

GENTA INC DE/
Form PRE 14A
July 02, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

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

for use of the Commission only (as permitted by Rule 14a-6(e)(2))

Proxy Statement

Additional Materials

Confidential,

Definitive

Definitive

Soliciting

Material Under Rule 14a-12

Genta Incorporated

(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):

required. No fee

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

class of securities to which transaction applies:

(1) Title of each

number of securities to which transaction applies:

(2) Aggregate

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) Per unit price or

(4) Proposed

maximum aggregate value of transaction:

(5) Total fee paid:

previously with preliminary materials.

Fee paid

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.

Check box if

previously paid:

(1) Amount

or Registration Statement No.:

(2) Form, Schedule

(3) Filing Party:

(4) Date Filed:

GENTA INCORPORATED
200 Connell Drive
Berkeley Heights, NJ 07922
908-286-9800

July [], 2008

Dear Stockholder:

You are cordially invited to attend the 2008 annual meeting of stockholders of Genta Incorporated on [Wednesday], August [20], 2008 at 11:00 a.m., local time, at our Corporate Offices at 200 Connell Drive, Fifth Floor, Berkeley Heights, New Jersey 07922.

The accompanying notice of annual meeting of stockholders outlines the matters to be brought before the meeting, and the accompanying proxy statement discusses these matters in greater detail. The notice and the proxy statement have been made a part of this invitation.

Whether or not you plan to attend the meeting, we urge you to complete, date and sign the enclosed proxy card and return it at your earliest convenience. No postage need be affixed if you use the enclosed envelope and it is mailed in the United States. You may also vote electronically via the Internet or by telephone. If you have any questions or need assistance in completing the proxy card, please contact Investor Relations at the telephone number above. The Board recommends that you vote in favor of Proposal Two to approve the amendment of our Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of the capital stock available for issuance. If we do not amend the Restated Certificate of Incorporation, as amended, we will be in default under the securities purchase agreement, which would likely have a harmful effect on the company, including the possibility of bankruptcy.

We are providing a copy of our Annual Report on Form 10-K for the year ended December 31, 2007, as amended, with this proxy statement. We are mailing this proxy statement and a form of proxy on or about July [], 2008.

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

Sincerely yours, /s/ RAYMOND P. WARRELL, JR., M.D. Raymond P. Warrell, Jr., M.D.
Chairman and Chief Executive Officer

GENTA INCORPORATED
200 Connell Drive
Berkeley Heights, NJ 07922
908-286-9800

Notice of Annual Meeting of Stockholders

July [], 2008

The 2008 annual meeting of stockholders of Genta Incorporated, a Delaware corporation, will be held on [Wednesday], August [20], 2008 at 11:00 a.m., local time, at our Corporate Offices at 200 Connell Drive, Fifth Floor, Berkeley Heights, New Jersey 07922 for the following purposes:

1. To elect five directors.
2. To approve an amendment to our Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares of capital stock available for issuance from 255,000,000, consisting of 250,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock, to 6,005,000,000, consisting of 6,000,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock.
3. To transact such other business as may properly come before the meeting.

All stockholders are cordially invited to attend the annual meeting. Attendance at the annual meeting is limited to our stockholders and one guest. Only stockholders of record at the close of business on July [2], 2008, the record date, are entitled to notice of and to vote at the annual meeting.

Your vote is important. Whether or not you Plan to attend the ANNUAL meeting, we urge you to vote electronically via the internet. You May Also complete, date and sign the enclosed proxy CARD and return it OR VOTE BY Telephone.

of the Board of Directors, /s/ GARY SIEGEL Gary Siegel
Interim Corporate Secretary
YOU CAN VOTE IN ONE OF THREE WAYS:

By order

- (1) Visit the Web site noted on your proxy card to vote via the Internet,
- (2) Use the toll-free telephone number on your proxy card to vote by phone, or
- (3) Sign, date and return your proxy card in the enclosed envelope to vote by mail.

GENTA INCORPORATED
200 Connell Drive
Berkeley Heights, NJ 07922
908-286-9800

PROXY STATEMENT

This proxy statement contains information related to the 2008 annual meeting of stockholders of Genta Incorporated, a Delaware corporation, to be held on [Wednesday], August [20], 2008 at 11:00 a.m., local time, at our Corporate Offices at 200 Connell Drive, Fifth Floor, Berkeley Heights, New Jersey 07922, and at any postponements or adjournments thereof. This proxy statement and the enclosed proxy card are being mailed to our stockholders on or about July [], 2008. The Company's Annual Report on Form 10-K for the year ended December 31, 2007, as amended, is being mailed together with this proxy statement.

In this proxy statement, "Genta", "Company", "we", "us" and "our" refer to Genta Incorporated.

VOTING AT THE ANNUAL MEETING

Revocability of Proxies

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy (including a telephone or internet vote), by delivering a written revocation of your proxy to our Corporate Secretary, or by voting at the meeting. The method by which you vote by proxy will in no way limit your right to vote at the meeting if you decide to attend in person. If your shares are held in the name of a bank or brokerage firm, you must obtain a proxy, executed in your favor, from the bank or broker, to be able to vote at the meeting.

Voting Rights

Only holders of record of our Common Stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote on all matters to be voted upon at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the Record Date will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be counted as shares that are present for purposes of determining a quorum. Broker non-votes occur when a nominee holding shares for a beneficial owner does not have discretionary voting power on a matter and has not received instructions from the beneficial owner.

Only stockholders of record at the close of business on July [2], 2008, the record date, are entitled to notice of and to vote at the annual meeting, and at any postponements or adjournments thereof. As of the record date, [] shares of our Common Stock, par value \$.001 per share, were issued and outstanding, and [] shares of our convertible Series A Preferred Stock, par value \$.001 per share, were outstanding. Holders of our Common Stock are entitled to one vote per share for each proposal presented at the annual meeting. Holders of our Series A Preferred Stock are not entitled to vote at the annual meeting.

For Proposal 1, the affirmative vote of a plurality of the shares of Common Stock cast by the stockholders present in person or represented by proxy at the Annual Meeting is required to elect the nominees for election as Directors. Thus, broker non-votes and withholding authority will have no effect on the outcome of the vote for the election of Directors. Broker non-votes are when shares are represented at the Meeting by a proxy specifically conferring only limited authority to vote on certain matters and no authority to vote on other matters. Brokers do, however, have discretionary authority to vote shares held in their name on this proposal, even if they do not receive instructions from the beneficial owner.

For Proposal 2, the affirmative vote of a majority of the outstanding shares of our Common Stock is required to approve the amendment to our Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares of capital stock available for issuance to 6,005,000,000, consisting of 6,000,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock. Brokers may vote on this proposal even if they do not receive instructions from the beneficial owner; however, abstentions and broker non-votes will have the effect of a vote “against” this proposal.

How to Vote; How Proxies Work

Our Board of Directors is asking for your proxy. Whether or not you plan to attend the annual meeting, we urge you to vote by proxy as you can always change your vote at the annual meeting. Please complete the proxy card by voting on the Internet, calling the toll-free telephone number on the proxy card, or complete, date and sign the enclosed proxy card and return it at your earliest convenience. We will bear the costs incidental to the solicitation and obtaining of proxies, including the costs of reimbursing banks, brokers and other nominees for forwarding proxy materials to beneficial owners of our capital stock. Proxies may be solicited by our officers and employees, without extra compensation, by mail, telephone, telefax, personal interviews and other methods of communication. In addition, we have retained Mellon Investor Services to act as our proxy solicitor in conjunction with the annual meeting. We have agreed to pay that firm \$8,500 plus reasonable out of pocket expenses, for proxy solicitation services.

At the annual meeting, and at any postponements and adjournments thereof, all shares entitled to vote and represented by properly executed proxies received prior to the annual meeting and not revoked will be voted as instructed on those proxies. If no instructions are indicated on a properly executed proxy, the shares will be voted FOR each of the two proposals.

Questions and Answers

Q. What am I voting on?

• Election of five Directors (Raymond P. Warrell, Jr., M.D., Martin J. Driscoll, Christopher P. Parios, Daniel D. Von Hoff, M.D. and Douglas G. Watson) for a term ending at the next Annual Meeting of Stockholders; and

• The approval of an amendment to our Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares of capital stock available for issuance from 255,000,000, consisting of 250,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock, to 6,005,000,000, consisting of 6,000,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock.

Q. Who is entitled to vote?

Only stockholders of record at the close of business on the Record Date of July [2], 2008, are entitled to vote shares held by such stockholders on that date at the Annual Meeting. Each outstanding share entitles its holder to cast one vote.

Q. How do I vote?

Vote By Internet: Visit the Web site noted on your proxy card to vote via the Internet

Vote By Mail: Sign and date the proxy card you receive and return it in the enclosed stamped, self-addressed envelope.

Vote By Telephone: If you are a stockholder of record (that is, if you hold your stock in your own name), you may vote by telephone by following the instructions on your proxy card. The telephone number is toll-free, so voting by telephone is at no cost to you. If you vote by telephone, you do not need to return your proxy card.

Vote in Person: Sign and date the proxy you receive and return it in person at the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record (i.e., in "street name"), you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Telephone and Internet voting will be offered to stockholders owning shares through most banks and brokers.

Q. Can I access the proxy materials and transition report on Form 10-K, as amended, electronically?

This Proxy Statement, the proxy card, and our Annual Report on Form 10-K for the period ended December 31, 2007, as amended, are available on our website at www.genta.com.

Q. Can I change my vote or revoke my proxy?

Yes. You may change your vote or revoke your proxy at any time before the proxy is exercised. If you submitted your proxy by mail, you must (a) file with the Corporate Secretary a written notice of revocation or (b) timely deliver a valid, later-dated proxy. If you submitted your proxy by telephone, you may change your vote or revoke your proxy with a later telephone proxy. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Corporate Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting.

Q. What is the process for admission to the Annual Meeting?

If you are a record owner of your shares (i.e., your shares are held in your name), you must show government issued identification. Your name will be verified against the stockholder list. If you hold your shares through a bank, broker or trustee, you must also bring a copy of your latest bank or broker statement showing your ownership of your shares as of the Record Date.

Q. What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the Record Date will constitute a quorum. On the Record Date, there were [] outstanding shares of Common Stock entitled to vote at the Annual Meeting.

Abstentions and broker non-votes are counted for purposes of determining whether a quorum is present at the Annual Meeting.

Q. What vote is required to approve each item?

The affirmative vote of a plurality of the votes cast at the meeting by stockholders entitled to vote thereon is required for the election of Directors. The affirmative vote of a majority of the outstanding shares of our Common Stock is required for the approval of an amendment to our Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares of capital stock available for issuance from 255,000,000, consisting of 250,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock, to 6,005,000,000, consisting of 6,000,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock.

