

GENETRONICS BIOMEDICAL CORP

Form DEF 14A

April 04, 2002

**Table of Contents**

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

Filed by a  
Party other than  
the

Registrant

Check the  
appropriate

box:

Preliminary

Proxy

Statement

Definitive

Proxy

Statement

Definitive

Additional

Materials

Soliciting

Material

Pursuant to

§240.14a-11(c)

or §240.14a-12

**Genetronics Biomedical Corporation**

(Name of Registrant as Specified In Its Charter)

Payment of filing fee (Check the appropriate box):

No fee  
required.  Fee  
computed on  
table below  
per Exchange  
Act Rules  
14a-6(i)(1)  
and 0-11.  
(1) Title of  
each class of  
securities to  
which  
transaction  
applies:  
(2) Aggregate  
number of  
securities to  
which  
transaction  
applies:  
(3) Per unit  
price or other  
underlying  
value of

transaction  
computed  
pursuant to  
Exchange  
Act  
Rule 0-11  
(set forth the  
amount on  
which filing  
fee is  
calculated  
and state  
how it was  
determined):  
(4)Proposed  
maximum  
aggregate  
value of  
transaction:  
(5)Total fee  
paid: OFee  
paid  
previously  
with  
preliminary  
materials.OCheck  
box if any  
part of the  
fee is offset  
as provided  
by Exchange  
Act  
Rule 0-11 (a)  
(2) and  
identify the  
filing for  
which the  
offsetting fee  
was paid  
previously.  
Identify the  
previous  
filing by  
registration  
statement  
number, or  
the Form or  
Schedule and  
the date of its  
filing.  
(1)Amount  
previously  
paid:  
(2)Form,  
Schedule or  
Registration  
No.  
(3)Filing  
Party:  
(4)Date  
Filed:



**Table of Contents**

April 1, 2002

Dear Stockholder:

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

You are cordially invited to attend.

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

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

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

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

Very truly yours,

/s/ Avtar Dhillon

---

Avtar Dhillon  
*President and Chief Executive  
Officer*

**Table of Contents**

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

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD April 29, 2002**

Dear Stockholder:

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

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

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

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

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

By order of the Board of Directors,

s/ Avtar Dhillon

\_\_\_\_\_  
*Avtar Dhillon*  
*President and Chief Executive Officer*

San Diego, California  
April 1, 2002

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

**TABLE OF CONTENTS**

GENERAL INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

COMMITTEES OF THE BOARD OF DIRECTORS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

EXECUTIVE COMPENSATION AND OTHER MATTERS

PERFORMANCE GRAPHS

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

COMPENSATION OF DIRECTORS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

PRINCIPAL ACCOUNTING FIRM FEES

PROPOSAL NO. 1 ELECTION OF DIRECTORS

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

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

PROPOSAL NO. 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING

FORM 10-K AND ANNUAL REPORT

TRANSACTION OF OTHER BUSINESS

---

**Table of Contents**

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

**Proxy Statement for Annual Meeting of Stockholders**

The accompanying proxy is solicited by the Board of Directors of Genetronics Biomedical Corporation, a Delaware corporation, for use at the Annual Meeting of Stockholders to be held April 29, 2002, or any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting. The date of this Proxy Statement is April 1, 2002 the approximate date on which this Proxy Statement and the accompanying form of proxy were first sent or given to stockholders. Unless the context requires otherwise, references to we, us, our, and Genetronics refer to Genetronics Biomedical Corporation.

**GENERAL INFORMATION**

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

**Voting Securities.** Only stockholders of record as of the close of business on March 20, 2002, will be entitled to vote at the meeting and any adjournment thereof. As of the date of this statement, there are 34,860,167 shares of common stock, \$0.001 par value, of Genetronics, issued and outstanding. Stockholders may vote in person or in proxy. Each holder of shares of common stock is entitled to one vote for each share of stock held on the proposals presented in this Proxy Statement. Genetronics bylaws provide that a majority of all of the shares of the stock entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting.

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

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

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

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



**Table of Contents****DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY**

Our executive officers and directors, the positions held by them and their ages as of December 31, 2001 are as follows:

Name	Age	Title
Dr. Avtar Dhillon(1)	41	Director; President and CEO
James L. Heppell(2)(3) 46		Director; Chairman of the Board
Gordon J. Politeski(2)(3)(4) 58		Director
Felix Theeuwes(3)(4) 65		Director
Tazdin Esmail(2)(3) 53		Director
William K. Dix 45		Vice President, Legal Affairs, and Secretary
Babak Nemati(5) 34		Vice President, Corporate Development

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

(2) Member of the Compensation Committee.  
(3) Member of Nomination and Corporate Governance Committee.  
(4) Member of the Audit Committee.  
(5) Mr. Nemati's service concluded on January 8, 2002.

