VioQuest Pharmaceuticals, Inc.
Form DEF 14A
September 16, 2005

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

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Check the appropriate box:

o Preliminary Proxy Statement
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VIOQUEST PHARMACEUTICALS, INC.

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4) Date filed:

VIOQUEST PHARMACEUTICALS, INC.
7 Deer Park Drive, Suite E
Monmouth Junction, New Jersey 08852

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On
October 6, 2005

Notice is hereby furnished to the shareholders of VioQuest Pharmaceuticals, Inc., a Minnesota corporation (the "Company"), of a special meeting of shareholders (the "Special Meeting"), to be held at 9:00 a.m. (Eastern time) on October 6, 2005, at the Hyatt Regency, 102 Carnegie Center, Princeton, New Jersey, 08540, to consider and act upon a proposal to merge the Company with and into VioQuest Delaware, Inc., a Delaware corporation and wholly-owned subsidiary of the Company, with VioQuest Delaware, Inc. remaining as the surviving corporation.

The Company recently announced that it has entered into an Agreement and Plan of Merger with Greenwich Therapeutics, Inc., pursuant to which a wholly-owned subsidiary of the Company would merge into Greenwich and Greenwich would remain as the surviving corporation and a wholly-owned subsidiary of the Company. Greenwich is a privately-held, New York-based biotechnology company that holds exclusive license rights to develop and commercialize two pharmaceutical drug candidates for use in the treatment of cancer. Dr. Lindsay A. Rosenwald and certain trusts established for the benefit of Dr. Rosenwald and his family collectively hold approximately 48 percent of Greenwich's capital stock. Together, Dr. Rosenwald and such trusts also beneficially own approximately 16 percent of the Company's common stock. Because of such cross-ownership, the proposed acquisition of Greenwich is prohibited under the Minnesota Business Corporation Act, to which we are subject as a Minnesota corporation. However, the same transaction would be permissible if the Company were incorporated under the laws of the State of Delaware. The primary purpose of the proposal to reincorporate the Company under the Delaware law is to allow the Company to complete the Company's proposed acquisition of Greenwich. Accordingly, the shareholders will be asked to consider and act upon the following proposals: (i) to reincorporate the Company under the laws of the State of Delaware by merging the Company with and into VioQuest Delaware, Inc., a Delaware corporation and the Company's wholly-owned subsidiary, with VioQuest Delaware, Inc. remaining as the surviving corporation (the "Reincorporation"); (ii) to amend the Company's articles of incorporation to increase the number of shares of authorized common stock to 100 million and to fix a number of authorized shares of preferred stock at 10 million (the "Charter Amendment"); and (iii) if necessary, to adjourn the Special Meeting to permit further solicitation of proxies if there are not sufficient votes to approve the Reincorporation and/or the Charter Amendment.

The Board of Directors of the Company has approved the foregoing proposals and recommends that the shareholders of the Company vote in their favor.

Only shareholders of record as of the close of business on August 19, 2005, or their legal representatives, are entitled to notice and to vote at the Special Meeting or any adjournment thereof. Each shareholder is entitled to one vote per share on all matters to be voted on at the Special Meeting.

A Proxy and Proxy Statement are enclosed herewith. You are requested to complete and sign the Proxy, which is being solicited by the Board of Directors and management of the Company, and to return it in the envelope provided.

By Order of the Board of Directors,

Date: September 16, 2005 By: /s/ Daniel Greenleaf

Daniel Greenleaf
President and Chief Executive Officer

PROXY STATEMENT
OF
VIOQUEST PHARMACEUTICALS, INC.
7 Deer Park Drive, Suite E
Monmouth Junction, New Jersey 08852

For a Special Meeting of Shareholders
To Be Held October 6, 2005

This Proxy Statement is furnished to the shareholders of VioQuest Pharmaceuticals, Inc. (referred to as "we," "us," "our" or the "Company"), in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at the special meeting of the Company's shareholders or any adjournment thereof (the "Special Meeting"), to be held at 9:00 a.m. (Eastern time) on October 6, 2005, at the Hyatt Regency, 102 Carnegie Center, Princeton, New Jersey, 08540. This Proxy Statement and the accompanying proxy were first mailed on approximately September 16, 2005, to the Company's shareholders of record as of the close of business on August 19, 2005. The Company intends to mail this Proxy Statement and the accompanying Notice of Special Meeting on or about September 16, 2005 to all shareholders entitled to vote at the Special Meeting.

As indicated in the accompanying Notice of Special Meeting, the matters to be considered at the Special Meeting are proposals: (i) to reincorporate the Company under the laws of the State of Delaware by merging the Company with and into VioQuest Delaware, Inc., a Delaware corporation and the Company's wholly-owned subsidiary, with VioQuest Delaware, Inc. remaining as the surviving corporation (the "Reincorporation"); (ii) to amend the Company's articles of incorporation to increase the number of shares of authorized common stock and to establish a number of authorized shares of preferred stock (the "Charter Amendment"); and (iii) if necessary, to adjourn the Special Meeting to permit further solicitation of proxies if there are not sufficient votes to approve the Reincorporation and/or the Charter Amendment (the "Adjournment"). The accompanying Proxy authorizes the appointees named in the Proxy, acting at the request of the management of the Company, to vote the shares indicated in the Proxy for or against each of the proposals and, in their discretion, to vote on other matters incidental to the Special Meeting.

A form of proxy is enclosed for your use. Please date, sign and return the proxy at your earliest convenience. Prompt return of your proxy will be appreciated. The solicitation of proxies from the shareholders is being made by the Board of Directors and management of the Company who will not be specially compensated for such solicitation.

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QUESTIONS AND ANSWERS ABOUT THE REINCORPORATION, THE CHARTER AMENDMENT, THE ADJOURNMENT, THE MERGER AND THE SPECIAL MEETING

Who is entitled to vote?

The holders of record of the Company's common stock as of the close of business on August 19, 2005 may vote at the Special Meeting. As of August 19, 2005, there were 17,827,924 shares of our common stock outstanding.

What are you voting on?

The matters to be voted upon at the Special Meeting are: (i) the Reincorporation; (ii) the Charter Amendment; and (iii) the Adjournment. The shareholders will not be directly voting on the proposed Merger with Greenwich Therapeutics, Inc., although completion of the Reincorporation is necessary to complete the Merger. Shareholders will also be voting on such other matters incidental to conducting the Special Meeting.

What is the purpose of the Reincorporation?

The Reincorporation is being proposed to facilitate the acquisition of Greenwich Therapeutics pursuant to the Merger Agreement. A copy of the Merger Agreement without schedules is included in this Proxy Statement as Appendix A. In the Merger, the stockholders of Greenwich Therapeutics are to receive a number of our common shares and warrants to purchase common shares, such that, following completion of the Merger, they will collectively own approximately 47 percent of our outstanding common stock on a fully-diluted basis (i.e., assuming the issuance of all shares issuable under outstanding options and warrants).

What is the purpose of the Charter Amendment?

The Charter Amendment is being proposed to provide the Company with a larger pool of authorized capital and, subsequently, greater flexibility to raise additional capital in the future by selling shares of its stock. Currently, the Company's articles of incorporation authorize the issuance of 50,000,000 shares of undesignated capital stock. The Company currently has outstanding approximately 17,800,000 shares of common stock and options and warrants to acquire an additional approximately 6,200,000 shares of common stock. In connection with the Merger, we will be required to issue approximately 17,200,000 shares of common stock to Greenwich's stockholders, plus warrants to purchase an additional 4,000,000 shares. Accordingly, following the Merger we expect to have outstanding approximately 35,000,000 shares of common stock and options and warrants to purchase an additional 10,200,000 common shares. Without the increased number of authorized shares resulting from the Charter Amendment, the Company will have very few additional authorized shares remaining for issuance and would likely need to seek shareholder approval in the near future.

Will the Merger proceed if the Reincorporation proposal is defeated?

Very unlikely. A vote against the proposed Reincorporation is essentially a vote against the Merger. Currently, as a Minnesota corporation, we are subject to the Minnesota Business Corporation Act, which prohibits us from completing a "business combination" (as that term is defined under the act) transaction with Greenwich. If we were a Delaware corporation, however, the proposed transaction with Greenwich would be permissible. Unless the ownership structure of either or both of our company and/or Greenwich changes, the Merger with Greenwich cannot be completed without the proposed Reincorporation.

Will the Merger with Greenwich proceed if the Reincorporation is approved?

Very likely. The proposed Reincorporation is a condition to completing the Merger. The Merger Agreement, however, has conditions other than the Reincorporation of the Company, which, if not satisfied, may allow either us or Greenwich to terminate the Merger Agreement. These include conditions requiring that:

· the warranties and representations of the parties made in the Merger Agreement are true as of the time of the Merger;

· the Merger be accomplished by October 31, 2005;

· the Merger qualify as a tax free reorganization; and

· the Merger is approved by the stockholders of Greenwich.

What will happen if the proposed Reincorporation is approved, but either the Merger is not completed or the Charter Amendment is not approved?

If either of those were to occur, we would likely still effect the Reincorporation. We believe reincorporating under Delaware law is advisable even if the Merger is not completed or the Charter Amendment is not approved because Delaware is a nationally recognized leader in adopting and implementing comprehensive and flexible corporate laws with a specialized, responsive and efficient judiciary. Further, reincorporation from Minnesota to Delaware may make it easier to attract future candidates for our board of directors because many candidates are familiar with Delaware corporate law, specifically, provisions relating to director indemnification.

What will happen if the Charter Amendment is approved, but the Reincorporation is not approved?

If that were to occur, we would likely still proceed with the Charter Amendment. The Company currently has outstanding approximately 17,800,000 shares of common stock and options and warrants to acquire an additional approximately 6,200,000 shares of common stock. Increasing the authorized number of shares of the Company from 50,000,000 shares of undesignated capital stock to 100,000,000 shares of common stock and 10,000,000 shares of preferred stock will provide us with greater flexibility for additional fundraising activities in the future.

Do you have statutory rights of appraisal if you oppose the Reincorporation?

Yes. Under Minnesota law, a shareholder asked to approve a merger of that shareholder's corporation has the right to dissent from the transaction and receive the fair value of his or her shares in cash. Since the proposed Reincorporation involves merging the Company into a Delaware corporation, you are entitled to receive the fair value of shares under Minnesota law.

How does the Board recommend you vote on the proposals?

The Board recommends you vote your shares **FOR** the proposed Reincorporation, Charter Amendment and Adjournment.

Who will be soliciting your vote?

The Board of Directors is soliciting your vote by mail through this Proxy Statement. Your vote may also be solicited in person or by telephone by officers of the Company. Brokers, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners of our common stock, and will be reimbursed for their expenses in connection with that activity. The cost of all of this solicitation is being paid for by the Company.

How can I vote?

If you hold your shares as a shareholder of record, you can vote in person at the Special Meeting or you can vote by completing and mailing the form of proxy provided to you. You are a "shareholder of record" if you hold your shares directly in your own name. If you hold your shares indirectly in the name of a bank, broker or other nominee, you are a "street name shareholder." If you are a street name shareholder, you will receive instructions from your bank, broker or other nominee describing how to vote your shares.

How do I vote by mail?

You can vote by mail by following the instructions on the accompanying form of proxy, signing the proxy and mailing it to the address noted on the form of proxy or by using the accompanying envelope provided for that purpose. The individuals named as proxies on the form of proxy will vote your shares in accordance with your instructions. If you sign and submit your proxy without giving instructions, the proxies named on the form of proxy will vote your shares as recommended by the Board of Directors.

How can you revoke your proxy after mailing it?

If you are a shareholder of record, you can revoke your proxy by:

- Submitting a new form of proxy with a later date on it;
- Giving written notice before the Special Meeting to the Company's Secretary, at 7 Deer Park Drive, Suite E, Monmouth Junction, New Jersey 08852, stating that you are revoking your proxy; or
- Attending the Special Meeting and voting your shares in person.

Merely attending the Special Meeting without voting will not revoke your proxy. If you are a street name shareholder, you may revoke your proxy only as instructed by the bank, broker or other nominee holding your shares.

How do I sign the proxy?

Sign your name exactly as it appears on the form of proxy. If you are signing in a representative capacity (for example, as a guardian, trustee, executor, administrator, attorney-in-fact or the officer or agent of a company), include your name and title or capacity. If the shares are held in custody (for example, under the Uniform Transfer to Minors Act), the custodian should sign, not the minor or other beneficiary. If the shares are held in joint ownership, both owners must sign.

What does it mean if you receive more than one proxy or voting instruction form?

It means your shares are registered differently or are in more than one account. Please complete, sign and return all proxy forms you receive to ensure all your shares are voted.

What constitutes a quorum?

A quorum of shareholders is necessary to hold a valid meeting of our shareholders. A majority of the outstanding shares, present in person or represented by proxy, constitutes a quorum for the Special Meeting. Shareholders who send in their proxy but abstain from voting and broker non-votes are counted as present for establishing a quorum.

How many votes are needed for approval of the Reincorporation, the Charter Amendment and the Adjournment?

The Reincorporation requires the affirmative vote of at least a majority of the issued and outstanding shares of the Company. Each of the Charter Amendment and the Adjournment requires the affirmative vote of a majority of the shares represented at the Special Meeting. Abstentions and broker non-votes are counted as shares present at the Special Meeting. Accordingly, an abstention from voting on any proposal or a broker non-vote is the same as a vote against that proposal.

What is a broker non-vote?

A broker non-vote occurs when a broker submits a proxy form that does not indicate a vote for some of the proposals because the broker did not receive instructions from the beneficial owner on how to vote on those proposals and does not have discretionary authority to vote in the absence of instructions.

How can I attend the Special Meeting?

If you are a shareholder of record on August 19, 2005, you can attend the Special Meeting by presenting acceptable identification at the Meeting. If you are a street name shareholder you may attend the Special Meeting by presenting acceptable identification along with evidence of your beneficial ownership of the Company’s common stock. As a street name shareholder, however, you will not be able to vote your shares unless the organizations through which you hold your shares provide proxies giving you authority to vote the shares held for you. This may require more than one proxy, as the record owner of your shares is usually not the organization providing you the account in which your shares are held.

