GENTA INCORPORATED /DE/
Form 10-Q
May 14, 2002

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-19635

GENTA INCORPORATED
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CERTIFICATE OF INCORPORATION)

Delaware	33-0326866
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)
Two Connell Drive Berkeley Heights, NJ	07922
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(908) 286-9800
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of May 10, 2002, the registrant had 66,712,413 shares of common stock outstanding.

GENTA INCORPORATED
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PART I. FINANCIAL INFORMATION

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Condensed Consolidated Balance Sheets at March 31, 2002 and December 31, 2001

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SIGNATURES

GENTA INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)	MARCH 31, 2002
	(UNAUDITED)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 24,738
Short-term investments	8,774
Notes receivable	203
Other current assets	3,504
Total current assets	37,219
Property and equipment, net	2,086
Intangibles, net	1,923
Other assets	1,686
Total assets	$ 42,914

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	$ 4,156
Accrued expenses	1,314
Other current liabilities	435
Total current liabilities	5,905
Commitments and contingencies	
Stockholders' equity:	
Preferred stock, Series A convertible preferred stock, $.001 par value; 5,000,000 shares authorized, 261,000 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively; liquidation value of $13,050	--
Common stock, $.001 par value; 95,000,000 shares authorized, 66,619,168 and 66,000,210 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	67
Additional paid-in capital	249,826
Accumulated deficit	(211,288
Deferred compensation	(1,474
Accumulated other comprehensive loss	(122
Total stockholders' equity	37,009
Total liabilities and stockholders' equity	$ 42,914

See accompanying notes to condensed consolidated financial statements

GENTA INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	THREE MONTHS ENDED MARCH 3	
(In thousands, except per share data)	2002	2001
Revenues:		
License fees	$ 5	$
Costs and expenses:		
Research and development	9,837	5
General and administrative	2,802	1
Promega settlement	--	1
Compensation expense related to stock options	238	

	12,877	8
Loss from operations	(12,872)	(8
Other income, principally net interest income	246	
Net loss applicable to common shares	$ (12,626)	$ (7
Net loss per common share	$ (0.19)	$ (
Shares used in computing net loss per common share	66,525	51

See accompanying notes.

GENTA INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	THREE MONTHS ENDED MARCH	
(In thousands)	2002	2001
Operating activities		
Net loss	$(12,626)	$ (7,45
Items reflected in net loss not requiring cash:		
Depreciation and amortization	362	25
Loss on disposition of patents and equipment	10	
Loss on Promega settlement	--	1,00
Compensation expense related to stock options	238	15
Changes in operating assets and liabilities, net	(9,232)	(47
Net cash used in operating activities	(21,248)	(6,52
INVESTING ACTIVITIES		
Purchase of available-for-sale short-term investments	--	(11,30
Maturities and sales of available-for-sale short-term investments	7,158	6,98
Purchase of property and equipment	(413)	(18
Net cash used in investing activities	6,745	(4,51
FINANCING ACTIVITIES		
Proceeds from exercise of warrants and options	1,143	39
Net cash provided by financing activities	1,143	39
Decrease in cash and cash equivalents	(13,360)	(10,64

Cash and cash equivalents at beginning of period	38,098	19,02
Cash and cash equivalents at end of period	$ 24,738	$ 8,38

See accompanying notes

GENTA INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002
(UNAUDITED)

(1) BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of Genta Incorporated, a Delaware corporation ("Genta" or the "Company"), presented herein have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and note disclosures required to be presented for complete financial statements. The accompanying financial statements reflect all adjustments (consisting only of normal recurring accruals), which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented.

The unaudited condensed consolidated financial statements and related disclosures have been prepared with the presumption that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001.

The Company has experienced significant quarterly fluctuations in operating results and it expects that these fluctuations will continue.

Net Loss Per Common Share

Basic and diluted loss per common share are identical for the three months ended March 31, 2002 and 2001 as potentially dilutive securities, including options, warrants and convertible preferred stock have been excluded in the calculation of the net loss per common share due to their anti-dilutive effect.

Recent Accounting Pronouncements

In August 2001, the FASB issued Statement of Financial Accounting Standards 143 ("SFAS 143"), "Accounting for Asset Retirement Obligations". SFAS 143 requires that the liability for an asset retirement obligation should be recognized at its fair market value when these liabilities are incurred. SFAS 143 will be effective for fiscal years beginning after June 15, 2002 and the Company intends to adopt the provisions of SFAS 143 as of the effective date but does not expect SFAS 143 to have a material effect on the Company's financial position or results of operations.