Q. What happens if I do not instruct my broker how to vote on the proxy?

If you do not instruct your broker how to vote, your broker will vote your shares for you at his or her discretion on routine matters such as the election of directors or the charter amendment.

Q. What are the recommendations of the Board of Directors?

The Board of Directors unanimously recommends that the stockholders vote:

- FOR the election of the five nominated Directors; and
- FOR the approval of an amendment to our Restated Certificate of Incorporation, as amended, to increase the total number of authorized shares of capital stock available for issuance from 255,000,000, consisting of 250,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock, to 6,005,000,000, consisting of 6,000,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock.

With respect to any other matter that properly comes before the Annual Meeting, the proxies will vote as recommended by our Board of Directors or, if no recommendation is given, in their own discretion.

PROPOSAL ONE

ELECTION OF DIRECTORS

At the 2008 annual meeting, five directors will be elected to serve a one-year term expiring at the next annual meeting of stockholders and until such director's successor shall have been elected and qualified.

Our Board has nominated Raymond P. Warrell, Jr., M.D., Martin J. Driscoll, Christopher P. Parios, Daniel D. Von Hoff, M.D. and Douglas G. Watson for election as directors to serve until the 2009 annual meeting of stockholders. All nominees are currently members of the Board.

Each nominee has expressed his or her willingness to serve as a director if elected, and we know of no reason why any nominee would be unable to serve. If a nominee becomes unavailable before the election, the proxies may be voted for one or more substitute nominees designated by the Board, or the Board may decide to reduce the number of directors.

Set forth below is certain information with respect to each nominee for director.

Nominees for Election at the Annual Meeting

Raymond P. Warrell, Jr., M.D., 58, has been our Chief Executive Officer and a member of our Board since December 1999 and our Chairman since January 2001. From December 1999 to May 2003, he was also our President. From 1978 to 1999, Dr. Warrell was associated with the Memorial Sloan-Kettering Cancer Center in New York, where he held tenured positions as Member, Attending Physician, and Associate Physician-in-Chief, and with the Joan and Sanford Weill Medical College of Cornell University, where he was Professor of Medicine. Dr. Warrell also has more than 20 years of development and consulting experience in pharmaceuticals and biotechnology products. He was a co-founder and chairman of the scientific advisory board of PolaRx Biopharmaceuticals, Inc., which developed Trisenox®, a drug for the treatment of acute promyelocytic leukemia, which is now marketed by Cephalon, Inc. Dr. Warrell holds, or has filed, numerous patents and patent applications for biomedical therapeutic or diagnostic agents. He has published more than 100 peer-reviewed papers and more than 240 book chapters and abstracts, most of which are focused upon drug development in tumor-related diseases. Dr. Warrell is a member of the American Society of Clinical Investigation, the American Society of Hematology, the American Association for Cancer Research and the American Society of Clinical Oncology. Among many awards, he has received the U.S. Public Health Service Award for Exceptional Achievement in Orphan Drug Development from the FDA. He obtained a B.S. in Chemistry from Emory University, a M.D. from the Medical College of Georgia, and a M.B.A. from Columbia University Graduate School of Business. Dr. Warrell is married to Dr. Loretta M. Itri, President, Pharmaceutical Development and Chief Medical Officer of Genta.

Martin J. Driscoll, 49, has been a member of our Board since September 2005. Mr. Driscoll brings more than twenty-seven years of executive experience in pharmaceutical Marketing & Sales, Business Development and Commercial Operations to the Genta Board. In March 2008, Mr. Driscoll became Chief Executive Officer of Javelin Pharmaceuticals, Inc. (AMEX:JAV) of Cambridge, Massachusetts where he had served as a Director. Javelin is a specialty pharmaceutical company that applies innovative proprietary technologies to develop new drugs and improved formulations of existing drugs that target current and underserved medical need in the pain management market. Mr. Driscoll joined Javelin from Pear Tree Pharmaceuticals, Inc., a development-stage company focused on women's prescription healthcare products. Previously, Mr. Driscoll was President of MKD Consulting Inc., a pharmaceutical management and commercialization consulting firm. Mr. Driscoll was Senior Vice President of Marketing and Sales at Reliant Pharmaceuticals, a privately held company that markets a portfolio of branded pharmaceutical products, where he was a member of the Management Committee and an Executive Officer of the Company. From 1983 to 1990, Mr. Driscoll held positions of increasing responsibility at Schering Plough Corporation, including most recently as Vice President of Marketing and Sales for Schering's Primary Care Division. He previously served as Vice President, Marketing and Sales, for the Schering Diabetes Unit, and also for Key Pharmaceuticals, the largest Schering U.S. Business Unit. His experience includes management of franchises that encompass oncologic, cardiovascular, anti-infective, metabolic, CNS, pulmonary and dermatologic products. At both Reliant and Schering, Mr. Driscoll had extensive experience in the negotiation, implementation and management of collaborations with other companies. Prior to joining Reliant, from 2000 to 2002 Mr. Driscoll was Vice President, Commercial Operations and Business Development at ViroPharma Inc., where he built the first commercial Sales and Marketing operation, and was the ViroPharma Chair for the ViroPharma/Aventis Joint Steering Committee for their Phase 3 antiviral product collaboration.

Christopher P. Parios, 67, has been a member of our Board since September 2005. Mr. Parios has more than thirty-seven years of pharmaceutical industry experience, including product development, marketing and promotion, strategy and tactic development, and managing pharmaco-economic and reimbursement issues. He has worked with many of the major companies in the pharmaceutical industry including Hoffmann-LaRoche, Ortho-McNeil, Pfizer, Novartis, Schering Plough, Janssen, Ortho Biotech, and Bristol-Myers Squibb. For the period 1997 to May of 2008, Mr. Parios was Executive Director of The Dominion Group, an independent healthcare consulting firm that specializes in market research, strategic planning, and competitive intelligence monitoring. In this role, he was responsible for the full range of market research, consulting, and business planning activities to facilitate informed business decisions for clients regarding product development, acquisitions, product positioning, and promotion. Mr. Parios continues to consult with the Dominion Group on a part-time basis. Previously, Mr. Parios was President and Chief Operating Officer of the Ferguson Communication Group, as well as Vice Chairman of the parent company, CommonHealth USA, a leading full-service communications resource for the healthcare industry. Mr. Parios was a partner in Pracon, Inc., a health-care marketing consulting firm from 1982 to 1991, and helped engineer the sale of that firm to Reed-Elsevier in 1989. Over a twenty-year period, Mr. Parios held progressively senior positions at Hoffmann-LaRoche, Inc., most recently as Director of New Product Planning and Regulatory Affairs Management. This group established the project management system for drug development at Roche and coordinated developmental activities for such products as Versed®, Rocephin®, Roferon®, Accutane®, Rimadyl®, and Tegison®. Mr. Parios was also a member of the corporate team responsible for domestic and international product and technology licensing activities.

Daniel D. Von Hoff, M.D., F.A.C.P., 60, has been a member of our Board since January 2000. He is currently Physician in Chief, Senior Investigator and Director of Translational Research at the Translational Genomics Research Institute's (TGen) Translational Drug Development Division and Head, Pancreatic Cancer Research Program in Phoenix, Arizona. He is also Chief Scientific Officer for US Oncology. He is also the Chief Scientific Officer, Scottsdale Clinical Research Institute. Dr. Von Hoff's major interest is in the development of new anticancer agents, both in the clinic and in the laboratory. He and his colleagues were involved in the beginning of the development of many of the agents now used routinely, including: mitoxantrone, fludarabine, paclitaxel, docetaxel, gemcitabine, CPT-11, and others. At present, he and his colleagues are concentrating on the development of molecularly targeted therapies. Dr. Von Hoff's laboratory interests and contributions have been in the area of in vitro drug sensitivity testing to individualize treatment for the patient. He and his laboratory are now concentrating on discovery of new targets in pancreatic cancer. Dr. Von Hoff has published more than 531 papers, 129 book chapters, and more than 891 abstracts. Dr. Von Hoff was appointed to President Bush's National Cancer Advisory Board for June 2004 – March 2010. Dr. Von Hoff is the past President of the American Association for Cancer Research, a Fellow of the American College of Physicians, and a member and past board member of the American Society of Clinical Oncology. He is a founder of ILEX™ Oncology, Inc. (recently acquired by Genzyme). He is founder and the Editor Emeritus of Investigational New Drugs – The Journal of New Anticancer Agents; and, Editor-in-Chief of Molecular Cancer Therapeutics.

Douglas G. Watson, 63, has been a member of our Board since April 2002 and was appointed Vice Chairman of our Board and Lead Director in March 2005. Mr. Watson is the founder and Chief Executive Officer of Pittencrieff Glen Associates, a leadership and management-consulting firm. Prior to taking early retirement in 1999, Mr. Watson spent 33 years with Geigy/Ciba-Geigy/Novartis, during which time he held a variety of positions in the United Kingdom, Switzerland and the United States. From 1986 to 1996, he was President of Ciba U.S. Pharmaceuticals Division, and in 1996 he was appointed President & Chief Executive Officer of Ciba-Geigy Corporation. During this ten-year period, Mr. Watson was an active member of the Pharmaceutical Research & Manufacturers Association board in Washington, DC. Mr. Watson became President & Chief Executive Officer of Novartis Corporation in 1997 when the merger of Ciba-Geigy & Sandoz was approved by the Federal Trade Commission. Mr. Watson is currently Chairman of the Board of OraSure Technologies Inc., and Chairman of the Board of Javelin Pharmaceuticals Inc. He also serves on the boards of Dendreon Corporation and BioMimetic Therapeutics Inc.

The Board unanimously recommends that you vote "FOR" the election of each nominee as director.

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PROPOSAL TWO

APPROVAL OF AN AMENDMENT TO OUR RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED, TO INCREASE THE AUTHORIZED NUMBER OF SHARES OF CAPITAL STOCK AVAILABLE FOR ISSUANCE

The Board has unanimously approved an amendment to our Restated Certificate of Incorporation, as amended, to increase the authorized number of shares of capital stock from 255,000,000 shares to 6,005,000,000 shares and recommends that our stockholders approve the proposed amendment. The additional 5,750,000,000 shares of capital stock will be designated as Common Stock with a par value of \$0.001 per share. Genta is currently authorized to issue 255,000,000 shares of capital stock, 250,000,000 of which are designated as Common Stock and 5,000,000 of which are designated as Preferred Stock.

The additional shares of Common Stock would have rights identical to our Common Stock currently outstanding. Approval of the proposed amendment and any issuance of Common Stock would not affect the rights of the holders of our Common Stock currently outstanding, except for the effects incidental to increasing the outstanding number of shares of Common Stock, such as dilution of earnings per share and voting rights of current holders of our Common Stock. As of the record date, [] shares of our Common Stock were issued and outstanding. The proposed amendment will not change the number of shares of Preferred Stock authorized for issuance.