SUMMARY

This summary highlights selected information from this proxy statement. It does not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement, including the appendices to this proxy statement, to understand fully the proposed Reincorporation and Charter Amendment and proposed acquisition of Greenwich. A copy of the Agreement and Plan of Merger dated July 1, 2005 by and among VioQuest, Greenwich and VQ Acquisition Corp. is attached as Appendix A to this proxy statement.

The Reincorporation Proposal

Our management has called the Special Meeting, and is asking our shareholders to approve a proposal to reincorporate VioQuest under the laws of the State of Delaware (the "Reincorporation"). The Reincorporation is being proposed to facilitate our proposed acquisition of Greenwich Therapeutics, Inc. ("Greenwich"). On July 1, 2005, we entered into an Agreement and Plan of Merger with Greenwich (the "Merger Agreement") pursuant to which Greenwich will merge with and into our wholly-owned subsidiary, VQ Acquisition Corp., a Delaware corporation, with Greenwich remaining as the surviving corporation and a wholly-owned subsidiary of the Company (the "Merger"). The business of Greenwich and the terms of the Merger are discussed elsewhere in this proxy statement. Dr. Lindsay A. Rosenwald and certain trusts established for the benefit of Dr. Rosenwald (collectively, the "Rosenwald Trusts") collectively own approximately 48 percent of the outstanding stock of Greenwich and approximately 16 percent of our outstanding common stock. The Minnesota Business Corporation Act (the "MBCA"), to which the Company is currently subject as a Minnesota corporation, prohibits a business combination transaction between the Company and Dr. Rosenwald, including an entity of which Dr. Rosenwald owns at least 10 percent of its outstanding stock. The General Corporation Law of Delaware (the "DGCL"), which governs Delaware corporations, would not prohibit the proposed Merger with Greenwich. Accordingly, the Company can complete the proposed Merger by reincorporating under Delaware law prior to completion of the transaction.

The Reincorporation would be effected by merging VioQuest with and into VioQuest Delaware, Inc**.**, a wholly-owned subsidiary of VioQuest formed for the specific purpose of the Reincorporation. The outstanding shares of VioQuest's common stock and each outstanding option and warrant to purchase VioQuest common stock would convert into the same number of shares of VioQuest Delaware's common stock and the right to purchase the same number of shares of VioQuest Delaware common stock, respectively. VioQuest Delaware would remain as the surviving corporation in this merger and the separate existence of VioQuest would cease. The name of VioQuest Delaware will be changed to "VioQuest Pharmaceuticals, Inc."

If a sufficient number of our shareholders do not approve the Reincorporation, the Merger cannot occur as currently structured. Accordingly, voting on the Reincorporation has the practical effect of voting on the Merger itself.

Right to Dissent. Under Minnesota law, VioQuest shareholders have the right to dissent from the proposed Reincorporation and obtain payment for the fair value of their shares of VioQuest common stock. A full disclosure of these dissenters' rights is included on pages 63 to 65 and the provisions of the MBCA relating to dissenters' rights is attached as ***Appendix B*** to this proxy statement.

The Charter Amendment Proposal

We are also asking our shareholders to approve a proposal to amend the articles of incorporation to increase the authorized number of shares from 50,000,000 undesignated shares of capital stock to 100,000,000 shares of common stock and 10,000,000 shares of undesignated preferred stock.

Description of the Merger with Greenwich Therapeutics

Terms of the Merger

General. On July 1, 2005, we entered into the Merger Agreement pursuant to which Greenwich will merge with and into our wholly-owned subsidiary, VQ Acquisition Corp., a Delaware corporation, with Greenwich remaining as the surviving corporation and a wholly-owned subsidiary of the Company. The Merger will become effective upon the filing of a certificate of merger with the Secretary of State of Delaware. Assuming all conditions to the Merger are met or waived by the appropriate party or parties, it is anticipated that the Merger will be completed within one week after the date of the Special Meeting.

Information Regarding Greenwich. Greenwich is a Delaware corporation formed on October 28, 2004 which has focused primarily on acquiring the rights to develop and commercialize pharmaceutical drug candidates, particularly candidates for usse in oncology. Greenwich currently has the exclusive rights to develop and commercialize two oncology drug candidates - Sodium Stibogluconate, or "SSG," and Triciribine, or "TCN." Greenwich borrowed from Paramount BioCapital, Inc., a New York-based merchant and investment bank and venture capital firm that focuses on biotechnology companies, and which is owned and controlled by Lindsay A. Rosenwald, M.D., substantially all of the funds necessary to conduct operations and to acquire the licenses for SSG and TCN. Most of this indebtedness will be repaid to Paramount BioCapital from the proceeds of proposed or future VioQuest financing transactions. As a result, Greenwich stockholders will acquire their controlling interest in VioQuest for nominal consideration.

Conversion of Greenwich Shares. As consideration for their shares of Greenwich common stock, the stockholders of Greenwich are entitled to receive a number of shares of VioQuest common stock (the "Merger Shares") such that immediately following the Merger they will own approximately 49 percent of VioQuest's issued and outstanding common stock. Accordingly, assuming VioQuest will have 17,827,924 shares of its common stock issued and outstanding immediately prior to the Merger, the Greenwich stockholders will be entitled to receive an aggregate of approximately 17,128,790 shares of VioQuest common stock. The last closing sale price of VioQuest's common stock prior to the execution of the Merger Agreement, as quoted on the OTC Bulletin Board, was $0.70 per share. Based on such price, the aggregate value of the Merger Shares issuable to the Greenwich stockholders would be approximately $12 million. In addition to the Merger Shares, the Greenwich stockholders are also entitled to receive 5-year warrants to purchase an aggregate of 4,000,000 shares of VioQuest common stock at a price of $1.41 per share (the "Merger Warrants"). One-half of the total number of Merger Shares and Merger Warrants will be deposited into an escrow account and released upon the achievement of milestones relating to the development of Greenwich's product candidates, as discussed below. See "—Escrow of Merger Shares and Warrants."

Escrow of Merger Shares and Warrants. One-half of the Merger Shares and the Merger Warrants will be deposited with an escrow agent pursuant to an escrow agreement to be entered into among VioQuest, Greenwich and a representative appointed by the stockholders of Greenwich. The Merger Shares and the Merger Warrants subject to the escrow agreement will be outstanding at the closing of the Merger. As such, the Greenwich stockholders will hold approximately 49 percent of the issued and outstanding shares of VioQuest common stock upon the closing of the Merger and will be entitled to vote the Merger Shares and otherwise have all rights of a stockholder with respect to such shares, subject to restrictions on transfer. The escrowed securities will be released, if ever, upon the completion of the following milestones relating to the clinical development of Greenwich's two product candidates:

- 35 percent upon the conclusion of a Phase I clinical trial for Sodium Stibogluconate;
- 15 percent upon conclusion of a Phase II clinical trial for Sodium Stibogluconate;
- 35 percent upon the conclusion of a Phase I clinical trial for Triciribine under a corporate-sponsored investigational new drug application accepted by the FDA; and
- 15 percent upon conclusion of a Phase II clinical trial for Triciribine.

See "The Merger - The Merger Agreement - Escrow of Merger Consideration." If the milestones are not achieved on or before June 30, 2008, then the escrow shall terminate and all of the Merger Shares and Merger Warrants remaining in the escrow will be returned to VioQuest for cancellation.

Registration Rights; Lock-Up Agreement. The Merger Shares and Merger Warrants are being issued to Greenwich's stockholders in reliance upon certain exemptions from the registration requirements of the Securities Act of 1933, as amended. VioQuest will grant to the Greenwich stockholders "piggy-back" registration rights. This means that VioQuest will register the resale of the Merger Shares and the shares issuable upon exercise of the Merger Warrants in the next registration statement filed by VioQuest under the Securities Act. Under the terms of the Merger Agreement, however, the Greenwich stockholders will be required to enter into a lockup agreement providing that they will not sell or transfer (subject to certain exceptions) the Merger Shares or shares issuable upon exercise of the Merger Warrants for a period of one year following the effective date of the Merger.

Voting Agreements. Approval of the Merger Agreement requires the affirmative vote of the holders of a majority of Greenwich's outstanding common stock. Pursuant to the terms of the Merger Agreement, however, Lester E. Lipschutz, as the trustee of the Rosenwald Trusts, J. Jay Lobell, the President of Greenwich, and Dr. Rosenwald have entered into a voting agreement with VioQuest. The voting agreement imposes on the Greenwich stockholders an obligation to vote in favor of the Merger in connection with any stockholder action taken by Greenwich in connection with the Merger and grant an irrevocable proxy to vote the stockholders' shares in such a manner.

Conditions to the Merger. The obligations of the parties to complete the Merger are subject to the satisfaction of certain conditions, including without limitation:

- the accuracy of each party's representations and warranties contained in the Merger Agreement;
- the absence of any material adverse change in the financial condition of the parties;
- the receipt by VioQuest of a fairness opinion from its financial advisor to the effect that the transaction is fair to VioQuest from a financial point of view;
- approval of the Merger by the holders of a majority of Greenwich's outstanding common stock and approval of the proposed Reincorporation by VioQuest's shareholders;
- VioQuest's completion of a financing transaction which generates $5,000,000 in proceeds (see "The Merger - The Merger Agreement - Closing Conditions"); and
- the receipt by Greenwich of an opinion of its counsel that the Merger will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code.

Market Price Data

No established trading market exists for Greenwich common stock. VioQuest's common stock trades on the OTC Bulletin Board® under the symbol "VQPH." The closing price per share of VioQuest common stock, as reported on the OTC Bulletin Board® on July 1, 2005, the last full trading day prior to the execution of the Merger Agreement was $0.70.

The Special Meeting

Record Date; Voting Power

You are entitled to vote at the Special Meeting if you owned shares of VioQuest common stock as of the close of business on August 19, 2005, the record date for the Special Meeting. On that date, there were 17,827,924 shares of VioQuest common stock issued and outstanding. VioQuest has no other shares of voting stock outstanding. Each VioQuest shareholder will have one vote for each share of VioQuest common stock owned at the record date.

Meeting Quorum; Votes Required

Under the Minnesota Business Corporation Act and VioQuest's bylaws, a majority of the shares of common stock outstanding on the record date must be present in person or represented by proxy to establish a quorum for transaction of business at the Special Meeting. The affirmative vote of a majority of the outstanding shares of VioQuest common stock is required to approve the Reincorporation. The affirmative vote of a majority of the shares represented at the Special Meeting is required to approve the Charter Amendment. Accordingly, based on the number of shares outstanding as of the record date, in order for the Reincorporation to be approved, the Reincorporation must receive the affirmative vote of at least 8,913,963 shares. In order for each of the Charter Amendment to be approved, each must receive the affirmative vote of at least 4,456,982 shares.

Risk Factors

In considering whether to approve and adopt the the Reincorporation and the Charter Amendment, you should carefully review and consider the information contained below under the caption "Risk Factors."

RISK FACTORS

Information or statements provided by VioQuest from time to time, including statements contained in this proxy statement, may contain certain "forward-looking statements," including comments regarding anticipated future operations, market opportunities, operating results and financial performance of VioQuest. VioQuest's future operating performance and share price are influenced by many factors, including factors which may be treated in forward-looking statements. You are cautioned that any forward-looking statements made in this proxy statement or in any other reports, filings, press releases, speeches or other comments, are not a guarantee of future performance. Any such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those which may be projected on the basis of such forward-looking statements. Furthermore, VioQuest assumes no obligation to update such forward-looking statements, except as otherwise required by law. Among the risks and uncertainties which may affect future performance are those described below. In deciding to approve the proposed Reincorporation, you are urged to consider the following risk factors:

Risks Relating to the Merger

We may not realize the anticipated benefits of the Merger.

Although our Board of Directors believes that the Merger is in the best interests of our company and our shareholders, Greenwich is a very early-stage company with no operating history on which to evaluate its business and prospects. Greenwich was formed in October, 2004 and only acquired the licenses to its two product candidates in February 2005 and April 2005, respectively. We are proposing to acquire Greenwich because it has rights to develop and commercialize two oncology drug candidates, both of which are in the early stages of development. The Cleveland Clinic Foundation, from which Greenwich licenses its rights, has commenced a Phase I clinical trial for sodium stibogluconate, or SSG, pursuant to its own Investigational New Drug Application, or "IND." Greenwich is in the process of finalizing the protocol for an initial Phase I clinical trial for triciribine, or TCN, which Greenwich licenses from the University of South Florida Research Foundation, Inc. The drug development business is very risky and there is no assurance either of these drug candidates will ever be successfully developed. Accordingly, there can be no assurance that, following the Merger, we will be successful in developing Greenwich's product candidates or that the Merger will enhance the Company's profitability or otherwise benefit its stockholders, including the former stockholders of Greenwich who receive shares of the Company's common stock in the Merger. In the event that the benefits of the Merger fail to materialize, the market price of the Company's common stock may be materially adversely affected.

The Merger will significantly dilute your percentage ownership in the Company.

If the Merger is completed, we will issue to the stockholders of Greenwich a number of shares of our common stock, including warrants to purchase additional shares of our common stock, that will represent up to approximately 47 percent of our outstanding common shares on a fully-diluted basis, including the Merger Shares and Warrants to be deposited into escrow at the closing of the Merger. Accordingly, the Merger will result in substantial dilution to your current ownership and voting interests in our company.

The Merger will result in a significant dilution in the book value of your shares.

As of June 30, 2005, we had a net tangible book value of $919,000 or approximately $0.05 per share. As of that date, Greenwich's liabilities exceeded its tangible assets by $795,000. If the Merger were to have occurred on June 30, 2005 and all shares and warrants subject to escrow were issued to the Greenwich stockholders, it would have resulted in a dilution, on a per share net tangible book value basis, to our current shareholders of approximately $0.05 per share.

