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DIACRIN INC /DE/
Form DEFA14A
May 07, 2003

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant X

Filed by a Party other than the Registrant ---

Check the appropriate box:

--- Preliminary Proxy Statement --- Confidential, for use
of the Commission
Only (as permitted by
Rule 14a-6(e)(2))

--- Definitive Proxy Statement

--- Definitive Additional Materials

--- Soliciting Material Pursuant to Rule 14a-12

Diacrin, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

--- No fee required.

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

1. Title of each class of securities to which transaction
applies: ---

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 the
filing fee is calculated and state how it was determined): ---

4. Proposed maximum aggregate value of transaction: ---

5. Total fee paid: ---

Fee paid previously with preliminary materials: ---

--- Check box if any part of the fee is offset as provided by
Exchange Act Rule 0-11(a)(2) and identify the filing for which
the offsetting fee was paid previously. Identify the previous

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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 Statement No.: ---
3. Filing Party: ---
4. Date Filed: ---

Soliciting Material Pursuant to Rule 14a-12

The following information with respect to the proposed merger of Diacrin, Inc. (the "Company") with and into Genvec, Inc. was filed as part of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2003 which was filed with the Securities and Exchange Commission on May 7, 2003.

Note 4 of the notes to the Company's unaudited financial statements for the period ended March 31, 2003 and the overview section of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained the following paragraph:

"On April 14, 2003, we entered into an Agreement and Plan of Reorganization and related Agreement and Plan Merger with GenVec, Inc., a publicly-traded company, providing for us to merge into GenVec. Upon completion of the merger, each outstanding share of our common stock would be exchanged for 1.5292 shares of GenVec common stock. The merger is expected to close in the third quarter of 2003, subject to the satisfaction of closing conditions, including receipt of Diacrin and GenVec stockholder approval."

In addition, the section of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" entitled "Certain Factors That May Affect Future Results" contained the following language:

"Failure to complete the merger with GenVec could negatively impact the market price of our common stock and our future business and operations.

If the merger with GenVec is not completed for any reason, we will be subject to a number of material risks, including:

- under the circumstances described in the merger agreement, we could be required to pay GenVec a termination fee in the amount of up to \$1.2 million;
- the market price of our common stock may decline to the extent that the current market price of such shares reflects a market assumption that the merger will be completed;
- the costs related to the merger, such as legal and accounting fees and a portion of the investment banking

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fees, must be paid even if the merger is not completed; and

- the benefits that we expect to realize from the merger would not be realized.

During the pendency of the merger agreement, we may not be able to enter into a merger or business combination with another party at a favorable price because of restrictions in the merger agreement. Covenants in the merger agreement with GenVec also impede our ability to make acquisitions or complete other transactions that are not in the ordinary course of business but that could be favorable to us and our stockholders pending completion of the merger. As a result, if the merger is not consummated, we may be at a disadvantage to our competitors."

Important Additional Information Will Be Filed With The SEC

GenVec, Inc. plans to file with the SEC a Registration Statement on Form S-4 in connection with the transaction and GenVec and Diacrin plan to file with the SEC and mail to their respective stockholders a Joint Proxy Statement/Prospectus in connection with the transaction. The Registration Statement and the Joint Proxy Statement/Prospectus will contain important information about GenVec, Diacrin, the transaction and related matters. Investors and security holders are urged to read the Registration Statement and the Joint Proxy Statement/Prospectus carefully when they are available.

Investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC by GenVec and Diacrin through the web site maintained by the SEC at www.sec.gov.

In addition, investors and security holders may obtain free copies of the documents (when they are available) filed with the SEC by GenVec by directing a request to: GenVec, Inc., 65 W. Watkins Mill Road, Gaithersburg, MD 20878, Attn: Corporate Secretary. Investors and security holders may obtain free copies of the documents filed with the SEC by Diacrin by contacting Diacrin, Inc. at Building 96 13th Street, Charlestown, MA 02129.

GenVec, Diacrin and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of GenVec and Diacrin in favor of the acquisition. Information about the executive officers and directors of GenVec and their ownership of GenVec common stock is set forth in the proxy statement for GenVec's 2002 Annual Meeting of Shareholders, which was filed with the SEC on April 29, 2002. Information about the executive officers and directors of Diacrin and their ownership of Diacrin common stock is set forth in the proxy statement for Diacrin's 2002 Annual Meeting of Shareholders, which was filed with the SEC on July 25, 2002. Certain directors and executive officers of GenVec and Diacrin may have direct or indirect interests in the merger due to securities holdings, pre-existing or future indemnification arrangements, vesting of options, and rights to severance payments if their employment is terminated following the merger. Shareholders of GenVec and Diacrin holding approximately 17% and 35% of the respective company's shares have agreed to vote their shares in favor of the acquisition.

Additional information regarding GenVec, Diacrin, and the interests of their respective executive officers and directors in the acquisition will be contained in the joint proxy statement/prospectus

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regarding the acquisition.

Investors and security holders are urged to read the joint proxy statement/prospectus and the other relevant materials when they become available before making any voting or investment decisions with respect to the acquisition.

Forward-Looking Statements

This press release contains forward-looking statements, including information regarding our merger with GenVec. There are a number of important factors that could cause actual events or operating results to differ materially from those indicated by such forward-looking statements, such as our ability to complete the merger with GenVec. For a more detailed discussion of these and other factors, see the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 as filed with the Securities and Exchange Commission.