The number of shares currently authorized is not sufficient for our existing commitments. On June 9, 2008, we placed \$20,000,000 of Senior Secured Convertible Notes due June 2010. Holders of the Notes have the right, but not the obligation, for the following 12 months to purchase in whole, or in part, up to an additional \$20,000,000 of Notes. The Notes are convertible into shares of Genta common stock at a conversion rate of 100,000 shares of common stock for every \$1,000 of principal. Accordingly, if the additional \$20,000,000 of Notes are issued in the 12 months following June 9, 2008, we require 4,000,000,000 shares of common stock for the conversion of these notes. In addition, interest on the notes can be paid in either cash or shares of Common Stock. Accordingly, we will require sufficient authorized shares of Common Stock in order to have the option to pay interest with shares of Common Stock. Under the terms of the securities purchase agreement, we are required to reserve a number of authorized but unissued shares of common stock equal to 125% of the aggregate number of shares issuable upon conversion of the Notes. The Notes include a covenant that that we will obtain approval from our stockholders to increase our authorized shares to be sufficient for the conversion of the Notes and for the potential payment of interest in shares of Common Stock. The Board recommends that you vote in favor of this Proposal to approve the amendment of our Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of the capital stock available for issuance. If we do not amend the Restated Certificate of Incorporation, as amended, we will be in default under the securities purchase agreement, which would likely have a harmful effect on the company, including the possibility of bankruptcy.

In addition to the number of shares required to be reserved under the terms of the securities purchase agreement, our Board believes that the authorized number of shares of Common Stock should be increased to provide sufficient shares for such corporate purposes as may be determined by our Board to be necessary or desirable. These purposes may include, but are not limited to, the following: expanding our business or product lines through the acquisition of other businesses or products; establishing strategic relationships with other companies; raising capital through the sale of our Common Stock; and attracting and retaining valuable employees by providing equity incentives.

Once authorized, the additional shares of Common Stock may be issued with approval of our Board but without further approval of our stockholders, unless applicable law, rule or regulation requires stockholder approval.

Stockholder approval of this proposal is required under Delaware law and requires the affirmative vote of the holders of a majority of the outstanding shares of our Common Stock.

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If this proposal number 2 is approved by our stockholders, the notes may be converted into a significant number of shares of our common stock. The following description of the convertible note transaction we recently entered into describes how many shares of stock the holders of the notes in the transactions may convert such notes into and the impact such conversion may have on our stockholders.

Description of the Transaction

On June 5, 2008, we entered into a binding securities purchase agreement (the “Securities Purchase Agreement”) with certain institutional and accredited investors, to place up to \$40,000,000 of senior secured convertible promissory notes (the “Notes”) with such investors. On June 9, 2008, we placed \$20 million of such Notes (the “Initial Closing”).

The Notes bear interest at an annual rate of 15% per annum payable at quarterly intervals in stock or cash at the Company’s option, and will be convertible into shares of the Company’s common stock at a conversion rate of 100,000 shares of common stock for every \$1,000 of principal; provided, however, at no time may the holder of a Note convert such Note if such conversion would cause the holder to beneficially own more than 4.999% of the then outstanding shares of common stock of the Company. Until June 9, 2009, the holders of the Notes have the right, but not the obligation, to purchase in whole or in part up to an additional \$20 million of Notes (the “Subsequent Closing”). The Company has the right to force conversion of the Notes in whole or in part if the closing bid price of the Company’s common stock exceeds \$0.50 per share for a period of 20 consecutive trading days. Each of Dr. Raymond Warrell, our Chief Executive Officer and Chairman, and Dr. Loretta Itri, our President, Pharmaceutical Development and Chief Medical Officer, participated in the Initial Closing by purchasing \$1,950,000 and \$300,000, respectively, of such Notes. The remaining Board members independently discussed Dr. Warrell and Dr. Itri’s participation in the transaction and resolved that such participation will not interfere with Dr. Warrell or Dr. Itri’s exercise of independent judgment in carrying out their responsibilities in their respective positions. Pursuant to the general security agreement (the “Security Agreement”), the Notes are secured by a first lien on all assets of the Company, subject to certain exceptions set forth in the Security Agreement. The Notes include certain events of default, including a requirement that the Company obtain stockholder approval within a specified period of time to amend its certificate of incorporation to authorize additional shares of common stock.

Rodman & Renshaw, LLC, a wholly-owned subsidiary of Rodman & Renshaw Capital Group, Inc. served as the exclusive placement agent for the offering.

The Notes offered and the common stock issuable upon conversion of the Notes have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from registration requirements.

Each purchaser of the Notes represented that such purchaser is an “accredited investor” and agreed that the securities issued in the private placement bear a restrictive legend against resale without registration under the Securities Act. The Notes were sold pursuant to the exemption from registration afforded by Section 4(2) of the Securities Act and Regulation D thereunder.

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Effect of the Transaction on the Investors

Effect of the Initial Closing on the Investors

The following table illustrates the beneficial ownership of the Investors upon full conversion of the notes and interest shares in the Initial Closing:

Beneficial Ownership of Investors prior to the Initial Closing (1)(2)	Beneficial Ownership of Investors upon full conversion of notes and interest shares in the Initial Closing (1)(4)	Beneficial Ownership of Investors upon full conversion of notes and interest shares in the Initial Closing without respect to limitations on conversion (5)	Number (%)	Number (%)	Number (%)	Investors in Convertible Notes	1,267,812 (3)
			3.4 %	40,593,626	52.6 %	2,031,267,812	98.2 %
Effect of the Subsequent Closing on Investors							

The following table sets forth the beneficial ownership of the Investors prior to the Subsequent Closing and after the Subsequent Closing in the event the Investors elect to exercise their option and the Company consummates the subsequent closing.

Beneficial Ownership of Investors Prior to the Subsequent Closing (4)	Beneficial Ownership of Investors after
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the Subsequent
Closing (4) Beneficial
Ownership of
Investors after
the Subsequent
Closing
without respect
to limitation

on conversion (5)	Number (%)	Number (%)	Number (%)	Investors in Convertible Notes	40,593,626
52.6 %	40,593,626	52.6 %	4,046,267,812	99.1 %	

The following footnotes shall apply to each of the foregoing tables.

(1) For the purposes of the forgoing table, the calculation of beneficial ownership assumes that the Subsequent Closing has not occurred. (2) Ownership is based upon the number of outstanding shares of common stock as of the record date. (3) Dr. Warrell has beneficial ownership of 1,156,794 shares and Dr. Itri has beneficial ownership of 111,018 shares. (4) Ownership is based upon the sum of (a) the number of outstanding shares of common stock as of the Record Date, and (b) the total number of shares underlying all Notes issued in the Initial Closing, assuming full conversion at the conversion price. The beneficial ownership calculated herein is subject to the cap on the Notes that prevent full conversion if such conversion would cause each holder to beneficially own more than 4.999% of the then outstanding shares of common stock of the Company. (5) Ownership is based upon the sum of (a) the number of outstanding shares of common stock as of the Record Date, and (b) the total number of shares underlying all Notes issued in the Initial Closing, assuming full conversion at the conversion price, and including interest shares based on the closing price of June 20, 2008 of \$0.20 per share (assuming interest shares are paid for the entire 2 year period the notes may be outstanding with respect to the initial closing, and assuming the Investors exercise their option on the first anniversary of the closing date and interest shares are paid for the duration of the second year, with respect to the subsequent closing). The beneficial ownership calculated herein disregards the cap on the Notes that would prevent full conversion if such conversion would cause the holder to beneficially own more than 4.999% of the then outstanding shares of common stock of the Company.

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Effect of the Transaction on Existing Stockholders

Effect of the Initial Closing on Existing Shareholders

The following table sets forth the dilutive effect on the beneficial ownership of the existing stockholders (other than the Investors) (the "Existing Stockholders") upon full conversion of the notes and interest shares in the Initial Closing.

Beneficial Ownership of								
Existing Stockholders								
prior to the Initial								
Closing (3) Beneficial Ownership of								
Existing Stockholders								
upon full conversion of								
the notes and interest								
shares in the Initial								
Closing (4) Beneficial Ownership of								
Existing Stockholders								
upon full conversion of								
the notes and interest								
shares in the Initial								
Closing (5)	Number	Percentage	Number	Percentage	Number	Percentage	Existing Stockholders (other than	
the Investors) (1)(2):	36,632,277	99.7 %	36,632,277	47.4 %	36,632,277	1.8 %		

(1) For the purposes of the foregoing table, the calculation of beneficial ownership assumes that the Subsequent Closing has not occurred. (2) For purposes of clarification, the percentage represented by the Existing Stockholders excludes any current and prior ownership of the Investors, but includes all options, warrants and other convertible securities held by the Existing Stockholders exercisable within 60 days of the Record Date. (3) Ownership is based upon the number of outstanding shares of common stock as of the Record Date and includes all options, warrants and other convertible securities held by the Existing Stockholders exercisable within 60 days of the Record Date. (4) Ownership is based on the sum of (a) the number of outstanding shares of common stock as of the Record Date, (b) the total number of options, warrants and other convertible securities exercisable within 60 days of the Record Date, assuming full conversion or full exercise at the conversion price or exercise price, and (c) the total number of shares underlying all Notes issued, and to be issued, in the financing, assuming full conversion at the conversion price. The beneficial ownership calculated herein is subject to the cap on the Notes that prevent full conversion if such conversion would cause the holder to beneficially own more than 4.999% of the then outstanding shares of common stock of the Company. (5) Ownership is based on the sum of (a) the number of outstanding shares of common stock as of the Record Date, (b) the total number of options, warrants and other convertible securities exercisable within 60 days of the Record Date, assuming full conversion or full exercise at the conversion price or exercise price, and (c) the total number of shares underlying all Notes issued, and to be issued, in the financing, assuming full conversion at the conversion price, and including interest shares assuming issuance based on the closing price of June 20, 2008 of \$0.20 per share (assuming interest shares are paid for the entire 2 year period the notes may be outstanding with respect to the initial closing). The beneficial ownership calculated herein disregards the cap on the Notes that would prevent full conversion if such convees" size="2">AUCTION MARKET PREFERRED SECURITIES-8.6% 160 Blackrock Global Float, Inc., Trust, Series TH7 4,000,000 110 Calamos Convertible Opportunities & Income Fund, Series TH7 2,750,000

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100	Calamos Strategic Total Return, Series A	2,500,000	159	Evergreen Managed Income Fund, Series TH28	3,975,000	100
	Flaherty & Crumrine Claymore Preferred Income Strategies Fund, Inc., Series M	2,500,000	120	Flaherty & Crumrine Claymore Preferred Securities, Income Fund, Series T7	3,000,000	80
				Nuveen Quality Preferred Income Fund III, Series M	2,000,000	48
	Pimco Corporate Income Fund, Series T	1,200,000	80	Pimco Corporate Opportunity Fund, Series M	2,000,000	40
	Western Asset Premier Bond Fund, Series M	1,000,000	110	Western Asset/Claymore US Treasury Inflation Protected Securities Fund, Series T	2,750,000	
				Total Auction Market Preferred Securities (cost \$27,675,000)	27,675,000	
				Par Value	FOREIGN GOVERNMENT	
BONDS-4.9%	New Zealand-1.6%	\$ 7,200,000		New Zealand Government, 6.500% due 2/15/05	5,163,402	United Kingdom-3.3%
				UK Gilt Conversion Bond, 9.500% due 4/18/05	5,445,863	
				2,700,000		UK Gilt Treasury Bond, 8.500% due 12/07/05
				5,377,814	10,823,677	
						Total Foreign Government Bonds (cost \$15,195,199)
						15,987,079

Portfolio of Investments as of November 30, 2004 Boulder Total Return Fund, Inc.