Following the Merger, a small group of persons will be able to exert significant control over our company, including with respect to the election of directors.

Following the Merger, our current officers and directors will beneficially own or control approximately 17.7% of our issued and outstanding common stock. Individually and in the aggregate, these persons will have significant influence over the management of our business, the election of directors and all matters requiring shareholder approval. In particular, this concentration of ownership may have the effect of facilitating, delaying, deferring or preventing a potential acquisition of the Company and may adversely affect the market price of our common stock. Following the Merger, Dr. Lindsay A. Rosenwald will beneficially own 8.1% of our outstanding common stock, and several trusts for the benefit of Dr. Rosenwald and his family will beneficially own 28.9% of our outstanding common stock. Dr. Rosenwald does not have the legal authority to exercise voting power or investment discretion over the shares held by those trusts; however, as a result of the foregoing, Dr. Rosenwald may have the ability to exert significant influence over our Company.

In connection with the Merger, Greenwich stockholders will be acquire a significant interest in our company for nominal consideration and license agreements for unproven and undeveloped drug candidates.

Greenwich stockholders borrowed from Paramount BioCapital, Inc., a New York-based merchant and investment bank and venture capital firm that focuses on biotechnology companies, Lindsay A. Rosenwald, M.D., and their affiliates substantially all of the funds necessary to conduct operations and to acquire the licenses held by Greenwich to the two drug candidates from The Cleveland Clinic Foundation and the University of South Florida Research Foundation, Inc. Most of this indebtedness will be repaid to Paramount BioCapital, Dr. Rosenwald and their affiliates from the proceeds of VioQuest private placements. Greenwich stockholders will therefore acquire their controlling interest in VioQuest for nominal consideration, including license agreements for uproven and undeveloped drug candidates.

A fairness opinion will not be delivered until the close of the Merger.

A fairness opinion will not be delivered until closing pursuant to the terms of the Merger Agreement. As such, you will not have the benefit of reviewing the fairness opinion in determining your vote with respect to the Reincorporation. The board of directors, however, will have received the fairness opinion prior to the close of the Merger and will have the benefit of its contents to assess the fairness of the Merger and to determine whether to proceed with closing the Merger.

Risks Relating to Greenwich's Operations

Greenwich has no meaningful operating history on which to evaluate its business or prospects.

Greenwich was formed on October 28, 2004 and only acquired the licenses to its two product candidates in February 2005 and April 2005, respectively. Greenwich has only a limited operating history on which you can base an evaluation of its business and prospects. Accordingly, its business prospects must be considered in the light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in new and rapidly evolving markets, such as the fine chemical, pharmaceutical and biotechnology markets.

Greenwich's management anticipates experiencing a significant negative cash flow for the foreseeable future and may never become profitable.

Because drug development takes several years and is extremely expensive, Greenwich expects that it will incur substantial losses and negative operating cash flow for the foreseeable future, and may never achieve or maintain profitability, even if it succeeds in acquiring, developing and commercializing one or more drug candidates. Greenwich expects to incur significant operating and capital expenditures and anticipates that its expenses will increase substantially in the foreseeable future as it:

- undertakes pre-clinical development and clinical trials for its drug candidates;
- seeks regulatory approvals for its drug candidates;
- implements additional internal systems and infrastructure;
- leases additional or alternative office facilities; and
- hires additional personnel.

Greenwich's drug development business may not be able to generate revenue or achieve profitability. Greenwich's failure to achieve or maintain profitability could negatively impact the value of our Common Stock.

Following the Merger, we will require substantial additional financing in order to fund the development of Greenwich's products. Such financing may not be available on acceptable terms, or even at all.

We will require substantial additional capital, both in the near future and long term, in order to fund the development of Greenwich's product candidates. Greenwich's combined capital requirements will depend on numerous factors, including costs for clinical trials; the extent of regulatory approval processes; the purchase of capital equipment to build its infrastructure; fluctuating real estate markets; the costs associated with hiring necessary personnel; and the cost of defending and enforcing patent claims and other intellectual property rights and the outcome of any potentially related litigation or other dispute. We cannot be sure that we will be able to obtain the necessary financing at the times when we need it and on acceptable terms. If we do not have sufficient capital available to us to fund development of these product candidates, we may be forced to slow down or cease all together our development efforts, which will significantly reduce the value of Greenwich's product candidates to our company.

Greenwich's success depends upon license agreements.

Greenwich does not directly own the rights to its product candidates, but rather has exclusive world-wide rights to develop, manufacture, use, commercialize, lease, sell and/or sublicense the product candidates pursuant to license agreements with The Cleveland Clinic Foundation ("CCF") and the University of South Florida Research Foundation, Inc. ("USF"). Pursuant to the license agreement by and between Greenwich and CCF, Greenwich paid CCF an initial license fee of $500,000, reimbursed CCF for certain costs and expenses incurred by it, agreed to pay CCF an annual license maintenance fee of $35,000 until the first commercial sale of the licensed product, at which time Greenwich will be obligated to pay to CCF an annual royalty based on net sales of the product, and is obligated to pay CCF up to an aggregate of $4.5 million upon the achievement of milestones. In the event that Greenwich sublicenses SSG to a third party, Greenwich will be obligated to pay CCF a portion of fees and royalties received from the sublicense. Pursuant to the license agreement by and between Greenwich and USF, Greenwich paid USF an initial license fee of $40,000, reimbursed the University of South Florida Research Foundation for certain costs and expenses incurred, agreed to sponsor a Research Project involving the licensed technology in the amount of $25,000 annually for the term of the agreement and is obligated to pay USF up to an aggregate of $5.8 million upon the achievement of milestones. Should a product incorporating the licensed technology be commercialized, Greenwich is obligated to pay to USF an

annual royalty based on net sales of the product. In the event that the Company sublicenses TCN to a third party, Greenwich is obligated to pay USF a portion of fees and royalties received from the sublicense. Currently, Greenwich has indebtedness in an aggregate amount of approximately $795,000 and anticipates needing approximately $5 million for the next twelve months to continue its proposed development of the technology licensed from CCF and USF. Currently, Greenwich's commercial success depends entirely on this licensed technology. In the event Greenwich materially breaches the license agreements, CCF or USF may have the right to terminate the licenses. Since, following the Merger, our drug development business will depend entirely on the availability of Greenwich's license rights, the termination of the licenses would significantly reduce the value of our company. See "Information Concerning Greenwich Therapeutics - License Agreements & Intellectual Property."

Following the Merger, if we are unable to hire additional qualified personnel, our ability to successfully develop Greenwich's and any other product candidates that we may acquire in the future, will be harmed.

Greenwich does not currently have any employees and even its officers and directors, none of whom will continue with VioQuest following the Merger, only devote a small portion of their time to Greenwich's business. Accordingly, following completion of the Merger, we will need to hire or otherwise engage additional qualified personnel with expertise in pre-clinical testing, clinical research, government regulation, formulation and manufacturing and, eventually, sales and marketing. In particular, as soon as practicable following the Merger, we anticipate hiring a chief medical officer with experience in drug development, but do not anticipate hiring other additional employees. We expect to satisfy our needs for qualified personnel with expertise in pre-clinical testing, clinical research, government regulation, and formulation and manufacturing by engaging third party consultants, contractors and other collaborators, such as contract research organizations, as needed.

Our future success is dependent on the management of our potential growth.

Following the Merger, the future success of our company depends upon our ability to grow our business over a period of three to five years. Such growth, if it occurs, will require us to establish management and operating systems, hire additional support technical and sales personnel, and establish and maintain an independent office, research and production facilities for the Greenwich business. Currently, we have thirty employees: twenty-four individuals are located in our New Jersey facility while six are in our China facility. Of these employees, three are individuals in senior management serving our VioQuest drug development business and twenty-seven are technical, operations and administrative employees serving our subsidiary, Chiral Quest. Failure to manage that growth efficiently could have a material adverse affect on our business.

Competition in this market sector is intense.

The market for Greenwich's product candidates is characterized by intense competition and rapid technological advances. If our product candidates receive FDA approval, they will compete with a number of existing and future drugs and therapies developed, manufactured and marketed by others. In particular, assuming we obtain approval for SSG, we will compete with other developers of protein tyrosine phosphatases, or "PTPs," inhibitors for oncology treatment. Although there are no approved PTPs currently on the market, there are several product candidates in development that will compete with SSG and which are significantly further in development. Companies that have PTP inhibitor drugs in development include CEPTYR, Inc., Combinatorx, Kinetek Pharmaceuticals, Ontogen Corporation, and Sugen (Pfizer).

Assuming we obtain approval for TCN, we will compete with existing oncology therapies currently being sold by Keryx Biopharmaceuticals, Inc., Astex Therapeutics (and AstraZeneca under their collaboration), Bristol-Myers Squib, Abbott Laboratories, Kinetek Pharmaceuticals, Inc., ProIX Pharmaceuticals, Inc. and Kinetix Pharmaceuticals. In addition, Keryx Biopharmaceuticals, Inc. has a drug in development that will compete directly with TCN. These or other future competing products and product candidates may provide greater therapeutic convenience or clinical or other benefits for a specific indication than our products, or may offer comparable performance at a lower cost. If our products fail to capture and maintain market share, we may not achieve sufficient product revenues and our business will suffer.

Developments by competitors may render our products or technologies obsolete or non-competitive.

Alternative technologies are being developed to treat cancer, several of which are in advanced clinical trials. In addition, companies pursuing different but related fields represent substantial competition. Many of these organizations have substantially greater capital resources, larger research and development staffs and facilities, longer drug development history in obtaining regulatory approvals and greater manufacturing and marketing capabilities than we do. These organizations also compete with us to attract qualified personnel, parties for acquisitions, joint ventures or other collaborations.

If we are not able to obtain the necessary U.S. or worldwide regulatory approvals to commercialize any product candidates, we will not be able to sell those products.

We will need FDA approval to commercialize any drug candidates in the U.S. and approvals from the FDA equivalent regulatory authorities in foreign jurisdictions to commercialize any product candidates in those jurisdictions. In order to obtain FDA approval of a drug candidate, we will be required to first submit to the FDA for approval an Investigational New Drug Application, or an IND, which will set forth plans for clinical testing of a particular drug candidate. Currently, we have no regulatory applications before the FDA or any other governmental agency for TCN. However, CCF has filed, and the FDA has accepted, an IND for SSG.

When the clinical testing for the product candidates is complete, we will then be required to submit to the FDA a New Drug Application, or NDA, demonstrating that the product candidate is safe for humans and effective for its intended use. This demonstration will require significant research and animal tests, which are referred to as pre-clinical studies, as well as human tests, which are referred to as clinical trials. Satisfaction of the FDA’s regulatory requirements typically takes many years, depends upon the type, complexity and novelty of the product candidate and requires substantial resources for research, development and testing. The FDA has substantial discretion in the drug approval process and may require us to conduct additional pre-clinical and clinical testing or to perform post-marketing studies. The approval process may also be delayed by changes in government regulation, future legislation or administrative action or changes in FDA policy that occur prior to or during the regulatory review. Delays in obtaining regulatory approvals may:

- delay commercialization of, and our ability to derive product revenues from, a drug candidate;
- impose costly procedures on us; and
- diminish any competitive advantages that we may otherwise enjoy.

Even if we comply with all FDA requests, the FDA may still ultimately reject an NDA. Failure to obtain FDA approval of a drug candidate will severely undermine our business development by reducing our ability to recover the development costs expended in connection with a drug candidate and realize any profit from commercializing a drug candidate.

In foreign jurisdictions, we will be required to obtain approval from the appropriate regulatory authorities before we can commercialize our drugs. Foreign regulatory approval processes generally include all of the risks associated with the FDA approval procedures described above.

Clinical trials are very expensive, time-consuming and difficult to design and implement.

Following completion of the Merger, we will be required to expend significant time, effort and money to conduct human clinical trials necessary to obtain regulatory approval of the product candidates we will acquire from Greenwich. Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. The clinical trial process is also time consuming. Clinical trials of any product candidate are estimated to take at least several years to complete. Furthermore, failure can occur at any stage of the trials, and we could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including:

- unforeseen safety issues;
- determination of dosing issues;
- lack of effectiveness during clinical trials;
- slower than expected rates of patient recruitment;
- inability to monitor patients adequately during or after treatment; and
- inability or unwillingness of medical investigators to follow Greenwich's clinical protocols.

In addition, we or the FDA may suspend clinical trials at any time if it appears that we are exposing participants to unacceptable health risks or if the FDA finds deficiencies in the IND submissions or the conduct of these trials.

The results of any clinical trial may not support the results of pre-clinical studies relating to Greenwich's product candidates, which may delay development of any product candidate or cause us to abandon development altogether.

Even if any clinical trials we undertake with respect to Greenwich's product candidates, we cannot be certain that the results will support the findings of pre-clinical studies upon which a development plan would be based. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful, and we cannot be sure that the results of later clinical trials will replicate the results of prior clinical trials and pre-clinical testing. The clinical trial process may fail to demonstrate that the product candidates are safe and effective for indicated uses. This failure may cause us to delay the development of a product candidate or even to abandon clinical development of a

product candidate altogether. Such failure may also cause delay in other product candidates. Any delay in, or termination of, the clinical trials will delay the filing of our NDAs with the FDA and, ultimately, our ability to commercialize Greenwich's product candidates and generate product revenues.

If physicians and patients do not accept and use Greenwich's drugs after regulatory approvals are obtained, we will not realize sufficient revenue from such product to cover our development costs.

Even if the FDA approved any of Greenwich's product candidates, physicians and patients may not accept and use them. Acceptance and use of the product candidates will depend upon a number of factors including:

· perceptions by members of the healthcare community, including physicians, about the safety and effectiveness of Greenwich's drugs;

· cost-effectiveness of the product relative to competing products;

· availability of reimbursement for the products from government or other healthcare payers; and

· effectiveness of marketing and distribution efforts by us and our licensees and distributors, if any.