(2) SHORT-TERM INVESTMENTS

All corporate debt securities at March 31, 2002, mature within one year or less. Information in the aggregate with respect to these investments is presented below (in thousands):

Amortized costs	Gross unrealized gains	Gross unrealized losses	Estimated fair value
$ 8,896	$ 70	$ 192	$ 8,774

(3) OTHER CURRENT ASSETS

Included in other current assets at March 31, 2002 is a deposit of $2.75 million in connection with a purchase commitment for clinical drug supplies, scheduled for delivery during 2002.

(4) COMPREHENSIVE LOSS

An analysis of comprehensive loss is presented below (in thousands):

	Three Months Ended March 31,	
	2002	2001
Net loss	$(12,626)	$ (7,459)
Change in market value change on available-for-sale short-term investments	(56)	126
Total comprehensive loss	$(12,682)	$ (7,333)

(5) SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES

	Three Months End
	2002
Market value change of available-for-sale equity securities.....	-
Market value change of available-for-sale short-term investments.....	(56)

No interest was paid for the three months ended March 31, 2002 and

2001.

(6) DISCONTINUED OPERATIONS

On March 19, 1999, the Company entered into an Asset Purchase Agreement (the "JBL Agreement") with Promega Corporation ("Promega"), whereby a wholly owned subsidiary of Promega acquired substantially all of the assets and assumed certain liabilities of the Company's manufacturing subsidiary, JBL Scientific, Inc. ("JBL"), for approximately $4.8 million in cash, a promissory note for $1.2 million, and certain pharmaceutical development services in support of the Company's development activities. The sale of JBL was completed on May 10, 1999 and a gain on sale of approximately $1.6 million was recognized during the quarter ended June 30, 1999.

During May 2000, Promega notified Genta regarding two claims against Genta and its wholly-owned subsidiary, Genko Scientific, Inc. (f/k/a JBL Scientific, Inc.) ("Genko"), for indemnifiable damages in the aggregate amount of $2.82 million under the JBL Agreement. Promega announced that it intended to offset against the principal amount due under its $1.2 million promissory note issued as partial consideration for the Genko assets, which note provided for payment of $.7 million on June 30, 2000. Promega further demanded an additional $1.62 million in settlement of this matter. Genta believed that Promega's claims were without merit and, accordingly, on October 16, 2000, Genta filed suit in the US District Court of California for nonpayment on the $1.2 million promissory note plus accrued interest. On November 6, 2000, Promega filed a counter suit against the Company in the US District Court of California for the indemnifiable damages discussed above. During the first quarter of 2001, the Company agreed to resolve the matter with Promega, and, in connection therewith, has agreed to restructure its $1.2 million promissory note receivable to provide for a $.2 million non-interest bearing note due to be repaid by Promega upon final resolution of certain environmental issues related to JBL and forgive all accrued interest. The transaction resulted in a non-recurring charge of $1.0 million for the quarter ended March 31, 2001.

(7) COMMITMENTS AND CONTINGENCIES

LITIGATION AND POTENTIAL CLAIMS

JBL

In October 1996, JBL retained a chemical consulting firm (the "Consulting Firm") to advise it with respect to an incident of soil and groundwater contamination (the "Spill"). Sampling conducted at the JBL facility revealed the presence of chloroform and perchloroethylenes ("PCEs") in the soil and groundwater at this site. A semi-annual groundwater monitoring program was conducted, under the supervision of the California Regional Water Quality Control Board, for purposes of determining whether the levels of chloroform and PCEs had decreased over time. The results of the latest sampling conducted by JBL indicated that PCEs and chloroform had decreased in all but one of the monitoring sites. Based on the information provided to the Company by the Consulting Firm, the Company accrued $.065 million relating to remedial costs in 1999. Pursuant to the JBL agreement the Company has agreed to indemnify Promega in respect of this matter. In November 2001, the Company received from the California Regional Water Quality Control Board notification on the completion of site investigation and remedial action for these sites and that no further action related to this case is required.

JBL received notice on October 16, 1998 from Region IX of the Environmental Protection Agency ("EPA") that it had been identified as a

potentially responsible party ("PRP") at the Casmalia Disposal Site, which is located in Santa Barbara, California. JBL has been designated as a de minimis PRP by the EPA. Based on volume amounts from the EPA, the Company concluded that it was probable that a liability had been incurred and accrued $.075 million during 1998. In 1999, the EPA estimated that the Company would be required to pay approximately $.063 million to settle their potential liability. In December 2001, Genta received a revised settlement proposal from the EPA in the amount of $.033 million, the terms of the settlement with the EPA containing standard contribution protection and release language. In January 2002, the Company accepted the proposal and settled this matter.

