Board of Directors intends to present or knows that others will present at the meeting is as set forth above. If any other matter or matters are properly brought before the meeting, or any adjournment thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

Your cooperation in giving this matter your immediate attention and returning your proxies will be appreciated.

By Order of the Board of Directors

*Avtar Dhillon, President and Chief
Executive Officer*

March 21, 2002

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GENETRONICS BIOMEDICAL CORPORATION

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

The undersigned hereby appoints Dr. Avtar Dhillon, President and Chief Executive Officer and a director of the Company and James L. Heppell, Chairman of the Board and a director of the Company and each of them, as proxies, each with full power of substitution, and hereby authorizes each of them to represent and to vote, as designated below, all the shares of Common Stock of Genetronics Biomedical Corporation held of record by the undersigned as of March 20, 2002, at the Annual Meeting of Stockholders to be held on April 29, 2002, or any adjournment thereof.

1. Election of Directors:

- FOR all nominees listed below (except as marked to the contrary below)
 AGAINST all nominees

(INSTRUCTIONS: TO VOTE AGAINST ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME)

Avtar Dhillon
James L. Heppell
Gordon J. Politeski
Felix Theeuwes
Tazdin Esmail

2. To amend the Amended 2000 Stock Option Plan.

- FOR
 AGAINST
 ABSTAIN

3. To authorize the Company to Carry out Future Financings

- FOR
 AGAINST
 ABSTAIN

4. To ratify the appointment of the Company's independent auditors.

- FOR
 WITHHOLD VOTE

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

(CONTINUED AND TO BE COMPLETED AND SIGNED ON THE REVERSE SIDE)

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(CONTINUED FROM OTHER SIDE)

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITORS, THE ELECTION OF EACH OF THE NOMINEES, FOR AMENDING THE 2000 STOCK OPTION PLAN AND TO APPROVE THE COMPANY CARRYING OUT FUTURE FINANCINGS. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If stockholder is a corporation, please sign in full corporate name by President or other authorized officer. If stockholder is a partnership, please sign in partnership name by authorized person.

Dated: _____, 2002

Signature

Signature if held jointly

Print Name

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE OR MAIL BY FIRST-CLASS MAIL TO:

Genetronics Inc.
11199 Sorrento Valley Road
San Diego, CA 92121-1334
ATTN: Colleen Di Noto