Our drug development business plan contemplates that substantially all of any future revenues realized will result from sales of product candidates developed. The failure of any of the drugs to find market acceptance would significantly and adversely affect our ability to generate cash flow and become profitable.

We will rely exclusively on third parties to formulate and manufacture its product candidates.

We do not currently have, and have no current plans to develop, the capability to formulate or manufacture drugs. Rather, we intend to contract with one or more manufacturers to manufacture, supply, store and distribute drug supplies that will be needed for any clinical trials undertaken. If we received FDA approval for any product candidate, we would rely on one or more third-party contractors to manufacture the drugs. Our anticipated future reliance on a limited number of third-party manufacturers will expose us to the following risks:

· We may be unable to identify manufacturers on commercially reasonable terms or at all because the number of potential manufacturers is limited and the FDA must approve any replacement contractor. This approval would require new testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of the products after receipt of FDA approval, if any.

· Our third-party manufacturers might be unable to formulate and manufacture the drugs in the volume and of the quality required to meet clinical and commercial needs, if any.

· Our future contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to supply the clinical trials or to successfully produce, store and distribute the products.

· Drug manufacturers are subject to ongoing periodic unannounced inspection by the FDA, the Drug Enforcement Administration, and corresponding state agencies to ensure strict compliance with good manufacturing practice and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturers' compliance with these regulations and standards.

· If any third-party manufacturer makes improvements in the manufacturing process for the products, we may not own, or may have to share, the intellectual property rights to the innovation.

If, following the Merger, we are not able to successfully compete against other drug companies, our drug development business will fail.

The market for new drugs is characterized by intense competition and rapid technological advances. If any drug candidate that we develop, including the drug candidates acquired from Greenwich, receives FDA approval, we will likely compete with a number of existing and future drugs and therapies developed, manufactured and marketed by others. Existing or future competing products may provide greater therapeutic convenience or clinical or other benefits for a specific indication than our products, or may offer comparable performance at a lower cost or with fewer side-effects. If our products fail to capture and maintain market share, we may not achieve sufficient product revenues and our business will suffer.

We will be competing against fully integrated pharmaceutical companies and smaller companies that are collaborating with larger pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. Many of these competitors have drug candidates already approved or in development. In addition, many of these competitors, either alone or together with their collaborative partners, operate larger research and development programs and have substantially greater financial resources than we do, as well as significantly greater experience in:

· developing drugs;

· undertaking pre-clinical testing and human clinical trials;

· obtaining FDA and other regulatory approvals of drugs;

· formulating and manufacturing drugs; and

· launching, marketing and selling drugs.

If we fail to adequately protect or enforce Greenwich's intellectual property rights or secure rights to patents of others, the value of those intellectual property rights would diminish.

Our success, competitive position and future revenues in connection with our drug development business will depend in part on our ability and the abilities of our licensors to obtain and maintain patent protection for our products, methods, processes and other technologies, to preserve our trade secrets, to prevent third parties from infringing on our proprietary rights and to operate without infringing the proprietary rights of third parties. Neither Greenwich nor either of its licensors has any obligations to defend or instigate any suits against any patent or licensed-related suits of third parties. Neither we nor Greenwich is aware of any third party infringing on any of Greenwich's intellectual property rights.

To date, through Greenwich's license agreements for SSG and TCN, it holds certain exclusive patent rights, including rights under U.S. patents and U.S. patent applications. Greenwich also has patent applications pending in several foreign jurisdictions. Greenwich anticipates filing additional patent applications both in the U.S. and in other countries, as appropriate. However, we cannot predict:

- the degree and range of protection any patents will afford Greenwich against competitors, including whether third parties will find ways to invalidate or otherwise circumvent its licensed patents;

- if and when patents will issue;

- whether or not others will obtain patents claiming aspects similar to those covered by Greenwich's licensed patents and patent applications; or

- whether Greenwich will need to initiate litigation or administrative proceedings which may be costly whether Greenwich wins or loses.

Following the Merger, our success will also depend upon the skills, knowledge and experience of scientific and technical personnel, consultants and advisors as well as licensors and contractors. To help protect proprietary know-how and our inventions for which patents may be unobtainable or difficult to obtain, we intend to rely on trade secret protection and confidentiality agreements. To this end, we currently require, and will continue to require in the future, all of our employees to enter into agreements which prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business. We intend to require new employees hired in connection with our drug development business to also enter into such agreements. These agreements may not provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information. If any of our trade secrets, know-how or other proprietary information is disclosed, the value of our trade secrets, know-how and other proprietary rights would be significantly impaired and our business and competitive position would suffer.

If we infringe the rights of third parties we could be prevented from selling products, forced to pay damages, and defend against litigation.

To date, to the best of its knowledge, Greenwich has not received any threats, claims or other notices from third parties alleging that Greenwich's product candidates or methods infringe their rights. If, following the Merger, it is determined that Greenwich's products, methods, processes and other technologies infringe on the proprietary rights of other parties, however, we could incur substantial costs and we may have to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;

- redesign our products or processes to avoid infringement;

- stop using the subject matter claimed in the patents held by others, which could cause us to lose the use of one or more of the product candidates acquired from Greenwich;

- pay damages; or

- defend litigation or administrative proceedings which may be costly whether we win or lose.

SHAREHOLDER PROPOSAL NO. 1:
REINCORPORATION UNDER DELAWARE LAW

General

As a condition to completing the Merger, the Company proposes to reincorporate under the laws of Delaware. Accordingly, the Board of Directors has unanimously approved and recommended for shareholder approval a proposal to reincorporate the Company under the laws of the State of Delaware (the "Reincorporation"). The Reincorporation would be effected by merging the Company into VioQuest Delaware, Inc., a Delaware corporation and wholly owned subsidiary of the Company. The Reincorporation will be effected pursuant to the terms of an agreement and plan of merger between the Company and VioQuest Delaware. The Company anticipates that the Reincorporation will become effective as soon as practicable following shareholder approval. However, the Reincorporation may be abandoned by the Board of Directors before the effective date of the Reincorporation, either before or after shareholder approval. Further, for the reasons identified below under "Shareholder Proposal No. 1: Reincorporation Under Delaware Law - Other Reasons for Reincorporation," the Company intends to complete the Reincorporation even if the proposed Merger with Greenwich is abandoned.

Reasons for the Reincorporation - Condition to Completing Merger with Greenwich

The primary purpose of the proposed Reincorporation is to allow VioQuest to complete the Merger with Greenwich. As a Minnesota corporation, VioQuest is subject to the Minnesota Business Corporation Act ("MBCA"), which prohibits "business combinations" with "interested shareholders." Under the MBCA, an "interested shareholder" includes any person that beneficially owns, directly or indirectly, 10 percent or more of an issuing public corporation's outstanding voting stock. For purposes of this definition, a person is deemed the "beneficial owner" of shares held by a relative or spouse residing in such person's home, and any estate or trust in which the person owns 10 percent or more of the total beneficial interest. A "business combination" includes the merger of an issuing public corporation or any subsidiary of such corporation with an interested shareholder or another corporation that is an affiliate (a person or entity that controls, is controlled by or is under common control with a specified person) or associate (including a corporation of which the interested shareholders beneficially owns more than 10 percent of the voting stock) of the interested shareholder. Such business combinations are prohibited under the MBCA for a period of four years after the interested shareholder first became an interested shareholder unless the shareholders of the issuing public corporation approved the business combination transaction prior to the date the interested shareholder first became an interested shareholder.

Lindsay A. Rosenwald, M.D. is an "interested shareholder" of VioQuest because, since February 2003, he and various trusts established for his benefit have collectively owned approximately 16 percent of VioQuest's outstanding common stock. Dr. Rosenwald is deemed to beneficially own (as defined under the MBCA) the shares held by the trusts because he is generally the sole beneficiary of the trust assets, although the power to dispose of those assets rests with a third party trustee. Dr. Rosenwald and such trusts also own approximately 48 percent of Greenwich's outstanding voting stock, which makes Greenwich an associate (and perhaps an affiliate) of Dr. Rosenwald. As a result, the proposed Merger is a "business combination" under the MBCA because Dr. Rosenwald is an "interested shareholder" of VioQuest and because Greenwich is an associate and/or an affiliate of Dr. Rosenwald. Since it has not yet been four years since Dr. Rosenwald became an interested shareholder, the proposed Merger with Greenwich is not permitted under the MBCA.

Although the General Corporation Law of Delaware ("DGCL"), which sets forth corporate laws applicable to companies incorporated under Delaware law, contains a provision similar to the MBCA concerning business combinations with interested stockholders, the DGCL provision contains certain exceptions that would exempt the Merger from the restrictions of the business combination provision if VioQuest were a Delaware corporation. For example, the DGCL's business combination provision does not apply to corporations that do not have a class of voting stock (i) listed on a national securities exchange, (ii) quoted on the NASDAQ Stock Market, or (iii) held of record by more than 2,000 stockholders. VioQuest is neither listed on a national securities exchange (e.g., the New York Stock Exchange or the American Stock Exchange) or on the NASDAQ Stock Market, and the number of holders of record of VioQuest common stock was only approximately 1,500 as of the record date for the Special Meeting. Accordingly, if VioQuest were a Delaware corporation, the proposed Merger with Greenwich would not be a prohibited "business combination."

Other Reasons for the Reincorporation

VioQuest also believes reincorporating under Delaware law is advisable because Delaware is a nationally recognized leader in adopting and implementing comprehensive and flexible corporate laws. The DGCL is frequently revised and updated to accommodate changing legal and business needs. Delaware has also established a specialized court, the Court of Chancery, having exclusive jurisdiction over matters relating to the DGCL. The Chancery Court has no jurisdiction over criminal and tort cases, and corporate cases are heard by judges, without juries, who have many years of experience with corporate law issues. Traditionally, this has meant that the Delaware courts are able in most cases to process corporate litigation relatively quickly and effectively. As a result, Delaware courts have developed considerable expertise in dealing with corporate illegal issues and produced a substantial body of case law construing Delaware corporate laws. Because our legal system is based largely on legal precedents, the abundance of Delaware case law should serve to enhance the relative clarity and predictability of many areas of corporate law, which should offer added advantages to VioQuest by allowing our board of directors and management to make corporate decisions and take corporate actions with greater assurance as to the validity and consequences of those decisions and actions. For these reasons, most public corporations have chosen to incorporate under the laws of Delaware or have, like VioQuest's proposes, reincorporated under Delaware law.

Reincorporation from Minnesota to Delaware may also make it easier to attract future candidates willing to serve on VioQuest's board of directors since many of such candidates are already familiar with Delaware corporate law, including provisions relating to director indemnification, from their past business experience.

Effect on VioQuest Stock

The proposed Reincorporation will be effected by completing a merger transaction in which VioQuest would merge with and into VioQuest Delaware. Prior to the proposed Reincorporation, VioQuest and VioQuest Delaware will enter into an agreement and plan of merger, which will provide, as follows:

· VioQuest will be merged with and into VioQuest Delaware, with VioQuest Delaware remaining as the surviving corporation and VioQuest's separate existence as a Minnesota corporation will cease;

- each holder of VioQuest common stock, par value $.01 per share, will receive one share of VioQuest Delaware common stock, par value $.001 per share, for each share of VioQuest common stock owned by such holder;

- certificates formerly representing shares of VioQuest common stock will thereafter represent shares of VioQuest Delaware common stock;

- all outstanding options, warrants and other rights to purchase shares of VioQuest common stock will automatically convert into an option, warrant or other right to purchase the same number of shares of VioQuest Delaware common stock;

- the certificate of incorporation of VioQuest Delaware, substantially in the form attached to this proxy statement as ***Appendix F***, will replace VioQuest's existing articles of incorporation; and

- the name of VioQuest Delaware, as the surviving corporation, will be changed to "VioQuest Pharmaceuticals, Inc."

It will not be necessary for shareholders of VioQuest to exchange their existing stock certificates for stock certificates of VioQuest Delaware; **outstanding certificates of VioQuest common stock should not be destroyed or sent to VioQuest**. Following the Reincorporation, delivery of previously outstanding stock certificates of VioQuest will constitute "good delivery" in connection with sales through a broker, or otherwise, of shares of VioQuest Delaware.

Comparative Rights of VioQuest Stockholders and VioQuest Delaware Stockholders

If the Reincorporation is approved by the requisite vote of the shareholders at the Special Meeting, the holders of VioQuest common stock, whose rights are currently governed by the MBCA and VioQuest's Articles of Incorporation and Bylaws, will become stockholders of VioQuest Delaware, which is a Delaware corporation. Accordingly, following Reincorporation, their rights will be governed in accordance with the DGCL and VioQuest Delaware's Certificate of Incorporation, in substantially the form attached hereto as ***Appendix F***, and Bylaws, which will be substantially identical to VioQuest's existing bylaws. Certain differences in the rights of shareholders arise from distinctions between the MBCA and the DGCL, as well as from VioQuest's charter instruments as compared to VioQuest Delaware's charter instruments. The following is a brief description of those differences. This discussion is not intended to be a complete statement of the differences, but rather a summary of the more significant differences affecting the rights of such shareholders and certain important similarities. The identification of certain provisions or differences is not meant to indicate that other equally or more significant differences do not exist. The following summary discussion is qualified in its entirety by reference to the MBCA, DGCL, VioQuest's Articles of Incorporation and Bylaws and VioQuest Delaware's Certificate of Incorporation and Bylaws, to which you are referred.