GENTA EUROPE

During 1995, Genta Pharmaceuticals Europe S.A. ("Genta Europe"), a wholly-owned subsidiary of Genta, received funding in the form of a loan from ANVAR, a French government agency, in the amount of FF5.4 million (or approximately US$.716 million at March 31, 2002) with a scheduled maturity of December 31, 2002. Pursuant to the loan agreement with ANVAR, the utilization of the proceeds was intended to fund research and development activities. In October 1996, in connection with a restructuring of Genta's operations, Genta terminated all scientific personnel of Genta Europe. In February 1998, ANVAR asserted that Genta Europe was not in compliance with the ANVAR Agreement, and that ANVAR might request immediate repayment of the loan. In July 1998, ANVAR notified Genta Europe of its demand for accelerated repayment of the loan in the amount of FF4.2 million (or approximately US$.557 million at March 31, 2002) and subsequently notified us that Genta was liable as a guarantor on the note. Based on the advice of French counsel, we do not believe that ANVAR is entitled to payment under the terms of the ANVAR Agreement and also believe it to be unlikely that Genta will incur any liability in this matter, although there can be no assurance thereof.

In June 1998, Marseille Amenagement, a company affiliated with the city of Marseilles, France, filed suit in France to evict Genta Europe from its facilities in Marseilles and to demand payment of alleged back rent due and of a lease guarantee for nine years rent. Following the filing of this claim and in consideration of the request for repayment of the loan from ANVAR, Genta Europe's Board of Directors directed the management to declare a "Cessation of Payment." Under this procedure, Genta Europe ceased operations and terminated its only remaining employee. A liquidator was appointed by the Court to take control of any assets of Genta Europe and to make payment to creditors. In December 1998, the Court in Marseilles dismissed the case against Genta Europe and indicated that it had no jurisdiction against Genta Incorporated. In August 1999, Marseille Amenagement instituted legal proceedings against Genta in the Commercial Court of Marseilles, alleging back rent and early termination receivables aggregating FF2.5 million (or approximately US$.332 million at March 31, 2002). On October 8, 2001,

the Commercial Court of Marseilles rendered their decision which declared the action brought by Marseille Amenagement as admissible and ordered Genta to pay an amount of FF1.9 million (or approximately US$.252 million at March 31, 2002). The Company does not believe that Marseille Amenagement is entitled to payment and it is currently considering whether to appeal this decision or negotiate with Marseille Amenagement to achieve a mutually satisfactory resolution.

At March 31, 2002, the Company has accrued a net liability of $.350 million related to the liquidated subsidiary and related matters, which management believes is adequate to provide for these contingencies.

PURCHASE COMMITMENTS

At April 25, 2002, the Company was obligated for $14.5 million under firm commitments for drug substance purchases during 2002.

(8) SUBSEQUENT EVENT

Effective April 26, 2002 Genta entered into a development and commercialization agreement with Aventis Pharmaceuticals Inc. ("Aventis") (NYSE: AVE). Under the terms of the agreement, Genta and Aventis will jointly develop and co-market Genasense(TM) in the United States, and Aventis will have exclusive development and marketing rights to the compound in all countries outside of the U.S. Genta will retain responsibility for global manufacturing and for regulatory filings within the U.S., while Aventis will assume all regulatory responsibilities outside the U.S. Joint management teams, including representatives from both partners, will oversee the Alliance. Collectively, this agreement will provide up to $480 million in cash, equity and convertible debt proceeds to Genta as well as royalties on worldwide sales of Genasense(TM). In addition, Aventis will fund 75% of all future NDA-directed development costs in the U.S., and 100% of all other development, marketing, and sales costs within the U.S. and elsewhere. Genta will receive a total of $135 million in initial and near-term consideration including $10 million as a licensing fee, $40 million as development fees, $10 million in convertible debt proceeds, and $75 million pursuant to an equity investment upon achievement of a near-term clinical milestone. Genta will receive an additional $280 million in cash, and $65 million in convertible note proceeds, pursuant to achievement of certain clinical and regulatory milestones.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Since its inception in February 1988, the Company has devoted its principal efforts toward drug discovery and research and development. The Company has been unprofitable to date and expects to incur substantial operating losses for the next several years due to continued requirements for ongoing research and development activities, preclinical and clinical testing activities, regulatory activities, possible establishment of manufacturing activities and a sales and marketing organization. From the period since its inception to March 31, 2002, the Company has incurred a cumulative net loss of approximately $211.3 million. The Company has experienced significant quarterly fluctuations in operating results and it expects that these fluctuations in revenues, expenses and losses will continue.