Par Value	Description	Value (Note 1)
U.S. TREASURY BILLS-3.4%		
\$ 5,000,000	1.830% due 12/09/04	\$ 4,997,967
6,000,000	1.915% due 1/13/05	5,986,276
	Total U.S. Treasury Bills (cost \$10,984,243)	10,984,243
	Total Short Term Investments (cost \$56,365,442)	57,157,322
Total Investments-100.0%		
	(cost \$236,289,082*)	323,010,417
	Other Assets and Liabilities-0.0%	115,763
	Net Assets-100%	\$ 323,126,180

* Aggregate cost for federal tax purposes.

Non-income producing security.

ADR American Depository Receipt.

Statement of Assets and Liabilities Boulder Total Return Fund, Inc.

November 30, 2004

ASSETS:	
Investments, at value (Cost, \$236,289,082) (Note 1)	
See accompanying schedule	\$ 323,010,417
Cash	149
Foreign currency (Cost \$254,429)	269,425
Dividends and interest receivable	443,337
Prepaid expenses and other assets	60,654
TOTAL ASSETS	323,783,982
LIABILITIES:	
Investment co-advisory fees payable (Note 2)	\$ 329,018
Accumulated undeclared dividends on Taxable Auction Market	
Preferred Stock (Note 5)	129,595
Legal and Audit fees payable	66,946
Administration, co-administration and custodian fees payable (Note 2)	77,847
Directors' fees and expense payable (Note 2)	4,311
Accrued expenses and other payables	50,085
TOTAL LIABILITIES	657,802
FUND TOTAL NET ASSETS	\$ 323,126,180
TAXABLE AUCTION MARKET PREFERRED STOCK:	
\$0.01 par value, 10,000,000 shares authorized, 775 shares outstanding, liquidation preference of \$100,000 per share (Note 5)	77,500,000
TOTAL NET ASSETS (APPLICABLE TO COMMON STOCK SHAREHOLDERS)	\$ 245,626,180
NET ASSETS (Applicable to Common Stock Shareholders) consist of:	
Distributions in excess of net investment income	\$ (129,596)
Accumulated net realized loss on investments sold	(3,105,815)
Unrealized appreciation of investments	86,754,794
Par value of Common Stock (Note 4)	123,387
Paid-in Capital in excess of par value of Common Stock	161,983,409
TOTAL NET ASSETS	

(Applicable to Common Stock, 12,338,660 shares outstanding)	\$ 19.91	\$ 245,626,180
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Statement of Operations Boulder Total Return Fund, Inc.

For the Year Ended November 30, 2004

INVESTMENT INCOME:	
Dividends (net of foreign withholding taxes of \$37,304)	\$ 6,843,555
Interest	197,584
TOTAL INVESTMENT INCOME	7,041,139
EXPENSES:	
Investment co-advisory fees (Note 2)	\$ 3,942,149
Administration, co-administration and custodian fees (Note 2)	797,517
Legal and Audit fees	239,136
Preferred Stock broker commissions and Auction Agent fees	209,972
Directors fees and expenses (Note 2)	85,298
Printing fees	54,879
Insurance Expenses	46,907
Other	96,391
TOTAL EXPENSES	5,472,249
NET INVESTMENT INCOME	1,568,890
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain/(loss) on:	
Securities	5,999,835
Foreign currency related transactions	(20,454)
Net change in unrealized appreciation of:	
Securities	21,489,025
Foreign currency related transactions	33,459
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	27,501,865
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	29,070,755
LESS: PREFERRED STOCK DIVIDENDS	(1,150,106)
NET INCREASE IN NET ASSETS FROM OPERATIONS	
APPLICABLE TO COMMON SHARES	\$ 27,920,649

Statement of Changes in Net Assets Boulder Total Return Fund, Inc.

	Year Ended November 30,	
	2004	2003
OPERATIONS:		
Net investment income	\$ 1,568,890	\$ 855,241
Net realized gain /(loss) on investments sold during the year	5,979,381	(9,320,659)
Change in unrealized appreciation of investments during the year	21,522,484	51,312,102
Net increase in net assets resulting from operations	29,070,755	42,846,684
DISTRIBUTIONS: PREFERRED STOCK DIVIDENDS		
Dividends paid from net investment income	(1,150,106)	(143,330)
Dividends paid from capital	-	(893,864)
Total Distributions: Preferred Stock Dividends	(1,150,106)	(1,037,194)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS APPLICABLE TO COMMON SHARES		
	27,920,649	41,809,490
DISTRIBUTIONS: COMMON SHARES		
Dividends paid from net investment income	-	(99,519)
Dividends paid from capital	-	(182,990)
Total Distributions: Common Shares	-	(282,509)
CAPITAL SHARE TRANSACTIONS:		
Value of 188,200 and 30,400 shares repurchased, repectively (Note 8)	(2,867,925)	(440,718)
Proceeds from Rights Offering (Note 9)	-	38,000,255
Expenses incurred for Rights Offering (Note 9)	-	(120,460)
NET INCREASE IN NET ASSETS FOR THE YEAR	25,052,724	78,966,058
NET ASSETS:		
Beginning of year	298,073,456	219,107,398
End of year (including distributions in excess of investment income of (\$129,596) and \$0, respectively)	\$ 323,126,180	\$ 298,073,456

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Boulder Total Return Fund, Inc.

Financial Highlights

For a Common share outstanding throughout each period

Contained below is per share operating performance data , total investment returns, ratios to average net assets and other supplemental data. On August 27, 1999 the Fund changed its objective from income to total return. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	Year Ended November 30,				
	2004	2003	2002	2001	2000
OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 17.61	\$ 15.04	\$ 17.36	\$ 14.81	\$ 13.32
Net investment income	0.03	0.07	0.49	0.63	0.75
Net realized and unrealized gain/(loss) on investments	2.35	3.78	(2.51)	2.35	1.50
Total from investment operations	2.38	3.85	(2.02)	2.98	2.25
DISTRIBUTIONS: PREFERRED STOCK					
Dividends paid from net investment income to MMP*					
Shareholders	-	-	-	-	(0.42)
Dividends paid from net investment income to AMP**					
Shareholders	(0.09)	(0.01)	(0.16)	(0.40)	(0.13)
Dividends paid from capital to AMP**					
Shareholders	-	(0.07)	-	-	-
Change in accumulated undeclared	0.01	0.00(c)	0.00(c)	0.02	0.04

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dividends on MMP*/AMP** Shareholders Net Increase/(Decrease) from operations applicable to common shares	2.30	3.77	(2.18)	2.60	1.74
DISTRIBUTIONS: COMMON SHARES					
Dividends paid from net investment income to Common Shareholders	-	(0.01)	(0.14)	(0.05)	(0.19)
Dividends paid from capital to Common Shareholders	-	(0.02)	-	-	-
(Dilutive) Impact of Rights Offering	-	(1.18)	-	-	-
Accretive Impact of Capital Share Transactions	-	0.01	-	-	-
Net Increase/(Decrease) in Common Net Asset Value	-	2.57	(2.32)	2.55	1.55
Costs of AMP** Stock issued (Note 5)	-	-	-	-	(0.06)
Net asset value, end of year	\$ 19.91	\$ 17.61	\$ 15.04	\$ 17.36	\$ 14.81
Market value, end of year	\$ 17.45	\$ 14.59	\$ 12.79	\$ 16.05	\$ 12.00
Total investment	13.06%	17.37%	(12.62)%	17.68%	13.27%

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return based on net asset value(a)					
Total investment return based on market value(a)	19.60%	14.35%	(19.62)%	34.27%	20.00%
RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:					
Operating expenses	2.30%	2.45%	2.42%	2.47%	2.55%
Net investment income(b)	0.66%	(0.08)%	1.85%	1.52%	1.82%
SUPPLEMENTAL DATA:					
Portfolio turnover rate	25%	9%	38%	16%	85%
Net assets, end of year (in 000's)	\$ 245,626	\$ 220,573	\$ 141,607	\$ 163,493	\$ 139,488
Ratio of operating expenses to Total Average Net Assets including MMP*/AMP**	1.73%	1.66%	1.65%	1.66%	1.57%

* Money Market Cumulative Preferred Stock ("MMP").

** Taxable Auction Market Preferred Stock ("AMP").

(a) Assumes reinvestment of distributions at the market price at reinvestment date.

(b) The net investment income ratios reflect income net of operating expenses and payments and change in undeclared dividends to MMP/AMP Shareholders.

(c) Amount represents less than \$0.01 per Common share.

The Rights Offering was fully subscribed, at a subscription price of \$12.10 for 3,140,517 shares which equals \$38,000,255 in gross proceeds. The Rights Offering had \$(1.17) NAV impact and the \$120,460 of expenses associated with the Rights Offering had a \$(0.01) NAV impact.

Boulder Total Return Fund, Inc.

Other Supplemental Information
(Unaudited)

The table below sets out information with respect to Taxable Auction Market Preferred Stock currently outstanding and Money Market Cumulative Preferred Stock previously outstanding (1).

	Total Shares Outstanding	Average Coverage Per Share	Involuntary Liquidating Preference Per Share(2)	Average Market Value Per Share(2)
11/30/04	775	\$ 416,937	\$ 100,000	\$ 100,000
11/30/03	775	384,611	100,000	100,000
11/30/02	775	282,719	100,000	100,000
11/30/01	775	311,122	100,000	100,000
11/30/00	775	280,400	100,000	100,000

(1) See Note 5.

(2) Excludes accumulated undeclared dividends

BOULDER TOTAL RETURN FUND, INC.

Notes to Financial Statements

1. Significant Accounting Policies

Boulder Total Return Fund, Inc. (the "Fund") is a diversified, closed-end management investment company organized as a Maryland corporation and is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 (the "1940 Act"), as amended. The policies described below are followed consistently by the Fund in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America.