Shareholders' Action Without a Meeting

Under Minnesota law, any action required or permitted to be taken at a shareholders' meeting may be taken without a meeting by written consent signed by all of the shareholders entitled to vote on such action, and a publicly-held company cannot provide for a lower threshold in its articles of incorporation. This power cannot be restricted by a corporation's articles of incorporation. In contrast, Delaware law permits such an action to be taken if the written consent is signed by the holders of shares that would have been required to effect the action at a meeting of the stockholders. Stockholders who do not sign the written consent must be notified promptly following the effectiveness of a written consent. Generally, holders of a majority of the Company's outstanding shares may take action by written consent in lieu of a shareholder meeting. However, Delaware law also provides that a corporation's certificate of incorporation may restrict or prohibit stockholders' action without a meeting. VioQuest Delaware's Certificate does not contain any such restriction, so actions may be adopted by a written consent signed by the holders of shares that would have been required to vote in favor of the proposed action at a meeting of stockholders.

Anti-Takeover Legislation

Both the MBCA and the DGCL contain provisions intended to protect shareholders from individuals or companies attempting a takeover of a corporation in certain circumstances. The anti-takeover provisions of the MBCA and the DGCL differ in a number of respects, and it is not practical to summarize all of the differences. However, the following is a summary of certain significant differences.

The Minnesota control share acquisition statute establishes various disclosure and shareholder approval requirements that must be satisfied by individuals or companies attempting a takeover. Delaware has no comparable provision. The Minnesota statute applies to an "issuing public corporation." An "issuing public corporation" is a publicly-held corporation which is incorporated under or governed by the MBCA and has at least fifty shareholders. The Company is subject to the statute; VioQuest Delaware, because it is a Delaware corporation, will not be subject to the statute. The Minnesota statute requires disinterested shareholder approval for acquisitions of shares of an "issuing public corporation" which result in the "acquiring person" owning more than a designated percentage of the outstanding shares of such corporation. Accordingly, shareholders who acquire shares without shareholder approval and in excess of a designated percentage of outstanding shares lose their voting rights and are subject to certain redemption privileges of the corporation. Such shares regain their voting rights only if the acquiring person discloses certain information to the corporation and such voting rights are granted by the shareholders at an annual or special meeting of the shareholders. The Minnesota control share acquisition statute applies unless the "issuing public corporation" opts out of the statute in its articles of incorporation or bylaws. The Company has not opted out of such provisions.

While there is no Delaware statute comparable to the Minnesota control share acquisition statute, both Minnesota and Delaware have business combination statutes that are intended primarily to deter takeover bids which propose to use the target's assets as collateral for the offeror's debt financing and to liquidate the target, in whole or in part, to satisfy financing obligations. Proponents of the business combination statute argue that such takeovers have a number of abusive effects when the target is broken up, such as adverse effects on the community and employees. Further, proponents argue that if the offeror can wholly finance its bid with the target's assets, that fact suggests that the price offered was not fair in relation to the value of the company, regardless of the current market price.

The Minnesota business combination statute provides that an issuing public corporation (as described above with respect to the Minnesota control share acquisition statute) may not engage in certain business combinations with any person that acquires beneficial ownership of 10% or more of the voting stock of that corporation (i.e., an interested shareholder) for a period of four years following the date on which the person became a 10% shareholder (the share acquisition date) unless, before that share acquisition date, a committee of the corporation's disinterested directors approve either the business combination or the acquisition of shares. Only specifically defined types of "business combinations" are prohibited by the Minnesota statute. In general, the definition includes:

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- any merger or exchange of securities of the corporation with the interested shareholder;

- certain sales, transfers, or other disposition of assets of the corporation to an interested shareholder;

- transfers by the corporation to interested shareholders of shares that have a market value of 5% or more of the value of all outstanding shares, except for a pro rata transfer made to all shareholders;

- any liquidation or dissolution of, or reincorporation in another jurisdiction of, the corporation which is proposed by the interested shareholder;

- certain transactions proposed by the interested shareholder or any affiliate or associate of the interested shareholder that would result in an increase in the proportion of shares entitled to vote owned by the interested shareholder; and

- transactions whereby the interested shareholder receives the benefit of loans, advantages, guarantees, pledges, or other financial assistance or tax advances or credits from the corporation.

For purposes of selecting a disinterested committee, a director or person is “disinterested” if the director or person is neither an officer nor an employee of the issuing public corporation or a related corporation, nor has been an officer or employee within five years preceding the formation of the committee of the issuing public corporation or a related corporation. The disinterested committee must consider and act on any written, good faith proposal to acquire shares or engage in a business combination. The disinterested committee must consider and take action on the proposal and within 30 days render a decision in writing regarding the proposal.

In contrast to the Minnesota statute, the Delaware statute provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, the person is designated an interested stockholder and the corporation may not engage in certain business combinations with such person for a period of three years. However, an otherwise prohibited business combination may be permitted if one of three conditions is satisfied:

- if before the date the person became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- if the tender offer or other transaction pursuant to which the person acquires 15% stock ownership is attractive enough such that the interested stockholder is able to acquire ownership in the same transaction of at least 85% of the outstanding voting stock (excluding for purposes of determining the number of shares outstanding those shares owned by directors who are also officers and those shares owned by certain employee stock ownership plans); or

- if the combination receives approval from the board of directors and is authorized at an annual or special meeting of stockholders (action by written consent is not permitted) by the affirmative vote of at least two-thirds of the outstanding voting shares held by disinterested stockholders.

As in Minnesota, only certain Delaware corporations are subject to the business combination provisions of Delaware corporation law. A corporation is subject to the statute if it is incorporated under the laws of Delaware and has a class of voting stock that is listed on a national securities exchange, quoted on the NASDAQ Stock Market, or held of record by more than 2,000 shareholders. Because VioQuest Delaware will not meet any of these conditions, it will not be subject to the Delaware business combination statute for purposes of the Merger. However, VioQuest Delaware may be subject to the Delaware business combination statute in the future.

The "business combinations" prohibited under Delaware law include any of the following:

- any merger or consolidation with the interested stockholder;

- any sale, transfer or other disposition of assets to the interested stockholder if the assets have a market value equal to or greater than 10% of the aggregate market value of all of the corporation's assets;

- any transfer of stock of the corporation to the interested stockholder, except for transfers in a conversion or exchange or a pro rata distribution; and any receipt by the interested stockholder of any loans, advances, guarantees, pledges, and

- other financial benefits, except in connection with a pro rata transfer.

The Delaware statute does not apply to any business combination in which the corporation, with the support of a majority of those directors who were serving as directors before any person became an interested stockholder, proposes a merger, sale, lease, exchange or other disposition of at least 50% of its assets, or supports (or does not oppose) a tender offer for at least 50% of its voting stock. In such a case, all interested stockholders are not required to comply with the three year prohibition and may compete with the corporation-sponsored transaction.

Minnesota law is somewhat more restrictive than Delaware law with respect to a prospective takeover attempt. In Minnesota, an interested shareholder is one who owns 10% of the outstanding shares while in Delaware 15% is the share ownership threshold. An interested shareholder must wait four years in Minnesota to engage in prohibited business combinations, compared to a three-year waiting period in Delaware. Minnesota also has a potentially broader definition of a business combination which arguably encompasses a larger variety of transactions. Another difference between the two business combination statutes is the method by which prohibited transactions become permissible. In Delaware, an otherwise prohibited business combination may be permitted by board approval, by stockholder approval, or by an acquisition of 85% of the outstanding shares of voting stock. In Minnesota, a prohibited transaction is permitted only by advance board committee approval. In addition, the Delaware statute provides that if the corporation proposes a merger or sale of assets, or does not oppose a tender offer, all interested stockholders are not required to comply with the three year prohibition and in certain circumstances may compete with such proposed transaction. The Minnesota statute does not have a comparable provision. Both the Minnesota and Delaware provisions permit a corporation to "opt out" of the business combination statute by electing to do so in its articles or certificate of incorporation within a specified time period. Neither the Bylaws nor the Articles of Incorporation of the Company contain such an "opt out" provision. Similarly, neither the Certificate of Incorporation nor the Bylaws of VioQuest Delaware contain such an "opt out" provision.

The MBCA includes other provisions relating to takeovers that are not included in the DGCL. Some of these provisions address a corporation's use of golden parachutes, greenmail and the standard of conduct of the Board of Directors in connection with the consideration of takeover proposals. The MBCA contains a provision which prohibits a publicly-held corporation from entering into or amending agreements (commonly referred to as golden parachutes) that increase current or future compensation of any officer or director during any tender offer or request or invitation for tenders. The MBCA provides that a publicly-held corporation is prohibited from purchasing or agreeing to purchase any shares from a person who beneficially owns more than 5% of the voting power of the corporation if the shares had been beneficially owned by that person for less than two years, and if the purchase price would exceed the

market value of those shares. However, such a purchase will not violate the statute if the purchase is approved at a meeting of the shareholders by a majority of the voting power of all shares entitled to vote or if the corporation's offer is of at least equal value per share and made to all holders of shares of the class or series and to all holders of any class or series into which the securities may be converted. In considering the best interests of the corporation with respect to a proposed acquisition of an interest in the corporation, the MBCA authorizes the board of directors to consider the interest of the corporation's employees, customers, suppliers and creditors, the economy of the state and nation, community and social considerations and the long-term as well as short-term interests of the corporation and its shareholders, including the possibility that these interests may be best served by the continued independence of the corporation.

Directors' Standard of Care and Personal Liability

Minnesota law provides that a director must discharge the director's duties in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A director who complies with such standards may not be held liable by reason of being a director or having been a director of the corporation. Delaware law provides that the business and affairs of a Delaware corporation are to be managed by or under the direction of its board of directors. The directors of a company owe fiduciary duties to the company and its stockholders. These fiduciary duties require directors in making a business decision to act on an informed basis, in good faith, and in the honest belief that the action to be taken is in the best interests of the company and its stockholders. In general, directors owe two distinct fiduciary duties: the duty of care and the duty of loyalty.

Limitation or Elimination of Director's Personal Liability

Minnesota law provides that the personal liability of a director for breach of fiduciary duty may be eliminated or limited if the articles of incorporation so provide, but the articles may not limit or eliminate such liability for (a) any breach of the directors' duty of loyalty to the corporation or its shareholders, (b) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (c) the payment of unlawful dividends, stock repurchases or redemptions, (d) any transaction in which the director received an improper personal benefit, (e) certain violations of the Minnesota securities laws, and (f) any act or omission that occurs before the effective date of the provision in the articles eliminating or limiting liability. The Company's Articles of Incorporation provide that, to the fullest extent permitted by the MBCA, a director shall not be personally liable to the Company or its shareholders for monetary damages for breach of a directors' fiduciary duty. Delaware law provides that if the certificate of incorporation so provides, the personal liability of a director for breach of fiduciary duty as a director may be eliminated or limited, but that the liability of a directors is not limited or eliminated for (a) any breach of the directors' duty of loyalty to the corporation or its shareholders, (b) acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law, (c) the payment of unlawful dividends, stock repurchases or redemptions, or (d) any transaction in which the director received an improper personal benefit. VioQuest Delaware's Certificate of Incorporation contains a provision eliminating the personal liability of its directors for breach of fiduciary duty, subject to the foregoing limitations. The Company is not aware of any pending or threatened litigation to which the limitation of directors' liability would apply.

Indemnification

Minnesota law generally provides for mandatory indemnification of persons acting in an official capacity on behalf of the corporation if such a person acted in good faith, did not receive any improper personal benefit, acted in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe that the conduct was unlawful. Delaware law permits a corporation to indemnify its officers, directors, employees and agents and expressly provides that such indemnification shall not be deemed exclusive of any indemnification right provided under any bylaw, vote of shareholders or disinterested directors or otherwise. Delaware law permits indemnification against expenses and certain other liabilities arising out of legal actions brought or threatened against parties entitled to indemnity for their conduct on behalf of the corporation, provided that each such person acted in good faith and in a manner such person reasonably believed was in or not opposed to the best interests of the corporation. In Delaware indemnification is available in a criminal action only if the person seeking indemnity had no reasonable cause to believe that the person's conduct was unlawful. Delaware law does not allow indemnification for directors in the case of an action by or in the right of the corporation (including stockholder derivative suits) as to which such director shall have been adjudged to be liable to the corporation unless indemnification (limited to expenses) is ordered by a court. The Certificate of VioQuest Delaware provides for indemnification to the fullest extent permitted by Delaware law.

Stockholder Voting

Under both Minnesota law and Delaware law, action on certain matters, including the sale, lease or exchange of all or substantially all of the corporation's property or assets, mergers, and consolidations and voluntary dissolution, must be approved by the holders of a majority of the outstanding shares. In addition, both states' laws provide that the articles or certificate of incorporation may provide for a supermajority of the voting power of the outstanding shares to approve such extraordinary corporate transactions. Neither the Company's Articles nor VioQuest Delaware's Certificate contain such a provision.

Action by Directors Without a Meeting

Minnesota and Delaware law permit directors to take written action without a meeting for an action otherwise required or permitted to be taken at a board meeting. Minnesota law provides that a corporation's articles of incorporation may provide for such written action, other than an action requiring shareholder approval, by the number of directors that would be required to take the same action at a meeting of the board at which all directors were present. The Company's Articles of Incorporation contain such a provision allowing an action to be taken by written consent of less than all of the directors. Delaware law contains no such provision and, thus, written actions by the directors of VioQuest Delaware must be unanimous. Minnesota law also states that if the articles of incorporation or bylaws so provide, a director may give advance written consent or opposition to a proposal to be acted on at a board meeting; however, such consent or opposition of a director not present at a meeting does not constitute presence for determining the existence of a quorum. The Company's Bylaws contain such a provision. Delaware law does not contain any advance written consent or opposition provision.

Conflicts of Interest

Under both Minnesota law and Delaware law, a contract or transaction between a corporation and one or more of its directors, or an entity in or of which one or more of the corporation's directors are directors, officers, or legal representatives or have a material financial interest, is not void or voidable solely because of such reason, provided that the contract or transaction is fair and reasonable at the time it is authorized, such contract or transaction is ratified by the corporation's disinterested stockholders after disclosure of the relationship or interest, or such contract or transaction is authorized in good faith by a majority of the disinterested members of the board of directors after disclosure of the relationship or interest. However, if such contract or transaction is authorized by the board, under Minnesota law the interested director may not be counted in determining the presence of a quorum and may not vote

on such contract or transaction. Delaware law permits the interested director to be counted in determining whether a quorum of the directors is present at the meeting approving the contract or transaction, and further provides that the contract or transaction shall not be void or voidable solely because the interested director's vote is counted at the meeting which authorizes the contract or transaction.