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. Without limiting the foregoing, the words "anticipates," "believes," "expects," "intends," "may" and "plans" and similar expressions are intended to identify forward-looking statements. The Company intends that all forward-looking statements be subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's views as of the date they are made with respect to future events, but are subject to many risks and uncertainties, which could cause the actual results of the Company to differ materially from any future results expressed or implied by such forward-looking statements. For example, the results obtained in pre-clinical or clinical studies may not be indicative of results that will be obtained in future clinical trials, and delays in the

initiation or completion of clinical trials may occur as a result of many factors. Further examples of such risks and uncertainties also include, but are not limited to: the obtaining of sufficient financing to maintain the Company's planned operations; timely development, receipt of necessary regulatory approvals, and acceptance of new products; the successful application of the Company's technology to produce new products; the obtaining of proprietary protection for any such technology and products; the impact of competitive products and pricing and reimbursement policies; and changing market conditions. The Company does not undertake to update forward- looking statements. Although the Company believes that the forward-looking statements contained herein are reasonable, it can give no assurances that the Company's expectations are correct.

RESULTS OF OPERATIONS

($ THOUSANDS)	SUMMARY OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31,	INCREASE (DECREASE)		
	2002	$	%	2001
Revenues:				
License fees	$ 5	$ (65)	(93)%	$ 7
Costs and expenses:				
Research and development	9,837	4,181	74%	5,65
General and administrative	2,802	1,430	104%	1,37
Promega settlement	--	(1,000)	(100)%	1,00
Equity related compensation	238	86	57%	15
	12,877	4,697	57%	8,18
Loss from operations	(12,872)	4,762	59%	(8,11
Other income	246	(405)	(62)%	65
Net loss from continuing operations	$(12,626)	$5,167	69%	$(7,45

REVENUES. License fees associated with worldwide non-exclusive licensing agreements entered into during 2001 were recognized in the first quarter of 2002 and 2001.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenses for the three months ended March 31, 2002 increased $4.181 million or 74% over the comparable period in 2001. The increase in research and development expenses is primarily attributable to investigator and monitor fees for current Genasense(TM) on-going clinical studies, FDA required pre-clinical studies, development costs relating to various compounds, and increased personnel costs.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses for the three months ended March 31, 2002 increased $1.430 million or 104% over the comparable period in 2001. The increase is primarily related to personnel costs and increased marketing-related spending.

OTHER INCOME. Net interest income for the three months ended March 31, 2002 decreased $.405 million or 62% over the comparable period in 2001, principally as a result of significantly lower average balances and decreased yields on investments.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has financed its operations primarily from private placements and public offerings of its equity securities. Cash provided from these offerings totaled approximately $207.8 million through December 31, 2001, including net proceeds of $32.2 million received in 2001 and $40.0 million received in 2000. At March 31, 2002, the Company had cash, cash equivalents and short-term investments totaling $33.512 million compared to $54.086 million at December 31, 2001.

As reflected in Note 8, effective April 26, 2002 Genta entered into a development and commercialization agreement with Aventis Pharmaceuticals Inc. ("Aventis") (NYSE: AVE). Under the terms of the agreement, Genta and Aventis will jointly develop and co-market Genasense(TM) in the United States, and Aventis will have exclusive development and marketing rights to the compound in all countries outside of the U.S. Genta will retain responsibility for global manufacturing and for regulatory filings within the U.S., while Aventis will assume all regulatory responsibilities outside the U.S. Joint management teams, including representatives from both partners, will oversee the Alliance. Collectively, this agreement will provide up to $480 million in cash, equity and convertible debt proceeds to Genta as well as royalties on worldwide sales of Genasense(TM). In addition, Aventis will fund 75% of all future NDA-directed development costs in the U.S., and 100% of all other development, marketing, and sales costs within the U.S. and elsewhere. Genta will receive a total of $135 million in initial and near-term consideration including $10 million as a licensing fee, $40 million as development fees, $10 million in convertible debt proceeds, and $75 million pursuant to an equity investment upon achievement of a near-term clinical milestone. Genta will receive an additional $280 million in cash, and $65 million in convertible note proceeds, pursuant to achievement of certain clinical and regulatory milestones.

The Company's principal expenditures relate to its research and development activities, which includes the Company's on-going and anticipated clinical trials. The Company expects this to continue at an increasing rate until the lead anti-cancer drug, Genasense(TM), is approved for commercialization.