Portfolio Valuation: The net asset value of the Fund's Common Stock is determined by the Fund's administrator no less frequently than on the last business day of each week and month. It is determined by dividing the value of the Fund's net assets attributable to common shares by the number of shares of Common Stock outstanding. The value of the Fund's net assets attributable to common shares is deemed to equal the value of the Fund's total assets less (i) the Fund's liabilities and (ii) the aggregate liquidation value of the outstanding Taxable Auction Market Preferred Stock. Securities listed on a national securities exchange are valued on the basis of the last sale on such exchange or the NASDAQ Official Close Price ("NOCP") on the day of valuation. In the absence of sales of listed securities, securities for which the most recent sale prices are not deemed to represent fair market value, and unlisted securities (other than money market instruments), securities are valued at the mean between the closing bid and asked prices when quoted prices for investments are readily available. Investments for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including reference to valuations of other securities which are considered comparable in quality, maturity and type. Investments in money market instruments, which mature in 60 days or less at the time of purchase, are valued at amortized cost.

Securities Transactions and Investment Income: Securities transactions are recorded as of the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on ex-dividend dates. Interest income is recorded using the interest method.

Dividend income is recorded at management's estimate of the income included in distributions received from investments in real estate investment trusts ("REITs") and registered investment companies ("RICs"). Distributions received in excess of this amount are recorded as a reduction of the cost of investments. The actual amounts of income and return of capital are determined by each REIT or RIC only after its fiscal year-end, and may differ from the estimated amounts.

Repurchase Agreements: The Fund may engage in repurchase agreement transactions. The Fund's Management reviews and approves periodically the eligibility of the banks and dealers with which the Fund enters into repurchase agreement transactions. The value of the collateral underlying such transactions is at least equal at all times to the total amount of the repurchase obligations, including interest. The Fund maintains possession of the collateral and, in the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is the possibility of loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities.

Dividends and Distributions to Shareholders: Dividends to Common shareholders will be declared in such a manner as to avoid the imposition of the 4% excise tax described in "Federal Income Taxes" below. The shareholders of Taxable Auction Market Preferred Stock are entitled to receive cumulative cash dividends as declared by the Fund's Board of Directors. Distributions to shareholders are recorded on the ex-dividend date. Any net realized short-term capital gains will be distributed to shareholders at least annually. Any net realized long-term capital gains may be distributed to shareholders at least annually or may be retained by the Fund as determined by the Fund's Board of Directors. Capital gains retained by the Fund are subject to tax at the corporate tax rate. Subject to the Fund qualifying as a registered investment company, any taxes paid by the Fund on such net realized long-term gains may be used by the Fund's Shareholders as a credit against their own tax liabilities.

Federal Income Taxes: The Fund intends to qualify as a registered investment company by complying with the requirements under subchapter M of the Internal Revenue Code of 1986, as amended, applicable to RICs and intends to distribute substantially all of its taxable net investment income to its shareholders. Therefore, no Federal income tax provision is required.

Income and capital gain distributions are determined and characterized in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences are primarily due to (1) differing treatments of income and gains on various investment securities held by the Fund, including timing differences, (2) the attribution of expenses against certain components of taxable investment income, and (3) federal regulations requiring proportional allocation of income and gains to all classes of Shareholders. The Internal Revenue Code of 1986, as amended, imposes a 4% nondeductible excise tax on the Fund to the extent the Fund does not distribute by the end of any

BOULDER TOTAL RETURN FUND, INC.

Notes to Financial Statements-(Continued)

calendar year at least (1) 98% of the sum of its net investment income for that year and its capital gains (both long-term and short-term) for its fiscal year and (2) certain undistributed amounts from previous years.

Use of Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

2. Investment Co-Advisory Fees, Directors' Fees, Administration Fee, Co-Administration Fee and Transfer Agent Fee

Boulder Investment Advisers, L.L.C. ("BIA") and Stewart Investment Advisers ("SIA") serve as the Fund's Co-Investment Advisers ("Advisers"). The Fund pays the Advisers a monthly fee at an annual rate of 1.25% of the value of the Fund's average monthly net assets, calculated as the average monthly value of the Fund's total assets minus the sum of the Fund's liabilities and accrued dividends. The equity owners of BIA are Evergreen Atlantic, LLC, a Colorado limited liability company ("EALLC"), and the Lola Brown Trust No. 1B (the "Lola Trust"), each of which is a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act. Stewart West Indies Trading Company, Ltd. is a Barbados international business company doing business as Stewart Investment Advisers. SIA receives a monthly fee equal to 75% of the fees earned by the Advisers, and BIA receives 25% of the fees earned by the Advisers. The equity owner of SIA is the Stewart West Indies Trust, a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act. The Advisers agreed to waive one half of their fee on the proceeds from the July 2003 rights offering until such time as more than 50% of the respective proceeds plus cash on hand at the time the proceeds were received, are invested, which has since then occurred.

Fund Administrative Services, LLC ("FAS"), serves as the Fund's Co-Administrator. Under the Co-Administration Agreement, FAS provides certain administrative and executive management services to the Fund including: providing the Fund's principal offices and executive officers, overseeing and administering all contracted service providers, making recommendations to the Board regarding policies of the Fund, conducting shareholder relations, authorizing expenses and other administrative tasks. As of February 1, 2004, under the Co-Administration Agreement, the Fund pays FAS a monthly fee, calculated at an annual rate of 0.20% of the value of the Fund's average monthly net assets up to \$250 million; 0.18% of the Fund's average monthly net assets on the next \$150 million; and, 0.15% on the value of the Fund's average monthly net assets over \$400 million. Prior to February 1, 2004, the Fund paid FAS a monthly fee, calculated at an annual rate of 0.10% of the value of the Fund's average monthly net assets. The equity owners of FAS are EALLC and the Lola Trust, each of which is a shareholder of the Fund and considered to be an "affiliated person" of the Fund as that term is defined in the 1940 Act.

The Fund pays each Director who is not a director, officer or employee of the Advisers or FAS a fee of \$8,000 per annum, plus \$4,000 for each in-person meeting of the Board of Directors and \$500 for each telephone meeting. In addition, the Chairman of the Board and the Chairman of the Audit Committee receive \$1,000 per meeting and each member of the Audit Committee receives \$500 per meeting. The Fund will also reimburse all Directors for travel and out-of-pocket expenses incurred in connection with such meetings.

Effective October 1, 2004, Investors Bank & Trust Company ("Investors Bank") began serving as the Fund's Co-Administrator and Custodian. As compensation for its services, Investors Bank receives certain out-of-pocket expenses, transaction fees and asset-based fees, which are accrued daily and paid monthly. Prior to October 1, 2004, PFPC Inc. ("PFPC"), an indirect, majority-owned subsidiary of the PNC Financial Services Group, Inc., served as the Fund's Co-Administrator and PFPC Trust Company, also an indirect subsidiary of the PNC Financial Services Group, Inc., served as the Fund's custodian.

PFPC serves as the Fund's Common Stock servicing agent (transfer agent), dividend-paying agent and registrar, and as compensation for PFPC's services as such, the Fund pays PFPC a monthly fee plus certain out-of-pocket expenses.

Deutsche Bank Trust Company Americas, a wholly owned subsidiary of Deutsche Bank AG ("Auction Agent"), serves as the Fund's Taxable Auction Market Preferred Stock transfer agent, registrar, dividend disbursing agent and redemption agent.

3. Purchases and Sales of Securities

Cost of purchases and proceeds from sales of securities for the year ended November 30, 2004 excluding short-term investments, aggregated \$75,529,165 and \$80,489,970, respectively.

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On November 30, 2004, aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$93,337,806 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$6,616,471.

BOULDER TOTAL RETURN FUND, INC.

Notes to Financial Statements-(Continued)

4. Common Stock

At November 30, 2004, 240,000,000 of \$0.01 par value Common Stock were authorized.

5. Taxable Auction Market Preferred Stock

The Fund's Articles of Incorporation authorize the issuance of up to 10,000,000 shares of \$0.01 par value preferred stock. On August 15, 2000, the Fund's 775 shares of Money Market Cumulative Preferred StockTM were retired and 775 shares of Taxable Auction Market Preferred Stock were issued. Offering costs of \$293,843 and commissions were paid directly to Merrill Lynch, Pierce Fenner & Smith Inc. of which \$290,625 were charged to capital of common stock to complete the transaction. Taxable Auction Market Preferred Stock is senior to the Common Stock and results in the financial leveraging of the Common Stock. Such leveraging tends to magnify both the risks and opportunities to Common Stock Shareholders. Dividends on shares of Taxable Auction Market Preferred Stock are cumulative.

The Fund is required to meet certain asset coverage tests with respect to the Taxable Auction Market Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, Taxable Auction Market Preferred Stock at a redemption price of \$100,000 per share plus an amount equal to the accumulated and unpaid dividends on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset requirements could restrict the Fund's ability to pay dividends to Common Stock Shareholders and could lead to sales of portfolio securities at inopportune times.

An auction of the Taxable Auction Market Preferred Stock is generally held every 28 days. Existing shareholders may submit an order to hold, bid or sell such shares at par value on each auction date. Taxable Auction Market Preferred Stock Shareholders may also trade shares in the secondary market between auction dates.

On November 30, 2004, 775 shares of Taxable Auction Market Preferred Stock were outstanding at the annual rate of 2.35%. The dividend rate, as set by the auction process, is generally expected to vary with short-term interest rates. These rates may vary in a manner unrelated to the income received on the Fund's assets, which could have either a beneficial or detrimental impact on net investment income and gains available to Common Stock Shareholders. While the Fund expects to earn a higher return on its assets than the cost associated with the Taxable Auction Market Preferred Stock, including expenses, there can be no assurance that such results will be attained.

6. Portfolio Investments, Concentration and Investment Quality

The Fund operates as a "diversified" management investment company, as defined in the 1940 Act. Under this definition, at least 75% of the value of the Fund's total assets must at the time of investment consist of cash and cash items (including receivables), U.S. Government securities, securities of other investment companies, and other securities limited in respect of any one issuer to an amount not greater in value than 5% of the value of the Fund's total assets (at the time of purchase) and to not more than 10% of the voting securities of a single issuer. This limit does not apply, however, to 25% of the Fund's assets, which may be invested in a single issuer. A more concentrated portfolio may cause the Fund's net asset value to be more volatile than it has been historically and thus may subject shareholders to more risk. The Fund may hold a substantial position (up to 25% of its assets) in the common stock of a single issuer. As of November 30, 2004, the Fund held a significant position in Berkshire Hathaway, Inc., and thus, the volatility of the Fund's common stock, and the Fund's net assets value and its performance in general, depends disproportionately more on the performance of this single issuer than that of a more diversified fund.