Number of Directors

Minnesota law provides that the number of directors shall be fixed by or in the manner provided in the articles of incorporation or bylaws, and that the number of directors may be changed at any time by amendment to or in the manner provided in the articles of incorporation or bylaws. The Company's Bylaws provide that the Board of Directors shall consist of a seven directors. Delaware law provides that the number of directors shall be fixed by, or in the manner provided in, the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the certificate. Under the Bylaws and the Certificate of Incorporation of VioQuest Delaware, the number of directors may be fixed by resolution of the Board of Directors.

Classified Board of Directors

Both Minnesota and Delaware permit a corporation's bylaws to provide for a classified board of directors. Delaware permits a maximum of three classes; Minnesota law does not limit the number of classes. The Company currently has a classified board of directors and the Certificate of Incorporation and the Bylaws of VioQuest Delaware provide for a classified board of directors.

Removal of Director

Under Minnesota law, unless a corporation's articles of incorporation provide otherwise, a director may be removed with or without cause by the affirmative vote of a majority of the shareholders or, if the director was named by the board to fill a vacancy, by the affirmative vote of a majority of the other directors. Under Delaware law a director of a corporation may be removed with or without cause by the affirmative vote of a majority of shares entitled to vote for the election of directors. However, a director of a Delaware corporation that has a classified board may be removed but only for cause, unless the certificate of incorporation provides otherwise. The Bylaws of VioQuest Delaware provide that a director may be removed at any time but only for cause by the stockholders.

Vacancies on Board of Directors

Under Minnesota law, unless the articles of incorporation or bylaws provide otherwise, (a) a vacancy on a corporation's board of directors may be filled by the vote of a majority of directors then in office, although less than a quorum, (b) a newly created directorship resulting from an increase in the number of directors may be filled by the board, and (c) any director so elected shall hold office only until a qualified successor is elected at the next regular or special meeting of shareholders. The Company's Bylaws follow these provisions. Under Delaware law, a vacancy on a corporation's board of directors may be filled by a majority of the remaining directors, even if less than a quorum, or by the affirmative vote of a majority of the outstanding voting shares, unless otherwise provided in the certificate of incorporation or bylaws. The Certificate of Incorporation of VioQuest Delaware provides that a vacancy on a board of directors shall be filled by the affirmative vote of a majority of the remaining directors, and not by the stockholders.

Annual Meetings of Stockholders

Minnesota law provides that if a regular meeting of shareholders has not been held during the immediately preceding 15 months, a shareholder or shareholders holding 3% or more of the voting power of all shares entitled to vote may demand a regular meeting of shareholders. Delaware law provides that if no date has been set for an Annual Meeting of stockholders for a period of 13 months after the last Annual Meeting, any stockholder or director may request the Delaware court to order a meeting to be held.

Special Meetings of Stockholders

Minnesota law provides that the chief executive officer, the chief financial officer, two or more directors, a person authorized in the articles or bylaws to call a special meeting, or a shareholder holding 10% or more of the voting power of all shares entitled to vote, may call a special meeting of the shareholders, except that a special meeting concerning a business combination must be called by 25% of the voting power. Under Delaware law, only the board of directors or those persons authorized by the corporation's certificate of incorporation or bylaws may call a special meeting of the corporation's stockholders. The Bylaws of VioQuest Delaware provide that special meetings of shareholders may be called by the corporation's President, Board of Directors, Chairman of the Board, Chief Executive Officer or at the request of stockholders owning a majority of the voting power of the outstanding shares entitled to vote.

Voluntary Dissolution

Minnesota law provides that a corporation may be dissolved by the voluntary action of holders of a majority of a corporation's shares entitled to vote at a meeting called for the purpose of considering such dissolution. Delaware law provides that voluntary dissolution of a corporation first must be deemed advisable by a majority of the board of directors and then approved by a majority of the outstanding stock entitled to vote. Delaware law further provides for voluntary dissolution of a corporation without action of the directors if all of the stockholders entitled to vote on such dissolution consent in writing to such dissolution.

Minnesota law provides that a court may dissolve a corporation in an action by a shareholder where: (a) the situation involves a deadlock in the management of corporate affairs and the shareholders cannot break the deadlock; (b) the directors have acted fraudulently, illegally, or in a manner unfairly prejudicial to the corporation; (c) the shareholders are divided in voting power for two consecutive regular meetings to the point where successor directors are not elected; (d) there is a case of misapplication or waste of corporate assets; or (e) the duration of the corporation has expired. Delaware law provides that courts may revoke or forfeit the charter of any corporation for abuse, misuse or nonuse of its corporate powers, privileges or franchises.

Inspection of Shareholder Lists

Under Minnesota law, any shareholder has an absolute right, upon written demand, to examine and copy, in person or by a legal representative, at any reasonable time, the corporation's share register. Under Delaware law, any stockholder, upon written demand under oath stating the purpose thereof, has the right during the usual hours for business to inspect for any proper purpose a list of the corporation's stockholders and to make copies or extracts therefrom.

Amendment of the Charter

Under Minnesota law, before shareholders may vote on an amendment to the articles of incorporation, either a resolution to amend the articles must have been approved by the affirmative vote of the majority of the directors present at the meeting where such resolution was considered, or the amendment must have been proposed by shareholders holding 3% or more of the voting power of the shares entitled to vote. Amending the articles of incorporation requires the affirmative vote of the holders of the majority of the voting power present and entitled to vote at the meeting (and of each class, if entitled to vote as a class), unless the articles of incorporation require a larger proportion. Minnesota law provides that a proposed amendment may be voted upon by the holders of a class or series even if the articles of incorporation would deny that right, if among other things, the proposed amendment would change the rights or preferences of the class or series, create a new class or series of shares having rights and preferences prior and superior to the shares of that class or series or limit or deny any existing preemptive right of the shares of the class or series. Under Delaware law, the board of directors must adopt a resolution setting forth an amendment to the certificate of incorporation before the stockholders may vote on such amendment. Unless the certificate of incorporation provides otherwise, amendments to the certificate of incorporation generally require the approval of the holders of a majority of the outstanding stock entitled to vote thereon, and if the amendment would increase or decrease the number of authorized shares of any class or series or the par value of such shares, or would adversely affect the rights, powers or preferences of such class or series, a majority of the outstanding stock of such class or series also must approve the amendment.

Amendment of the Bylaws

Minnesota law provides that unless the articles of incorporation reserve the power to the shareholders, the power to adopt, amend, or repeal a corporation’s bylaws is vested in the board of directors, subject to the power of the shareholders to adopt, repeal, or amend the bylaws. After adoption of initial bylaws, the board of directors of a Minnesota corporation cannot adopt, amend, or repeal a bylaw fixing a quorum for meetings of shareholders, prescribing procedures for removing directors or filling vacancies on the board, or fixing the number of directors or their classifications, qualifications, or terms of office, but may adopt or amend a bylaw to increase the number of directors. Delaware law provides that the power to adopt, amend, or repeal bylaws remains with the corporation’s stockholders, but permits the corporation, in its certificate of incorporation, to place such power in the board of directors. Under Delaware law, the fact that such power has been placed in the board of directors neither divests nor limits the stockholders’ power to adopt, amend, or repeal bylaws.

Proxies

Both Minnesota and Delaware law permit proxies of definite duration. If the proxy is indefinite as to its duration, under Minnesota law it is valid for 11 months, under Delaware law, the proxy is valid for three years.

Preemptive Rights

Under Minnesota law, shareholders have preemptive rights to acquire a certain fraction of the unissued securities or rights to purchase securities of a corporation before the corporation offers them to other persons, unless the corporation’s articles of incorporation otherwise provide. The Company’s Articles provide that the Company’s shareholders do not have preemptive rights. Under Delaware law, preemptive rights do not exist unless the corporation’s certificate of incorporation specifies otherwise. VioQuest Delaware’s Certificate does not provide for any such preemptive rights.

Dividends

Generally, a Minnesota corporation may pay a dividend if its board of directors determines that the corporation will be able to pay its debts in the ordinary course of business after paying the dividend and if, among other things, the dividend payment does not reduce the remaining net assets of the corporation below the aggregate preferential amount payable in the event of liquidation to the holders of the shares having preferential rights, unless the payment is made to those shareholders in the order and to the extent of their respective priorities. A Delaware corporation may pay dividends out of surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year, except that dividends may not be paid out of net profits if, after the payment of the dividend, capital is less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Stock Repurchases

A Minnesota corporation may acquire its own shares if, after the acquisition, it is able to pay its debts as they become due in the ordinary course of business and if enough value remains in the corporation to satisfy all preferences of senior securities. Under Delaware law, a corporation may purchase or redeem shares of any class except when its capital is impaired or such purchase would cause impairment of capital, except that a corporation may purchase or redeem any of its preferred shares if such shares will be retired upon the acquisition and the capital of the corporation will be reduced by such retirement of shares.

Treasury Shares

The MBCA does not allow treasury shares. Under the DGCL, the Company may hold treasury shares and such shares may be held, sold, loaned, pledged or exchanged by the Company. Such treasury shares, however, are not outstanding shares and therefore do not receive any dividends and do not have voting rights.

Dissenting Shareholder Rights

In some circumstances under Minnesota law and Delaware law, shareholders have the right to dissent from certain corporate transactions by demanding payment in cash for their shares equal to the fair value of the shares as determined by agreement with the corporation or by a court in an action timely brought by the dissenting shareholders. Minnesota law, in general, affords dissenters' rights upon certain amendments to the articles of incorporation that materially and adversely affect the rights or preferences of the shares of the dissenting shareholder, upon the sale of substantially all corporate assets and upon merger or exchange by a corporation. However, no such appraisal rights exist for the holders of any shares listed on the New York Stock Exchange, the American Stock Exchange or designated as a national market system security on an interdealer quotation system. Delaware law allows for dissenters' rights only in connection with certain mergers or consolidations. No such appraisal rights exist, however, for corporations whose shares are listed on a national securities exchange or held of record by more than 2,000 stockholders unless the certificate of incorporation provides otherwise (the VioQuest Delaware Certificate does not provide otherwise) or the shareholders are to receive in the merger or consolidation anything other than (a) shares of stock of the corporation surviving or resulting from such merger or consolidation, (b) shares of stock of any other corporation which at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 shareholders, (c) cash in lieu of fractional shares of the corporation described in the foregoing clauses (a) and (b), or (d) any combination of clauses (a), (b), or (c). The procedures for asserting dissenters' rights in Delaware impose most of the initial costs of such assertion on the dissenting shareholder, whereas the Minnesota procedures pose little financial risk to the dissenting shareholder in demanding payment in excess of the amount the corporation determined to be the fair value of its shares.

Abandonment of Reincorporation Merger

Notwithstanding shareholder approval, the Board of Directors may abandon the proposed Reincorporation at any time before the effective time of the Reincorporation if the Board of Directors of the Company determines that in its judgment the Reincorporation does not appear to be in the best interests of the Company or its shareholders. In the event the Board of Directors abandons the Reincorporation, or the Company's shareholders fail to approve the Reincorporation, the Company would remain a Minnesota corporation.

Required Vote for the Reincorporation

The affirmative vote of a majority of all shares of VioQuest common stock entitled to vote at the Special Meeting is required to authorize the Reincorporation. The enclosed form of Proxy provides a means for shareholders (i) to vote for the Reincorporation and its resulting effects, (ii) to vote against the Reincorporation and its resulting effects, or (iii) to abstain from voting with respect to the Reincorporation and its resulting effects. Each properly executed proxy received in time for the Special Meeting will be voted at such meeting as specified therein. **If a shareholder executes and returns a proxy but does not specify otherwise, the shares represented by such shareholder's proxy will be voted for the Reincorporation and all its resulting effects.** A vote for the proposal will constitute specific approval of the Reincorporation and its resulting effects, VioQuest Delaware's Bylaws, and all transactions and proceedings related to the Reincorporation described in this proxy statement.

Board Recommendation and Voting Requirements

The Board of Directors recommends a vote <u>FOR</u> approval of the proposal to change the state of incorporation from Minnesota to Delaware. Provided a quorum is present, the affirmative vote of holders of a majority of the voting power of the outstanding shares of common stock entitled to vote on this item and present, in person or by proxy, at the Special Meeting is required for approval of the proposal to change the state of incorporation from Minnesota to Delaware. Proxies solicited by our Board of Directors will be voted for approval of the Reincorporation, unless shareholders specify otherwise in their proxies.

Dissenters' Rights

Under Minnesota law, you have the right to dissent from the proposed Reincorporation and receive the fair value of your shares in cash. See "Summary of Dissenters' Rights."

Federal Income Tax Consequences of Reincorporation

The Reincorporation is intended to be tax free under the Internal Revenue Code. We do not intend to obtain a legal opinion regarding the tax consequences of the Reincorporation, however. Rather, we have been advised by our counsel that no gain or loss will be recognized by shareholders for federal income tax purposes as a result of the consummation of the Reincorporation. We have further been advised by our counsel that each shareholder will have a tax basis in the shares of capital stock of VioQuest Delaware deemed received upon the effective time of the Reincorporation equal to the tax basis of the shareholder in the shares of capital stock deemed exchanged therefore, and, provided that the shareholder held the shares of capital stock as a capital asset, such shareholder's holding period for the shares of capital stock of VioQuest Delaware deemed to have been received will include the holding period of the shares of capital stock deemed exchanged therefore. No gain or loss will be recognized for federal income tax purposes by the Company or VioQuest Delaware and VioQuest Delaware will succeed, without adjustment, to the tax attributes of the Company.

NOTWITHSTANDING THE FOREGOING, SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE REINCORPORATION UNDER APPLICABLE STATE, LOCAL OR FOREIGN TAX LAWS.