The Company anticipates seeking additional product development opportunities from external sources. Such acquisitions may consume cash reserves or require additional cash or equity. The Company's working capital and additional funding requirements will depend upon numerous factors, including: (i) the progress of the Company's research and development programs; (ii) the timing and results of pre-clinical testing and clinical trials; (iii) the level of resources that the Company devotes to sales and marketing capabilities; (iv) technological advances; (v) the activities of competitors; and (vi) the ability of the Company to establish and maintain collaborative

arrangements with others to fund certain research and development efforts, to conduct clinical trials, to obtain regulatory approvals and, if such approvals are obtained, to manufacture and market products.

If the Company successfully secures sufficient levels of collaborative revenues and other sources of financing, it expects to use such financing to continue and expand its ongoing research and development activities, preclinical

and clinical testing activities, the manufacturing and/or market introduction of potential products and expansion of its administrative activities.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 to the condensed consolidated financials statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not utilize financial instruments for trading purposes and holds no derivative financial instruments, which could expose the Company to significant market risk. The Company's primary market risk exposure with regard to financial instruments is to changes in interest rates, which would impact interest income earned on such instruments.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

JBL

In October 1996, JBL retained a chemical consulting firm (the "Consulting Firm") to advise it with respect to an incident of soil and groundwater contamination (the "Spill"). Sampling conducted at the JBL facility revealed the presence of chloroform and perchloroethylenes ("PCEs") in the soil and groundwater at this site. A semi-annual groundwater monitoring program was conducted, under the supervision of the California Regional Water Quality Control Board, for purposes of determining whether the levels of chloroform and PCEs have decreased over time. The results of the latest sampling conducted by JBL indicated that PCEs and chloroform had decreased in all but one of the monitoring sites. Based on the information provided to the Company by the Consulting Firm, the Company accrued $.065 million relating to remedial costs in 1999. Pursuant to the JBL agreement the Company has agreed to indemnify Promega in respect of this matter. In November 2001, the Company received from the California Regional Water Quality Control Board notification on the completion of site investigation and remedial action for these sites and that no further action related to this case is required.

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approximately US$.716 million at March 31, 2002) with a scheduled maturity of December 31, 2002. Pursuant to the loan agreement with ANVAR, the utilization of the proceeds was intended to fund research and development activities. In October 1996, in connection with a restructuring of Genta's operations, Genta terminated all scientific personnel of Genta Europe. In February 1998, ANVAR asserted that Genta Europe was not in compliance with the ANVAR Agreement, and that ANVAR might request immediate repayment of the loan. In July 1998, ANVAR notified Genta Europe of its demand for accelerated repayment of the loan in the amount of FF4.2 million (or approximately US$.557 million at March 31, 2002) and subsequently notified us that Genta was liable as a guarantor on the note. Based on the advice of French counsel, we do not believe that ANVAR is entitled to payment under the terms of the ANVAR Agreement and also believe it to be unlikely that Genta will incur any liability in this matter, although there can be no assurance thereof.

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receivables aggregating FF2.5 million (or approximately US$.332 million at March 31, 2002). On October 8, 2001, the Commercial Court of Marseilles rendered their decision which declared the action brought by Marseille Amenagement as admissible and ordered Genta to pay an amount of FF1.9 million (or approximately US$.252 million at March 31, 2002). The Company does not believe that Marseille Amenagement is entitled to payment and it is currently considering whether to appeal this decision or negotiate with Marseille Amenagement to achieve a mutually satisfactory resolution.

At March 31, 2002, the Company has accrued a net liability of $.350 million related to the liquidated subsidiary and related matters, which management believes is adequate to provide for these contingencies.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

None.

(b) Reports on Form 8-K.

On April 29, 2002, the Company filed a Current Report on Form 8-K disclosing a press release issued on April 29, 2002, regarding an agreement the Company entered into with Aventis Pharmaceuticals Inc. to jointly develop and

commercialize Genasense(TM) (G3139), the Company's lead antisense compound.

SIGNATURES

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

GENTA INCORPORATED
(Registrant)

By: /s/ Raymond P. Warrell, Jr., M.D.

Name: Raymond P. Warrell, Jr., M.D.
Title: Chairman, President, Chief Executive Officer and Principal Executive Officer

By: /s/ Alfred J. Fernandez

Name: Alfred J. Fernandez
Title: Executive Vice President, Chief Financial Officer and Principal Accounting Officer

Date: May 14, 2002