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

JAMES L. HEPPELL, L.L.B. has been a director of our company and Genetronics, Inc. since September 1994, Interim Chairman of the Board from September 1999 to March 2001, and Chairman of the Board since March 2001. Mr. Heppell is a founding Partner, President and Chief Executive Officer of Catalyst Corporate Finance Lawyers in British Columbia. Since his call to the Canadian Bar in 1986, Mr. Heppell has focused solely on representing technology companies. In representing these companies, he has developed particular expertise in developing early-stage technology companies and in completing cross-border financings and listings. In the last few years, Mr. Heppell has been a founder of, or an early investor in, a number of successful biotechnology startups. He has also become directly involved in raising money for these companies. Mr. Heppell is a director or officer of several biotechnology companies, including: Cardiome Pharma Corp. (TSE: COM; NASD OTCBB: COMTF.OB), Forbes Medi-Tech Inc. (TSE:FMI; NASDAQ:FMTI), and Genetronics, Inc. (AMEX:GEB; TSE:GEB). He is also Chair

## Edgar Filing: GENETRONICS BIOMEDICAL CORP - Form DEF 14A

of the Investment Committee of Qwest Emerging Biotech (VCC) Fund Ltd., a venture fund focused on financing early stage biotechnology opportunities. After being called to the Bar, Mr. Heppell was seconded to the British Columbia Securities Commission to work as a Filings Analyst for six months. He is now a member of the Securities Policy Advisory Committee to the Commission and is a Past-Chairman of the Securities Section of the

**Table of Contents**

Canadian Bar Association (B.C. Branch). Mr. Heppell is also a director of the British Columbia Biotechnology Alliance. In addition to his LL.B., Mr. Heppell has a Bachelor of Science degree in Microbiology from the University of British Columbia.

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

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

TAZDIN ESMAIL has been one of our directors and a director of Genetronics, Inc. since August 2000. Mr. Esmail is the Chairman of the Board and a director of Forbes Medi-Tech Inc., a company listed on the TSE and NASDAQ. He has been with Forbes Medi-Tech Inc. since March 1992 and was Chief Executive Officer from October 1997 to March 2002, President from March 1992 to April 2001 and Chief Operating Officer from March 1992 to June 1998. Mr. Esmail has over 20 years experience in the biomedical and pharmaceutical fields. Mr. Esmail was formerly Vice President, Medical Operations of QLT Inc., a Vancouver-based biotechnology company. In this role, he was responsible for both operations and strategic development. Prior to QLT, Inc., he was with Cyanamid Canada Inc., a subsidiary of American Cyanamid Company, in its Lederle multinational pharmaceutical division where he held several progressive senior management positions in areas such as strategic planning, sales and marketing, new product development, marketing research and management training.

WILLIAM K. DIX joined our company in February 2001 as General Counsel. In March 2001, he was appointed Secretary. In May 2001, he was appointed Vice President, Legal Affairs. Mr. Dix was formerly Vice President and General Counsel for Metabolife International, Inc. a nutritional supplement company from October 1999 through October 2000. From May 1996 to October 1999, Mr. Dix was Vice President and General Counsel of Jenny Craig, Inc., (NYSE). From March 1994 to May 1996, Mr. Dix was Assistant Vice President and Senior Counsel for Aetna Health Plans (NYSE) and from March 1989 to March 1994, Mr. Dix was Counsel for Science Applications International Corporation, the largest employee-owned research and development company in the United States. Mr. Dix received his law degree from Georgetown University Law Center.

BABAK NEMATI, Ph.D. joined our company in August 2000 as Vice President, Corporate Development. Since 1997, Dr. Nemati served in various capacities for Johnson & Johnson as Director, Surgical Oncology, Program Director, Oncology Products, Manager, New Business Development. From May 1996 to October 1997, he was Senior Manager, New Product Development for Candela Corporation. From June 1995 to May 1996, Dr. Nemati was Director, Technology Commercialization of Soma Research Corporation. Dr. Nemati studied at the University of Texas at Austin where he received his Doctor of Philosophy in electrical engineering, Master of Science in

**Table of Contents**

electrical engineering, Bachelor of Arts in Physics and Bachelor of Science in Mathematics. Dr. Nemati's service with Genetronics concluded on January 8, 2002.