The Fund intends to concentrate its common stock investments in a few issuers and to take large positions in those issuers, consistent with being a "diversified" fund. As a result, the Fund is subject to a greater risk of loss than a fund that diversifies its investments more broadly. Taking larger positions is also likely to increase the volatility of the Fund's net asset value reflecting fluctuation in the value of its large holdings. Under normal market conditions, the Fund intends to invest in a portfolio of common stocks. The portion of the Fund's assets invested in each can vary depending on market conditions. The term "common stocks" includes both stocks acquired primarily for their appreciation potential and stocks acquired for their income potential, such as dividend-paying RICs and REITs. The term "income securities" includes bonds, U.S. Government securities, notes, bills, debentures, preferred stocks, convertible securities, bank debt obligations, repurchase agreements and short-term money market obligations.

7. Significant Shareholders

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On November 30, 2004, the Lola Trust and other trusts and entities affiliated with Stewart R. Horejsi and the Horejsi family owned 5,382,982 shares of Common Stock of the Fund, representing approximately 43.63% of the total Fund

BOULDER TOTAL RETURN FUND, INC.

Notes to Financial Statements-(Continued)

shares. Stewart R. Horejsi is the primary portfolio manager for SIA and is the Fund's primary portfolio manager. He is responsible for the day-to-day strategic management of the Fund.

8. Share Repurchase Program

In accordance with Section 23(c) of the Investment Company Act of 1940, as amended, the Fund may from time to time repurchase shares of the Fund in the open market at the option of the Board of Directors and upon such terms as the Directors shall determine.

For the year ended November 30, 2004, the Fund repurchased 188,200 shares at an average weighted discount of 16.0% and with a value of \$2,867,925. For the year ended November 30, 2003, the Fund repurchased 30,400 shares at an average weighted discount of 17.0% and with a value of \$440,718.

9. Rights Offering

At a regularly scheduled Board of Directors meeting held on April 22, 2003, the Fund's Board of Directors approved a transferable rights offering which would permit shareholders to acquire one new share of common stock for every three shares held. The rights were transferable, which allowed shareholders who did not wish to exercise their rights to sell them on the New York Stock Exchange. The record date for determining shareholders eligible to participate in the rights offering was June 20, 2003. The subscription period was from June 20, 2003 to July 11, 2003. The market price for the shares issued through the rights offering was calculated based on the volume-weighted average price of the Fund's shares from July 7, 2003 through July 11, 2003. The rights offering was fully subscribed and the Fund issued 3,140,517 new shares at a price of \$12.10 each. The total gross proceeds to the Fund were \$38,000,255. As of November 30, 2003, the expense associated with the rights offering totaled \$120,460.

10. Tax Basis Distributions

Income distributions and capital gain distributions are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. The character of distributions paid on a tax basis during 2004 and 2003 is as follows:

	Year Ended November 2004	Year Ended November 2003
Distributions paid from:		
Ordinary Income	\$ 804,651	\$ 242,849
In Excess of Net Investment Income	215,859	-
Capital	-	1,076,854
	\$ 1,020,510	\$ 1,319,703

As of November, 30 2004, the components of distributable earnings on a tax basis were as follows:

Ordinary Income	\$ (129,596)
Unrealized Appreciation	86,754,794
	\$ 86,625,198

For the year ended November 30, 2004, the Fund had available for tax basis distributions accumulated capital and other losses of \$3,105,815, which will expire on 11/30/11.

Net investment income and realized gain and loss for federal income tax purposes differ from that reported in the financial statements because of permanent and temporary book differences. These differences are primarily related to differing treatment of long-term capital gains dividends

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and excess ordinary distributions received from Real Estate Investment Trusts. Permanent, book and tax basis difference of \$(548,380), \$764,239 and (\$215,859) were reclassified at November 30, 2004 among undistributed net investment income, accumulated net realized loss on investments and Paid in Capital, respectively, for the Boulder Total Return Fund, Inc.

BOULDER TOTAL RETURN FUND, INC.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Boulder Total Return Fund, Inc.

We have audited the accompanying statement of assets and liabilities of the Boulder Total Return Fund, Inc., including the portfolio of investments, as of November 30, 2004, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and financial highlights for each of the years in the four-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the year ended November 30, 2000 were audited by other auditors whose report dated January 12, 2001 expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2004 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Boulder Total Return Fund, Inc. as of November 30, 2004, and the results of its operations, the changes in its net assets, and the financial highlights for each of the years described above in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
January 26, 2005

Additional Information (Unaudited)

Portfolio Information

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available (1) on the Fund's website located at <http://www.bouldershelfunds.net>; (2) on the SEC's website at <http://www.sec.gov>; or (3) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC. Information regarding the operation of the PRR may be obtained by calling 1-800-SEC-0330.

Proxy Information

The policies and procedures that the Advisers use to determine how to vote proxies relating to portfolio securities held by the Fund are included in the Fund's Statement of Additional Information which is available on the Fund's website located at <http://www.bouldershelfunds.net>. Information regarding how the Portfolio voted proxies relating to portfolio securities during the most recent twelve-month period ended November 30 is available at <http://www.sec.gov>.

Privacy Statement

Pursuant to SEC Regulation S-P (Privacy of Consumer Financial Information) the Directors of the Boulder Total Return Fund, Inc. have established the following policy regarding information about the Fund's shareholders. We consider all shareholder data to be private and confidential, and we hold ourselves to the highest standards in its safekeeping and use. The Fund collects nonpublic information (e.g., your name, address, Social Security Number, Fund holdings) about shareholders from transactions in Fund shares. The Fund will not release information about current or former shareholders (except as permitted by law) unless one of the following conditions is met: (i) we receive your prior written consent; (ii) we believe the recipient to be you or your authorized representative; or (iii) we are required by law to release information to the recipient. The Fund has not and will not in the future give or sell information about its current or former shareholders to any company, individual, or group (except as permitted by law). The Fund will only use information about its shareholders as necessary to service or maintain shareholder accounts in the ordinary course of business. Internally, we also restrict access to shareholder personal data to those who have a specific need for the records. We maintain physical, electronic and procedural safeguards that comply with Federal standards to guard your personal data.

Significant Event

At a regularly scheduled meeting of the Board of Directors held on October 15, 2004, the Board accepted the resignation of Stephen C. Miller as a director of the Fund. The remaining directors of the Fund elected Dr. Dean Jacobson as Mr. Miller's replacement. Mr. Miller, previously an interested director of the Fund, resigned in order to bring the Fund into compliance with the recent SEC regulations which require that 75% of the Board be non-interested directors.

Tax Information

Of the ordinary income (including short-term capital gain) distributions made by the Fund during the fiscal year ended November 30, 2004, 79% qualify for the dividend received deduction available to shareholders.

For the fiscal year ended November 30, 2004, 79% of the taxable investment income qualifies for the 15% dividend tax rate.

Summary of Dividend Reinvestment Plan

Registered holders ("Common Shareholders") of common stock (the "Common Shares") are automatically enrolled (the "Participants") in the Fund's Dividend Reinvestment Plan (the "Plan") whereupon all distributions of income, capital gains or managed distributions ("Distributions") are automatically reinvested in additional Common Shares. Common Shareholders who elect not to participate in the Plan will receive all distributions in cash paid by check in United States dollars mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the custodian, as dividend disbursing agent.

PFPC Inc. (the "Agent") serves as Agent for each Participant in administering the Plan. After the Fund declares a Distribution, if (1) the net asset value per Common Share is equal to or less than the market price per Common Share plus estimated brokerage commissions on the payment date for a Distribution, Participants will be issued Common Shares at the higher of net asset value per Common Share or 95% of the market price per Common Share on the payment date; or if (2) the net asset value per Common Share exceeds the market price plus estimated brokerage commissions on the payment date for a Distribution, the Agent shall apply the amount of such Distribution to purchase Common Shares on the open market and Participants will receive the equivalent in Common Shares valued at the weighted average market price (including brokerage commissions) determined as of the time of purchase (generally, following the payment date of the Distribution). If, before the Agent has completed its purchases, the market price plus estimated brokerage commissions exceeds the net asset value of the Common Shares as of the payment date, the purchase price paid by the Agent may exceed the net asset value of the Common Shares, resulting in the acquisition of fewer Common Shares than if such Distribution had been paid in Common Shares issued by the Fund. If the Agent is unable to invest the full Distribution amount in purchases in the open market or if the market discount shifts to a market premium during the purchase period then the Agent may cease making purchases in the open market the instant the Agent is notified of a market premium and may invest the uninvested portion of the Distribution in newly issued Common Shares at the net asset value per Common Share at the close of business provided that, if the net asset value is less than or equal to 95% of the then current market price per Common Share, the dollar amount of the Distribution will be divided by 95% of the market price on the payment date. The Fund will not issue Common Shares under the Plan below net asset value.

There is no charge to Participants for reinvesting Distributions, except for certain brokerage commissions, as described below. The Agent's fees for the handling of the reinvestment of Distributions will be paid by the Fund. There will be no brokerage commissions charged with respect to shares issued directly by the Fund. However, each Participant will pay a pro rata share of brokerage commissions incurred with respect to the Agent's open market purchase in connection with the reinvestment of Distributions. The automatic reinvestment of Distributions will not relieve Participants of any federal income tax that may be payable on such Distributions.

The Fund reserves the right to amend or terminate the Plan upon 90 Days' written notice to Common Shareholders of the Fund.

Participants in the Plan may (i) request a certificate, (ii) request to sell their shares, or (iii) withdraw from the Plan upon written notice to the Agent or by telephone in accordance with specific procedures and will receive certificates for whole Common Shares and cash for fractional Common Shares.

All correspondence concerning the Plan should be directed to the Agent, PFPC Inc., P.O. Box 43027, Providence, RI 02940-3027. To receive a full copy of the Fund's Dividend Reinvestment Plan, please contact the Agent at 1-800-331-1710.

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BOULDER TOTAL RETURN FUND, INC.

Information about Directors and Officers (Unaudited)

Set forth in the following table is information about the Directors of the Fund, together with their address, age, position with the Fund, term of office, length of time served and principal occupation during the last five years.