SHAREHOLDER PROPOSAL NO. 2:
AMENDMENT TO THE ARTICLES OF INCORPORATION

General

The Board of Directors is proposing that the Articles of Incorporation of the Company be amended to increase the authorized capital stock of the Company from 50,000,000 shares of undesignated capital stock, $.01 per share par value, to 100,000,000 shares of common stock and 10,000,000 shares of preferred stock, $.001 per share par value.

Purpose of the Charter Amendment

The Charter Amendment will have the effect of increasing the number of shares of the Company's authorized capital stock. Currently, the Company's articles of incorporation authorize the issuance of 50,000,000 shares of undesignated capital stock. VioQuest Delaware's certificate of incorporation, however, authorizes the issuance of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. The Company currently has outstanding approximately 17,800,000 shares of common stock and options and warrants to acquire an additional approximately 6,200,000 shares of common stock. In connection with the Merger, we will be required to issue approximately 17,200,000 shares of common stock to Greenwich's stockholders, plus warrants to purchase an additional 4,000,000 shares. Accordingly, following the Merger we expect to have outstanding approximately 35,000,000 shares of common stock and options and warrants to purchase an additional 10,200,000 common shares. Without the increased number of authorized shares resulting from the Charter Amendment, the Company will have very few additional authorized shares remaining for issuance and would likely need to seek shareholder approval in the near future. The increased number of authorized shares resulting from the Charter Amendment will provide the Company with flexibility to raise additional capital in the future by selling shares of its stock. Apart from the Merger and the proposed financing transaction to generate proceeds in the amount of $5 million, the Company has no current intentions or understandings to issue the additional authorized shares of common stock.

Effect on VioQuest Stock

Because the proposed Charter Amendment will increase the number of shares of the Company's authorized capital stock, there is a potential for further dilution of shares of capital stock currently held by the Company's shareholders if the Company issues additional authorized shares of common stock. Further, if the Company issues additional shares in financings or otherwise, the issued shares may have rights, preferences or privileges senior to those of our common stock.

Other than as contemplated by the Merger, we currently have no specific plans to issue additional stock. However, because the drug development business is very expensive and we expect to incur losses for the foreseeable future, we will need to raise significant amounts of additional capital in the future, likely by selling shares of our stock.

Additionally, the proposed increase in the number of authorized shares of capital sotck, and the flexibility in structuring the terms and conditions of those shares may be viewed as giving the Board of Directors the ability to make a takeover attempt more difficult. Management may use the shares to counter an offer by a bidder wanting to obtain control of the Company. For example, management could issue preferred shares with rights and preferences superior to common stock, such as superior voting rights, to persons friendly to management. Management has no current intention to issue preferred shares for that purpose.

Required Vote for the Charter Amendment

The affirmative vote of a majority of the shares represented at the Special Meeting is required to authorize the Charter Amendment. The enclosed form of Proxy provides a means for shareholders (i) to vote for the Charter Amendment and its resulting effects, (ii) to vote against the Charter Amendment and its resulting effects, or (iii) to abstain from voting with respect to the Charter Amendment and its resulting effects. Each properly executed proxy received in time for the Special Meeting will be voted at such meeting as specified therein. **If a shareholder executes and returns a proxy but does not specify otherwise, the shares represented by such shareholder's proxy will be voted for the Charter Amendment and all its resulting effects.** A vote for the proposal will constitute specific approval of the Charter Amendment and its resulting effects.

Board Recommendation and Voting Requirements

The Board of Directors recommends a vote FOR approval of the proposal to amend the articles of incorporation of the Company. Provided a quorum is present, the affirmative vote of holders of a majority of the shares represented at the Special Meeting is required for approval of the proposal to amend the articles of incorporation of the Company. Proxies solicited by our Board of Directors will be voted for approval of the Charter Amendment, unless shareholders specify otherwise in their proxies.

THE MERGER

Background of Merger

Greenwich is a company founded by Lindsay A. Rosenwald, M.D. and his associates. Dr. Rosenwald is the chairman and chief executive officer of Paramount BioCapital, Inc., a New York-based merchant and investment bank and venture capital firm that focuses on biotechnology companies. Among other business activities, with its affiliates, Paramount BioCapital creates new companies to then in-license novel drug and therapeutic technologies to develop and commercialize.

Under this model, Paramount founded Greenwich in October 2004 and shortly thereafter began negotiating with academic and research institutions to in-license the rights to develop and commercialize novel drug and therapeutic technologies. Aside from Dr. Rosenwald and various trusts established for his benefit, who collectively own approximately 48 percent of Greenwich's outstanding common stock, the rest of Greenwich's common stock is owned substantially by employees and other associates of Paramount BioCapital, including Stephen C. Rocamboli and Michael Weiser, M.D., Ph.D., both of whom are directors of VioQuest.

In February 2005, Daniel Greenleaf, the President and Chief Executive Officer of VioQuest, became aware that Greenwich was in negotiations with both the Cleveland Clinic to in-license the rights to develop and commercialize sodium stibogluconate, or SSG, and with the Moffitt Cancer Center at the University of South Florida to in-license the rights to develop and commercialize triciribine, or TCN. Mr. Greenleaf initiated preliminary discussions with Dr. Jeffrey Serbin, an analyst employed by Paramount BioCapital who was involved in conducting due diligence research relating to SSG and TCN on behalf of Paramount and Greenwich to determine if the technologies were available for sale to VioQuest. On several occasions from February into March 2005, Mr. Greenleaf also had similar discussions with Dr. Jason Stein, a senior analyst at Paramount, who is also vice president of Greenwich and a member of its board of directors.

On March 22, 2005, Mr. Greenleaf informed the VioQuest board of directors of his discussions with Greenwich concerning acquiring the rights to its two drug candidates and made a summary presentation of SSG and TCN. No action by the VioQuest board was taken at this time.

Following the March 22, 2005 VioQuest board meeting, Mr. Greenleaf continued in discussions with Drs. Stein and Serbin and J. Jay Lobell, Paramount BioCapital's chief operating officer and the president of Greenwich, concerning the terms and form of a proposed transaction whereby VioQuest would acquire the rights to SSG and TCN.

On April 4, 2005, at a meeting of the VioQuest board of directors, Dr. Serbin and Dr. Matthew Wykoff made a presentation to the VioQuest board concerning SSG and TCN, which included a lengthy question and answer session with VioQuest's board. The VioQuest board took no action at the meeting.

On April 14, 2005, Greenwich sent a preliminary term sheet to VioQuest's management, which outlined the terms of a proposed merger transaction between the two companies. On April 19, 2005, the VioQuest board of directors met telephonically to consider the term sheet. Mr. Rocamboli and Dr. Weiser did not participate in this meeting as a result of their interest in Greenwich. The board did not take any action at the meeting, but agreed to appoint a committee of disinterested directors to consider and, if warranted, approve the term sheet. Following this board meeting, a written consent of the VioQuest board approving resolutions that appointed a special committee consisting of Kenneth W. Brimmer, David M. Tanen and Mr. Greenleaf.

On April 26, 2005, VioQuest engaged CRA International, a business valuation consultant to undertake to render a fairness opinion to VioQuest.

Through the remainder of April, Mr. Greenleaf, Mr. Lenz and VioQuest's legal counsel held numerous discussions with representatives of Greenwich, including Mr. Lobell, Dr. Stein and its counsel. VioQuest's special committee of the board also met several times to discuss and consider various proposed terms of the transaction. On May 2, 2005, the VioQuest special committee authorized VioQuest's management to enter into a non-binding term sheet that outlined the terms and conditions of a proposed merger transaction whereby a wholly-owned subsidiary of VioQuest would merge with and into Greenwich, with Greenwich becoming a wholly-owned subsidiary of VioQuest following the transaction. The term sheet was executed on the evening of May 3, 2005, which VioQuest publicly announced on May 4, 2005.

Following the execution of the term sheet, the parties proceeded to negotiate a definitive merger agreement and commenced due diligence. From early May through the end of June 2005, the parties conducted negotiations of the terms of a definitive merger agreement, with both sides being assisted by its respective legal counsel.

On April 28, 2005, Mr. Greenleaf met with representatives of the Cleveland Clinic in Cleveland, Ohio to discuss the development plans for SSG, and on May 17, 2005, Mr. Greenleaf met with representatives of the Moffitt Cancer Center in Tampa, Florida to discuss the development plans relating to TCN.

On June 17, 2005, CRA International delivered an oral report to the VioQuest board of directors concerning its analysis of the financial terms of the Merger. The VioQuest board of directors approved the terms of the merger at that date.

However, following that date, additional negotiations were required with respect to certain terms. On June 28, 2005, VioQuest's management informed its board of directors of the additional items that remained open. The next day, Mr. Greenleaf met with Mr. Lobell in New York to finalize the agreement on these open terms. The definitive merger agreement was signed July 1, 2005.

As a result of their past business relationships, the officers and directors of VioQuest have known the founders and principals of Greenwich for, in some cases, several years. Specifically, because VioQuest itself was founded, in part, by Dr. Rosenwald and others at Paramount, many of VioQuest's officers and directors have developed business relationships with various Paramount employees who have co-founded Greenwich.

VioQuest's Reasons for the Merger

In August 2004, VioQuest determined to expand its business into biotechnology and drug development, in addition to its chiral products and services business. VioQuest then began searching for a chief executive officer candidate with experience in biotechnology and drug development, particularly with the development of therapeutics for use in oncology, viral and autoimmune diseases. In February 2005, the Company hired Mr. Greenleaf as its President and CEO, who was then charged with finding and acquiring the rights to one or more promising drug candidates for the Company to develop and commercialize. As indicated above, shortly after his hiring, Mr. Greenleaf became aware that Greenwich had just acquired the rights to SSG and was about to acquire the rights to TCN. Following research and due diligence of these two drug candidates, as well as approximately two dozen other drug candidates held by various unaffiliated third parties, VioQuest's management believed the Greenwich drugs offered exciting potential as oncology therapeutics. The Company continued its scientific due diligence, which concluded that SSG and TCN are promising drug candidates. VioQuest's management believes that the Merger and resulting acquisition of SSG and TCN will help fulfill VioQuest's objective of developing a therapeutics business, which it believes will enhance shareholder value.

In addition to its consideration of the potential of Greenwich's two product candidates, in determining to approve the Merger and the transactions contemplated by the Merger Agreement, the VioQuest board also considered potential negative factors relating to the transaction. For example, the Board considered the substantial dilution that will result to VioQuest's shareholders as a result of the issuance of the Merger Shares and Merger Warrants to the stockholders of Greenwich. The board concluded that this factor was mitigated, to some extent, by the requirement that one-half of the Merger Shares and Merger Warrants will be placed in escrow and released only upon the achievement of milestones relating to the clinical development of Greenwich's product candidates, as discussed in more detail below. See " - The Merger Agreement - Escrow of Merger Consideration." The VioQuest board also considered the need and expense involved in reincorporating the Company under Delaware law as a result of the fact that the Merger is a transaction with a related party.

The Merger Agreement

General Terms of the Merger

Pursuant to an Agreement and Plan of Merger dated July 1, 2005 (the "Merger Agreement"), between the Company, VQ Acquisition Corp., a Delaware corporation and our wholly-owned subsidiary ("VQ Merger Sub"), and Greenwich, we have agreed to effect a merger transaction in which SubCo will merge with and into Greenwich, with Greenwich remaining as the surviving corporation and our wholly-owned subsidiary (the "Merger"). In exchange for their shares of common stock, the stockholders of Greenwich will be entitled to receive such number of shares of VioQuest common stock representing approximately 47 percent of the outstanding fully-diluted common shares of VioQuest after giving effect to the Merger. Upon completion of the Merger, Greenwich will continue its current operations as a wholly owned operating subsidiary of VioQuest.

Manner and Basis of Converting Greenwich Shares

At the effective time of the Merger, each of the issued and outstanding shares of Greenwich common stock, other than shares held by persons who exercise dissenters' rights, will be converted into a number of shares of VioQuest common stock (the "Merger Shares") determined by applying an exchange ratio calculated by dividing:

(1) *the product of:*

(a) the fraction 49/51, *multiplied by*

(b) the number of shares of VioQuest common stock issued and outstanding immediately prior to the effective time of the Merger; *by*

(2) the number of shares of Greenwich Common Stock issued and outstanding immediately prior to the Effective Time on a fully diluted basis.

In addition to the Merger Shares, the Greenwich stockholders will collectively receive five-year warrants to purchase an aggregate of 4,000,000 shares of VioQuest common stock at an exercise price of $1.41 per share (the "Merger Warrants"), which approximates the blended terms of the currently outstanding options and warrants to purchase VioQuest common stock. As of the date of this proxy statement, there were 17,827,924 shares of VioQuest common stock issued and outstanding and 4,000,000 shares of Greenwich common stock issued and outstanding. Assuming no additional shares of either company are issued prior to the closing of the Merger, each share of Greenwich common stock will automatically convert into and be exchangeable for 4.2822 shares of VioQuest common stock (or approximately 17,128,800 shares of VioQuest common stock in the aggregate) and one Merger Warrant. Based on the foregoing, the Greenwich stockholders will hold 49 percent of the issued and outstanding shares of VioQuest common stock, or approximately 47 percent of VioQuest's common stock on a fully-diluted basis (i.e., assuming the issuance of all shares subject to outstanding options, warrants and other rights to acquire VioQuest common stock, including the issuance of all shares and warrants subject to escrow pursuant to the Merger Agreement).