As of the date of this document, the Board of Directors held an aggregate of 12 meetings in person and by conference call during the fiscal year ended December 31, 2001. All directors who are nominees for election at the meeting attended at least 75 % of the meetings during the periods in which such nominee served.

**COMMITTEES OF THE BOARD OF DIRECTORS**

*Nomination and Corporate Governance Committee*

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

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

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

*Audit Committee*

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

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

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

**Table of Contents**

*Compensation Committee*

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

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

*Report of the Audit Committee*

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

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

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

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

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

*Corporate Governance*

*Stewardship of the Company*

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

**Table of Contents**

***Strategic Planning and Identification of Risks***

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

***Senior Management***

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

***Communications Policy***

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

***Internal Control and Management Information Systems***

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

***Independence from Management***

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

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based upon a review of the filings with the Securities and Exchange Commission, the following directors, executive officers, and owners of more than 10% of our common shares have not complied during the financial year ended December 31, 2001 with the reporting requirements contained in Section 16(a) of the Securities Exchange Act: Dr. Avtar Dhillon, James L. Heppell, Gordon J. Politeski, Felix Theeuwes, Tazdin Esmail and William K. Dix. The failure of these individuals to comply with the requirements contained in Section 16(a) is due to our recent change in fiscal year to a December 31 year end. These individuals failed to make required filings on Form 5 but plan on making these filings in the immediate future.

**Table of Contents****EXECUTIVE COMPENSATION AND OTHER MATTERS**

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

**Summary Compensation Table**

Name and Principal Position	Year Ended(1)	Annual Compensation			Long Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compen- sation (\$)	Awards Securities Under Options/ SARs(3) Granted (#)	Payouts Restricted Shares or Restricted Shares Units LTIP(4) Payouts (\$)	All Other Compen- sation	
Dr. Avtar Dhillon <i>President and CEO</i>	12/31/01(2)	36,922	0	2,109	400,000	0	0	0
	03/31/01	0	0	0	0	0	0	0
	03/31/00	0	0	0	0	0	0	0
William K. Dix <i>Vice President, Legal Affairs and Secretary</i>	12/31/01(2)	138,846	0	2,850	55,000	0	0	0
	03/31/01	29,231	45,000	0	100,000	0	0	0
	03/31/00	0	0	0	0	0	0	0
Grant W. Denison, Jr. <sup>(5)</sup> <i>former President &amp; CEO</i>	12/31/01(2)	0	0	0	250,000	0	0	0
	03/31/01	0	0	0	0	0	0	0
	03/31/00	0	0	0	0	0	0	0
Martin Nash <sup>(6)</sup> <i>former President &amp; CEO</i>	12/31/01(2)	57,412	0	142,753	0	0	0	0
	03/31/01	230,789	0	12,566	102,000	0	0	0
	03/31/00	201,808	0	17,347	300,000	0	0	0
Babak Nemati <sup>(7)</sup> <i>former Executive VP</i>	12/31/01(2)	130,827	0	3,925	55,000	0	0	0
	03/31/01	90,834	0	0	102,000	0	0	0
	03/31/00	0	0	0	0	0	0	0
Terry Gibson <sup>(8)</sup> <i>former COO</i>	12/31/01(2)	132,012	0	47,472	25,000	0	0	0
	03/31/01	113,077	21,000	1,939	100,000	0	0	0
	03/31/00	0	0	0	0	0	0	0
Mervyn J McCulloch <sup>(9)</sup> <i>former CFO</i>	12/31/01(2)	118,717	0	32,213	25,000	0	0	0
	03/31/01	71,808	0	0	100,000	0	0	0
	03/31/00	0	0	0	0	0	0	0

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

(2) Nine  
month  
financial year,

due to the change of our financial year-end from March 31 to December 31, with the first of such new financial year ending December 31, 2001.(3) All securities are under options granted during the year covered. No SARs have been granted.(4) We do not currently have any long-term incentive plans.(5) Grant W. Denison, Jr. ceased serving as our President and Chief Executive Officer on September 20, 2001.(6) Martin Nash ceased serving as our President and Chief Executive Officer on May 14, 2001.(7) Babak Nematı ceased serving as our Executive Vice President on January 7, 2002.(8) Terry Gibson ceased serving as our Chief Operating Officer on October 24, 2001.(9) Mervyn J. McCulloch ceased serving as our Chief Financial Officer on October 24, 2001.





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

The following table sets out stock options and stock appreciation rights granted to each individual named in the Summary Compensation Table:

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

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

(2) We granted a total of 1,781,500 options to our employees in the nine months ended December 31, 2001.

*Aggregated Option Exercises and Fiscal Year-End Option Values*

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

**Number of Securities Underlying**