Name, Address*, Age	Position, Length of Term Served, and Term of Office	Principal Occupation(s) and Other Directorships held During the Past Five Years	Number of Funds in Fund Complex Overseen by Director
Disinterested Directors			
Alfred G. Aldridge, Jr. (Retired) Cal. Air National Guard Age: 67	Director of the Fund since 1999. Current term expires at Annual Meeting for 2005.	Retired; from 1982-2002, Sales Manager of Shamrock Foods Company; Director of Fiesta Bowl, Tempe, AZ since 1997; Executive Vice President, Business Development Specialists, Phoenix, AZ since January 2004; Director Maricopa Youth Assistance Foundation, Phoenix, AZ since 2004; Director, Boulder Growth & Income Fund, Inc., since January 2002	2
Richard I. Barr Age: 66	Director of the Fund since 1999. Chairman of the Board. Current term expires at Annual Meeting for 2005.	Retired; from 1963-2001, Manager of Advantage Sales and Marketing, Inc.; Director, First Financial Fund, Inc., since 2001; Director, Boulder Growth & Income Fund, Inc., since January 2002.	3
Dr. Dean Jacobson Age: 66	Director of the Fund since October 2004. Current term expires at Annual Meeting for 2005.	Founder and President of Forensic Engineering, Inc. (expert witness for litigation); since 1997 Professor Emeritus at Arizona State University; prior to 1997, Professor of Engineering at Arizona State University.	2
Joel W. Looney Age: 42	Director of the Fund since January 2001. Current term expires at Annual Meeting for 2005.	Partner, Financial Management Group, LLC since July 1999; CFO Bethany College from 1995-1999; Director, Boulder Growth & Income Fund, Inc. since January 2002 and Chairman of the Board; Director and Chairman of the Board, First Financial Fund, Inc. since August 2003.	3
Interested Directors**			
Susan L. Ciciora Age: 40	Director of the Fund since November 2001. Current term expires at Annual Meeting for 2005.	Owner, Superior Interiors (interior design for custom homes) since 1995; Corporate Secretary, Ciciora Custom	2

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Builders, LLC since 1995;
Trustee of the Brown Trust and
the EH Trust; Director, Boulder
Growth & Income Fund, Inc.
from January 2002 to October
2004; Director, First Financial
Fund, Inc. since August 2003.

* Unless otherwise specified, the Directors' respective addresses are c/o Boulder Total Return Fund, Inc., 1680 38th Street, Suite 800, Boulder, Colorado 80301.

** Ms. Ciciora is an "interested person" as a result of the extent of her beneficial ownership of Fund shares and by virtue of her indirect beneficial ownership of BIA and FAS.

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BOULDER TOTAL RETURN FUND, INC.

Information about Directors and Officers (Unaudited)-(Continued)

The names of the executive officers of the Fund are listed in the table below. Each officer was elected to office by the Board at a meeting held on January 23, 2004. This table also shows certain additional information. Each officer will hold such office until a successor has been elected by the Board of Directors of the Fund.

Name, Address, Age	Position, Length of Term Served, and Term of Office	Principal Occupation(s) and Other Directorships held During the Past Five Years
Carl D. Johns 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 41	Chief Financial Officer, Chief Accounting Officer, Vice President and Treasurer since 1999. Appointed annually.	Vice President and Treasurer of BIA and Assistant Manager of FAS, since April, 1999; Chief Financial Officer, Chief Accounting Officer, Vice President and Treasurer, Boulder Growth & Income Fund, Inc. since January 2002 and First Financial Fund, Inc. since August 2003.
Stephanie J. Kelley 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 48	Secretary since 2000. Appointed annually.	Secretary, Boulder Growth & Income Fund, Inc., since January 2002 and First Financial Fund Inc. since August 2003; employee of FAS since March 1999; Assistant Secretary and Assistant Treasurer of various Horejsi Affiliates.
Stephen C. Miller 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 52	President of the Fund. Appointed annually.	President and General Counsel of BIA; Manager, FAS; Vice President of SIA; President of Boulder Growth & Income Fund, Inc., since January 2002; President First Financial Fund, Inc. since August 2003; President and General Counsel, Horejsi, Inc. (liquidated in 1999); General Counsel, Brown Welding Supply, LLC (sold in 1999); Of Counsel, Krassa & Miller, LLC since 1991.
Nicole L. Murphey 1680 38th Street, Suite 800 Boulder, CO 80301 Age: 27	Assistant Secretary since 2000. Appointed annually	Assistant Secretary, Boulder Growth & Income Fund, Inc. since January 2002 and First Financial Fund, Inc. since August 2003; employee of FAS since July 1999.

The Fund's president has certified to the New York Stock Exchange that, as of November 30, 2004, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund's reports to the Securities and Exchange Commission on Form N-CSR contain certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by rule 30a-2(a) under the Investment Company Act.

Boulder Total Return Fund, Inc.

P.O. Box 43027
Providence, RI 02940-3027

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**Boulder
Total Return
Fund, Inc.**

Annual Report

November 30, 2004

Directors

Brig. Gen (Ret.) Alfred G. Aldridge Jr.
Richard I. Barr
Susan L. Ciciora
Dr. Dean Jacobson
Joel W. Looney

Officers

Stephen C. Miller
President

Carl D. Johns
Vice President and Treasurer

Stephanie J. Kelley
Secretary

Nicole L. Murphey
Assistant Secretary

www.boulderfunds.net

If you have questions regarding shares you held in a Brokerage Account contact your broker, or, if you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent & Shareholder Servicing Agent PFPC Inc., at:

P.O. Box 43027
Providence, RI 02940-3027
1-800-331-1710

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This report is sent to shareholders of Boulder Total Return Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

Item 2. Code of Ethics.

(a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(b) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.

(c) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

Item 3. Audit Committee Financial Expert.

As of the end of the period covered by the report, the registrant's board of directors has determined that Joel W. Looney is qualified to serve as an audit committee financial expert serving on its audit committee and that he is independent, as defined by the Securities and Exchange Commission.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the Fund's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$22,500 and \$23,600 for the fiscal years ended November 30, 2003 and November 30, 2004, respectively.

(b) Audit-Related Fees There were no fees billed for the fiscal years ended November 30, 2003 and November 30, 2004 for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the Fund's financial statements and are not reported under (a) of this Item.

(c) Tax Fees The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for the review of the Fund's tax returns and excise tax calculations were \$5,600 and \$5,850 for the fiscal years ended November 30, 2003 and November 30, 2004, respectively.

(d) All Other Fees The aggregate fees billed for the last two fiscal years for products and services provided by the principal accountant, other than the services reported in (a) through (c) of this Item were \$16,800 and \$16,000 for the fiscal years ended November 30, 2003 and November 30, 2004, respectively. These fees pertained to quarterly compliance testing related to the Fund's Auction Market Preferred Shares.

(e) (1) The Registrant's audit committee pre-approves all audit and non-audit services to performed by the Registrant's accountant before the accountant is engaged by the Registrant to perform such services.

(2) There were no services described in (b) through (d) above (including services required to be approved by the audit committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X) that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) None of the hours expended on the principal accountant's engagement to audit the Fund's financial statements for the fiscal year ended November 30, 2004 were attributable to work performed by persons other than the principal accountant's full-time, permanent employees.

(g) Not applicable.

(h) Not applicable.

Item 5. Audit Committee of Listed Registrants.

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As of the end of the period covered by this report, the following registrants have been designated as the Fund's audit committee: Alfred G. Aldridge, Jr., Richard I. Barr, Joel W. Looney, and Dean Jacobson.

Item 6. Schedule of Investments.

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The Fund's full schedules of investments are included as part of the report to shareholders filed under Item 1 of this Form.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Boulder Total Return Fund, Inc. and Boulder Growth & Income Fund, Inc.

Proxy Voting Procedures

The Board of Directors of the Boulder Total Return Fund, Inc. and Boulder Growth & Income Fund, Inc. (collectively, the **Funds**) hereby adopt the following policies and procedures with respect to voting proxies relating to portfolio securities held by the Funds (collectively, the **Voting Policies**).

1. **Policy.** It is the policy of each of the Boards of Directors of the Funds (the **Board**) to delegate the responsibility for voting proxies relating to portfolio securities held by the Funds to Boulder Investment Advisers, L.L.C. (the **Adviser**) as a part of the Adviser's general management of the Funds, subject to the Board's continuing oversight.(1) The voting of proxies is an integral part of the investment management services that the Adviser provides pursuant to the advisory contract. Proxy voting policies and procedures are required by Rule 206 (4)-6 of the Investment Advisers Act of 1940, and will be effective August 6, 2003.

2. **Fiduciary Duty.** The right to vote a proxy with respect to portfolio securities held by the Funds is a significant asset of the Fund. The Adviser, to which authority to vote on behalf of the Funds is delegated, exercises this voting responsibility as a fiduciary, and votes proxies in a manner consistent with the best interest of the Funds and its shareholders, and with the goal of maximizing the value of the Funds and the shareholders' investments.

3. **Procedures.** The following are the procedures adopted by the Board for the administration of this policy:

a. **Review of Adviser Proxy Voting Procedures.** The Adviser, with advice and counsel from the Board, shall present to the Board its policies, procedures and other guideline for voting proxies at least annually (the **Voting Guidelines**), and must notify the Board promptly of any material changes. In accordance with the foregoing, the Adviser has developed the Voting Guidelines which are attached hereto as **Exhibit A**.

b. **Voting Record Reporting.** No less than annually, the Adviser shall report to the Board a record of each proxy voted with respect to portfolio securities of the Funds during the respective year. With respect to those proxies the Adviser has identified as involving a conflict of interest(2), the Adviser shall submit a separate report

(1) This policy is adopted for the purpose of the disclosure requirements adopted by the Securities and Exchange Commission, Releases No. 33-8188, 34-47304, IC-25922.

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(2) As it is used in this document, the term "conflict of interest" refers to a situation in which the Adviser or affiliated persons of the adviser have a financial interest in a matter presented by a proxy other than the obligation it incurs as

indicating the nature of the conflict of interest and how that conflict was resolved with respect to the voting of the proxy.

4. **Revocation.** The delegation by the Board of the authority to vote proxies relating to portfolio securities of the Funds is entirely voluntary and may be revoked by the Board, in whole or in part, at any time. This disclosure shall be included in any registration statement filed on behalf of the Funds after July 1, 2003.

5. **Annual Filing.** The Fund shall file an annual report of each proxy voted with respect to portfolio securities of the Funds during the twelve-month period ended June 30 on Form N-PX not later than August 31 of each year. The Fund must file the complete proxy voting record on an annual basis on this form. Form N-PX must contain complete proxy voting records for the 12 month period stated above, and must be signed on behalf of the Fund by the principal executive officers. This form must provide the following information:

1. Name of the issuer of the portfolio security
2. Exchange ticker symbol
3. CUSIP #
4. Shareholder meeting date
5. Brief indication of the matter voted on
6. Whether matter was proposed by the issuer or by a security holder
7. Whether the Fund cast its vote on the matter
8. How the Fund cast its vote
9. Whether the Fund cast its vote for or against management

6. **Disclosures.**

a. The Fund shall include in any future registration statement:

i. A description of the Voting Policies and the Voting Guidelines(3); and

ii. A statement disclosing that information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Funds toll-free telephone number; or through a specified Internet address; or both; and on the SEC website.(4)

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b. The Fund shall include in its Annual and Semi-Annual Reports to shareholders:

i. A statement disclosing that the Voting Policies and Voting Guidelines are available without charge, upon request, by calling the Funds toll-free telephone number; or through a specified Internet address; and on the SEC website.(5)

ii. A statement disclosing that information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Fund's toll-free telephone number; or through a specified Internet address; or both; and on the SEC website.(6)

7. **Recordkeeping Requirements.** SEC Rule 204-2, as amended, requires advisers to retain:

1. Proxy voting policies and procedures
2. Proxy statements received regarding client securities
3. Records of votes cast on behalf of clients
4. Records of written client requests
5. Any documents prepared by the adviser material to making a decision how to vote, or that memorialized the basis for the decision.

investment adviser to the Funds which compromises the Adviser's independence of judgment and action with respect to the voting of the proxy.

(3) This disclosure shall be included in the registration statement next filed on behalf of the Funds after July 1, 2003.

(4) This disclosure shall be included in the registration statement next filed on behalf of the Funds after August 31, 2004.

(5) This disclosure shall be included in the report next filed on behalf of the Funds after July 1, 2003.

(6) This disclosure shall be included in the report next filed on behalf of the Funds after August 31, 2004.

8. **Review of Policy.** At least annually, the Board shall review this Policy to determine its sufficiency and shall make and approve any changes that it deems necessary from time to time.

EXHIBIT A VOTING GUIDLINES

The Funds and Advisors proxy voting principles are summarized below, with specific examples of voting decisions for the types of proposals that are most frequently presented:

Category	Guideline	Voting
BOARD OF DIRECTOR ISSUES	The board of directors primary role is to protect the interests of all shareholders. Key functions of the board are to approve the direction of corporate strategy, ensure succession of management and evaluate performance of the corporation as well as senior management. The board is accountable to shareholders, and must operate independently from management.	
Routine Elections	Generally we will vote with management s recommendation	Generally FOR
Board Classification	Generally we are opposed to entrenchment mechanisms and will vote against proposals to classify a board. We prefer annual election of directors in order that shareholders have more power to replace directors deemed to not be acting in the shareholders interest.	Generally AGAINST
Independence of Directors	The majority of board members should be independent from the corporation, management or a majority shareholder. An independent member should not be a former employee of the company or a representative of a key supplier to or a key client of the company.	We will generally support boards that have a majority of board members classified as independent.
Director Indemnification	Mandatory indemnification of directors and officers is necessary to attract quality candidates.	Generally FOR
Director Attendance	Board membership requires a significant amount of time in order for responsibilities to be executed, and attendance at Board and Committee meetings is noted.	We look for attendance records to be in the 75% participation range.
Term Limits	We are more concerned with the performance of directors and not with the term limits	Generally AGAINST but will look at on a case-by-case basis.
Separation of Chair and CEO	In most cases it is advisable for there to be a separation between the CEO and the Chair to enhance separation of management interests and shareholders.	In most cases we would support a recommendation to separate the Chair from the CEO. Lead directors are considered acceptable, and in this situation an independent Corporate Governance committee must also be in place.
Committees of the Board	Audit, Compensation, Governance and Nominating committees are the most significant committees of the board.	We support the establishment of these committees, however independent director membership on these committees is the primary concern. Two-thirds independent membership is satisfactory, provided that the chair of each committee is

independent.

Audit Process

The members of an audit committee should be independent directors, and the auditor must also be independent. The auditor should report directly to the Audit committee and not to management.

We will generally support the choice of auditors recommended by the Audit Committee. In the event that

Category	Guideline	Voting
		the auditor supplies other services for a fee other than the audit, each situation will be reviewed on a case-by-case basis.
VOTING AND ENTRENCHMENT ISSUES		
Shareholder Right to Call Special Meeting		Generally FOR
Shareholder Right to Act by Written Consent		Generally FOR
Cumulative Voting	Our experience has been that cumulative voting is generally proposed by large shareholders who may wish to exert undue influence on the board.	Generally AGAINST, although we may consider if the board has been unresponsive to shareholders.
Confidentiality of Shareholder Voting	Like any other electoral system, the voting at annual and special meetings should be confidential and free from any potential coercion and/or impropriety.	We will support any proposals to introduce or maintain confidential voting.
Size of Board of Directors	Generally boards should be comprised of a minimum of seven to a maximum of fifteen. However the complexity of the company has an impact on required board size.	The independence of the board is a greater concern than the number of members. However should a change in board size be proposed as potentially an anti-takeover measure we would vote against.
COMPENSATION ISSUES		
Director Compensation	Directors should be compensated fairly for the time and expertise they devote on behalf of shareholders. We favor directors personally owning shares in the corporation, and that they receive a substantial portion of their remuneration in the form of shares.	We support recommendations where a portion of the remuneration is to be in the form of common stock. We do not support options for directors, and do not support retirement bonuses or benefits for directors.
MANAGEMENT COMPENSATION		
Stock Options and Incentive Compensation Plans	Compensation plans for executives should be designed to attract and retain the right people with exceptional skills to manage the company successfully long-term. These plans should be competitive within the company's respective industry without being excessive and should attempt to align the executive's interests with the long-term interest of shareholders.	Executive compensation will be considered on a case-by-case basis.
	Compensation plans should be designed to reward good performance of executives. They should also encourage management to own stock so as to align their financial interests with those of the shareholders. It is important that these plans are disclosed to the shareholders in detail for their approval.	We will not support plans with options priced below current market value or the lowering of the exercise price on any previously granted options.

Category	Guideline	Voting
		We will not support any plan amendment that is not capped or that results in anything but negligible dilution. We believe that shareholders should have a say in all aspects of option plans and therefore will not support omnibus stock option plans or plans where the Board is given discretion to set the terms. Plans will be considered on a case-by-case basis.
Adopt/Amend Employee Stock Purchase Plans		Considered on a case-by-case basis.
Golden Parachutes	Although we believe that golden parachutes may be a good way to attract, retain and encourage objectivity of qualified executives by providing financial security in the case of a change in the structure or control of a company, golden parachutes can be excessive.	Generally opposed but will consider on a case-by-case basis.
Require Shareholder Approval of Golden Parachutes		Generally FOR
TAKEOVER PROTECTIONS	Some companies adopt shareholder rights plans that incorporate anti-takeover measures, which may include: poison pills, crown jewel defense, payment of greenmail, going private transactions, leveraged buyouts, lock-up arrangements, Fair price amendments, Re-incorporation. Rights plans should be designed to ensure that all shareholders are treated equally in the event there is a change in control of a company. These plans should also provide the Board with sufficient time to ensure that the appropriate course of action is chosen to ensure shareholder interests have been protected. However, many shareholder rights plans can be used to prevent bids that might in fact be in the shareholders best interests. Depending on their contents, these plans may also adversely influence current share prices and long-term shareholder value.	We will review each situation on a case-by-case basis. We will generally support proposals that protect the rights and share value of shareholders.
Dual Class Shares	It is not unusual for certain classes of shares to have more than one vote per share. This is referred to as a dual class share structure and can result in a minority of shareholders having the ability to make decisions that may not be in the best interests of the majority of shareholders.	Generally AGAINST.
Super-Majority Voting Provisions	Super-majority voting (e.g., 67% of votes cast or a majority of outstanding shares), although fairly common, can, from a practical point of view, be difficult to obtain, and essentially are a bar from effective challenges to entrenched management, regardless of performance or popularity. A very high requirement can be unwieldy and therefore not in the best interest of the majority of shareholders.	Generally AGAINST. We will generally oppose proposals for voting requirements that are greater than a majority of votes cast. That said, we will review supermajority proposals on a case-by-case basis.

Category	Guideline	Voting
Issuance of Authorized Shares		Generally FOR
Issuance of Unlimited or Additional Shares	Corporations may increase their authorized number of shares in order to implement a stock split, to support an acquisition or restructuring plan, to use in a stock option plan or to implement an anti-takeover plan. Shareholders should approve of the specific business need for the increase in the number of shares and should understand that the issuance of new shares can have a significant effect on the value of existing shares.	Generally AGAINST. We will generally oppose proposals to increase the number of authorized shares to unlimited, but will consider any proposals to increase the number of authorized shares on a case-by-case basis for a valid business purpose.
Shareholder Proposals	Shareholders should have the opportunity to raise their concerns or issues to company management, the board and other shareholders. As long as these proposals deal with appropriate issues and are not for the purposes of airing personal grievances or to obtain publicity, they should be included on the proxy ballot for consideration.	Shareholder proposals will be reviewed on a case-by-case basis.
OTHER MATTERS		
Stock Repurchase Plans		Generally FOR
Stock Splits		Generally FOR
Require Shareholder Approval to issue Preferred Stock		Generally FOR
Corporate Loans to Employees	Corporate loans, or the guaranteeing of loans, to enable employees to purchase company stock or options should be avoided. These types of loans can be risky if the company stock declines or the employee is terminated.	Generally AGAINST.
Blank-cheque Preferred Shares	The authorization of blank-cheque preferred shares gives the board of directors complete discretion to fix voting, dividend, conversion and other rights and privileges. Once these shares have been authorized, the shareholders have no authority to determine how or when they will be allocated. There may be valid business reasons for the issuance of these shares but the potential for abuse outweighs the benefits.	Generally AGAINST.

Item 8. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Item 8. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers

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Period		Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program(1)	Maximum Number of Shares that May Yet Be Purchased Under the Program (1)
12/1/2003	12/31/2003	95,900	14.8625	95,900	n/a
1/1/2004	1/31/2004	92,300	15.6246	92,300	n/a
2/1/2004	2/29/2004	n/a	n/a	n/a	n/a
3/1/2004	3/31/2004	n/a	n/a	n/a	n/a

4/1/2004	4/30/2004	n/a	n/a	n/a	n/a
5/1/2004	5/31/2004	n/a	n/a	n/a	n/a
6/1/2004	6/30/2004	n/a	n/a	n/a	n/a
7/1/2004	7/31/2004	n/a	n/a	n/a	n/a
8/1/2004	8/31/2004	n/a	n/a	n/a	n/a
9/1/2004	9/30/2004	n/a	n/a	n/a	n/a
10/1/2004	10/31/2004	n/a	n/a	n/a	n/a
11/1/2004	11/30/2004	n/a	n/a	n/a	n/a
Total		188,200	15.2363	188,200	n/a

(1) The Share Repurchase Program for the Boulder Total Return Fund, Inc. was announced on May 31, 2003. There is currently no limit as to the number of shares that the Fund can repurchase and no expiration date for the Program.

Item 9. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the Registrant's Board of Directors, where those changes were implemented after the Registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

Item 10. Controls and Procedures.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 11. Exhibits.

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) BOULDER TOTAL RETURN FUND, INC.

By (Signature and Title) /s/ Stephen C. Miller
Stephen C. Miller, President
(Principal Executive Officer)

Date 8/22/05

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

By (Signature and Title) /s/ Stephen C. Miller
Stephen C. Miller, President
(Principal Executive Officer)

Date 8/22/05

By (Signature and Title) /s/ Carl D. Johns
Carl D. Johns, Vice President and Treasurer
(Principal Financial Officer)

Date 8/22/05