Escrow of Merger Consideration

Pursuant to the Merger Agreement, one-half of both the Merger Shares and Merger Warrants issuable to the stockholders of Greenwich will be placed in escrow (the "Escrowed Securities") with an unaffiliated escrow agent pursuant to an escrow agreement to be entered into among VioQuest, Greenwich, a third party escrow agent, and a representative appointed by the stockholders of Greenwich. The Escrowed Securities shall be released from escrow after closing and delivered to the Greenwich stockholders as follows:

(i) thirty-five percent (35%) of the Escrowed Securities shall be released immediately upon the conclusion of a Phase I clinical trial pursuant to an investigational new drug, or IND, application accepted by the U.S. Food and Drug Administration, or FDA, for Sodium Stibogluconate, or SSG;

(ii) fifteen percent (15%) of the Escrowed Securities shall be released immediately upon conclusion of a Phase II clinical trial for SSG under a VioQuest-sponsored IND; provided that a majority of the members of VioQuest's then existing medical advisory board conclude that such trial yielded results which, in the opinion of such advisory board, warrant initiation of Phase III trial(s) (provided that this milestone shall be deemed to have been satisfied in the event a new drug application, or NDA, relating to SSG has been accepted for review by the FDA prior to any determination by the medical advisory board to initiate a Phase III trial);

(iii) thirty-five percent (35%) of such Escrowed Securities shall be released immediately upon the conclusion of a Phase I clinical trial pursuant to a VioQuest-sponsored IND application accepted by the FDA for Triciribine, or TCN; and

(iv) fifteen percent (15%) of such Escrowed Securities shall be released immediately upon conclusion of a Phase II clinical trial for TCN under a VioQuest-sponsored IND; provided that a majority of the members of VioQuest's then existing medical advisory board conclude that such trial yielded results which, in the opinion of such advisory board, warrant initiation of Phase III trial(s) (provided that this milestone shall be deemed to have been satisfied in the event an NDA relating to TCN has been accepted for review by the FDA prior to any determination by the medical advisory board to initiate a Phase III trial.

Notwithstanding the foregoing, all Escrowed Securities will be released to the Greenwich stockholders upon a "change of control" of VioQuest or Greenwich occurring after the Merger but prior to June 30, 2008. For purposes of the Merger Agreement, a "Change of Control" means (a) the merger or consolidation of VioQuest or Greenwich with or into another entity in which the stockholders of VioQuest or Greenwich, as applicable, immediately prior to such merger or consolidation own less than 60 percent of the voting securities of the surviving entity, (b) any other transaction or series of transactions as a result of which the shareholders of VioQuest or Greenwich, as applicable, immediately prior to such transaction or series of transactions own less than 60 percent of the voting securities of VioQuest or Greenwich, as applicable, or other surviving entity following such transaction (other than the sale of equity securities by Parent in a capital raising transaction) or (c) the sale or license of all or substantially all of the assets of Parent or Greenwich, as applicable, provided that in the case of Greenwich such sale is not to a wholly owned subsidiary of VioQuest.

In the event that the Escrowed Securities relating to the milestones described above have not been released to Greenwich stockholders by June 30, 2008, any Escrowed Shares still remaining in the escrow shall be released and delivered to VioQuest for cancellation, and the Greenwich shareholders will have no further right, title or interest to such Escrowed Shares. Notwithstanding the foregoing, the Escrowed Securities shall be deemed to be issued and outstanding for economic purposes while such Escrowed Securities are in escrow, and all cash dividends or other consideration or distributions (including without limitation additional securities) declared by VioQuest on any Escrowed Securities and or otherwise received by VioQuest for payment or distribution to shareholders of record of VioQuest at any point that any Escrowed Securities are in escrow, will be credited to such Escrowed Shares on a pro rata basis and immediately deposited by VioQuest with the escrow agent as additional Escrowed Securities or as additional consideration or distributions to be held and distributed by the escrow agent in accordance with the terms hereof.

Nominal Consideration

Greenwich stockholders borrowed from Paramount BioCapital, Inc., a New York-based merchant and investment bank and venture capital firm that focuses on biotechnology companies, Lindsay A. Rosenwald, M.D., and their affiliates substantially all of the funds necessary to conduct operations and to acquire the licenses held by Greenwich to the two drug candidates from The Cleveland Clinic Foundation and the University of South Florida Research Foundation, Inc. Most of this indebtedness will be repaid to Paramount BioCapital, Dr. Rosenwald and their affiliates from the proceeds of VioQuest private placements. Greenwich stockholders will therefore acquire their controlling interest in VioQuest for nominal consideration, including license agreements for uproven and undeveloped drug candidates.

Registration Rights; Lockup Agreement

VioQuest has agreed to grant "piggy-back" registration rights with respect to the Merger Shares issuable to Greenwich's stockholders. This means that, in connection with the next registration statement to be filed by VioQuest under the Securities Act (other than registrations on Forms S-4 or S-8), VioQuest will include the Merger Shares in such registration. Notwithstanding this obligation, however, the Greenwich stockholders will not be permitted to sell or otherwise transfer their Merger Shares (subject to limited exceptions for transfers made by operation of law and pursuant to a bona fide gift or private sale to any person or other entity that agrees in writing to be bound by the provisions of the Registration Rights Agreement) for a period of one year from the closing of the Merger.

Representations and Warranties

The Merger Agreement contains various mutual customary representations and warranties relating to, among other things:

- the due organization, power and standing of the Company and Greenwich;
- the capital structure and the authorization and validity of the outstanding shares of capital stock of the Company, VQ Merger Sub and Greenwich;
- the authorization, execution, delivery and performance by and enforceability of the Merger Agreement against, the Company and Greenwich;
- the absence of any provision of each party's articles or bylaws or any agreements, governmental authorizations, laws, regulations or orders in conflict with such party's authorization, execution, delivery or performance of the Merger Agreement;
- the absence of any public body, court or authority's authorization, consent or approval required for the consummation of the Merger by the Company, VQ Merger Sub and Greenwich;
- conformity with generally accepted accounting principles of the respective financial statements;
- the absence of certain changes or events with respect to the Company and Greenwich;
- the filing of tax returns, the absence of tax audits, the payment of taxes and related tax matters by the Company and Greenwich;
- the rights in certain intellectual property of the Company and Greenwich;
- compliance with applicable laws and possession of necessary permits by the Company and Greenwich, including compliance with the FDA;
- the absence of pending or threatened actions against such party with respect to the Merger;
- the absence of claims for brokerage commissions, finders' fees, investment advisory fees or similar compensation based upon arrangements made by or on behalf of the Company or Greenwich with respect to the Merger;
- employee relations and certain other matters related to employees of the Company and Greenwich;
- certain employee benefit plans and matters arising under the Employee Retirement Income Security Act of 1974, as amended;
- title (including leashold title) of the Company and Greenwich to, and the absence of liens against certain properties and assets;
- the absence of environmental liabilities and compliance with environmental laws;
- certain material contracts to which the Company or Greenwich is a party and the absence of defaults and breaches with respect thereto;
- insurance policies of the Company and Greenwich and certain matters related thereto; and
- material disclosure by the Company and Greenwich.

In addition to the mutual representations and warranties listed above, VioQuest and VQ Merger Sub have given representations and warranties relating to the following:

- the filing of reports and other documents with the SEC, the material compliance of such documents with SEC fules and regulations and the accuracy of the information contained therein;
- the absence of interim operations of VQ Merger Sub; and
- the authorization and validity of the shares of common stock to be issued pursuant to the Merger Agreement

Closing Conditions

The closing of the Merger is subject to the following conditions: (i) the Company's shareholders will have approved the Reincorporation; (ii) the Company will have succeeded in raising $5,000,000 in proceeds in a financining transaction; (iii) holders of 98 percent of Greenwich's common stock having completed a stockholder questionnaire; (iv) the parties to the Merger Agreement will have executed a registration rights agreement and an escrow agreement; (v) no more than 2 percent of Greenwich stockholders will have exercised their statutory appraisal rights under Delaware law; (vi) receipt by VioQuest of a fairness opinion from its financial advisor; and (vii) customary officer

certificates and tax and legal opinions will have been delivered.

Termination

The Merger Agreement may be terminated at any time prior to the effective time of the Merger:

(1) by either VioQuest or Greenwich if:

- the Merger shall not have been completed by October 31, 2005; or
- a governmental authority or court shall have issued an order or taken other action prohibiting the Merger;

(2) by VioQuest if:

- the Reincorporation proposal is not approved by VioQuest's shareholders;
- any of the conditions precedent to VioQuest's obligation to complete the Merger become incapable of satisfaction prior to October 31, 2005, provided that the failure of such condition is not the fault of VioQuest;
- Greenwich materially breaches or fails to perform any representation, warranty or covenant made by Greenwich in the Merger Agreement; or
- the board of directors of Greenwich withdraws its approval of the Merger or takes any other adverse action relating to the Merger or the Greenwich board of directors fails to reaffirm in writing its recommendation to the Greenwich stockholders that they approve the Merger within five days of VioQuest's request to do so;

(3) by Greenwich if:

- any of the conditions precedent to Greenwich's obligation to complete the Merger become incapable of satisfaction prior to October 31, 2005, provided that the failure of such condition is not the fault of Greenwich;
- VioQuest materially breaches or fails to perform any representation, warranty or covenant made by VioQuest in the Merger Agreement; or
- the board of directors of VioQuest withdraws its approval of the Merger or takes any other adverse action relating to the Merger.

If prior to receiving the approval of Greenwich's stockholders, Greenwich terminates the Merger Agreement as a result of having received a superior unsolicited offer or if VioQuest terminates the Merger Agreement as a result of having received a superior unsolicited offer, then the terminating party must reimburse the non-terminating party for all reasonable out-of-pocket expenses actually incurred by the non-terminating party in connection with the Merger Agreement up to a limit of $25,000. Such expenses may include fees paid to counsel, accountants, experts and other consultants.

Interest of Certain VioQuest Directors in Greenwich

Stephen C. Rocamboli and Michael Weiser, M.D., Ph.D., both of whom are directors of VioQuest, are stockholders of Greenwich. Mr. Rocamboli owns 144,000 shares of Greenwich common stock and Dr. Weiser owns 280,000 shares of Greenwich common stock. Accordingly, upon completion of the Merger, Mr. Rocamboli will receive approximately 616,320 Merger Shares (assuming a merger conversion ratio of approximately 4.28 shares of VioQuest common stock for each share of Greenwich common stock owned) and 144,000 Merger Warrants, and will beneficially own approximately 2.5 percent of the VioQuest's outstanding common stock upon the Merger. Dr. Weiser will receive approximately 1,198,400 Merger Shares and 280,000 Merger Warrants, and will beneficially own approximately 5.4 percent of the VioQuest's outstanding common stock upon the Merger. Mr. Rocamboli's and Dr. Weiser's interests in Greenwich were made known to VioQuest's board of directors at the outset of the negotiating process between the companies and neither attended or otherwise participated in any meeting and other discussion of the VioQuest board in all matters relating to the Merger.

Each of Mr. Rocamboli and Dr. Weiser are also employed by Paramount BioCapital, Inc., of which Dr. Lindsay Rosenwald is the chairman and sole stockholder. Together with various trusts established for his and his family's benefit, Dr. Rosenwald owns approximately 48 percent of Greenwich's outstanding common stock and approximately 16 percent of VioQuest's common stock. Upon completion of the Merger, Dr. Rosenwald and the Rosenwald Trusts will beneficially own approximately 37 percent of VioQuest's outstanding common stock. See "Shareholder Proposal No. 1: Reincorporation Under Delaware Law - Reasons for the Reincorporation - Condition to Completing the Merger with Greenwich."

Management of Company after the Merger

Those individuals serving as directors and officers of the Company prior to the Merger will continue to serve as directors and officers of the Company following the Merger.

Regulatory Approval

No federal or state regulatory approvals are required in connection with the Merger.

Material Federal Income Tax Consequences

Pursuant to the merger agreement, a wholly-owned subsidiary of VioQuest will be merged with and into Greenwich, with Greenwich as the surviving corporation, in exchange for approximately 49 percent of the issued and outstanding common stock of VioQuest on a post-transaction basis, plus warrants to purchase an additional 4,000,000 shares of VioQuest common stock. For federal income tax purposes, it is expected that no gain or loss will be recognized by VioQuest or VioQuest shareholders as a result of the Merger.

CERTAIN INFORMATION REGARDING VIOQUEST

General

VioQuest Pharmaceuticals, Inc. has two subsidiaries - VioQuest Drug Development, Inc., which was created for the purpose of acquiring, developing and eventually commercializing human therapeutics in the areas of oncology, viral and autoimmune diseases and disorders that are current unmet medical needs, and Chiral Quest, Inc., which continues our historical business of providing chiral products, technology and services to pharmaceutical and fine chemical companies in all stages of the product lifecycles with innovative chiral products and services. Chiral Quest has three main lines of products and services - proprietary chiral catalysts and chiral building blocks or client-defined molecules and process synthesis contract research services. We have the rights to certain chemical compounds known as chiral

ligands which, with the introduction of a metal, serve as catalysts in facilitating the production of chiral molecules in such a manner that there is a preferential manufacture of the desired molecule versus the unwanted mirror-image molecule. We provide pharmaceutical and fine chemical manufacturers and other prospective clients with broad access to our technologies for testing purposes at a low upfront cost, coupled with the opportunity to gain access to such technologies for specific applications for fees, royalties and certain manufacturing and development rights. Our ligands may also find use in producing fine chemicals other than pharmaceuticals - chiral molecules are used in flavors, fragrances, agrochemicals, animal health, food and feed additives (including vitamins) and nutraceuticals. In connection with our chiral technology, we provide specialized services to pharmaceutical, biotechnology and fine chemical companies relating to the development of chiral manufacturing processes for their products.

Our proprietary chiral technology was developed by Dr. Xumu Zhang, a professor at Pennsylvania State University ("Penn State") and is owned by the Penn State Research Foundation ("PSRF"), the technology development arm of Penn State. In November 2000, we obtained from the PSRF an exclusive, worldwide license to certain patents based on Dr. Zhang's research relating to asymmetrical catalysis technologies. This license gives us the right to, among other things, sub-license technology rights on a non-exclusive basis to clients, or sell molecule groups, known as ligands, to pharmaceutical and fine chemical company clients for both research and commercial applications.

Through Chiral Quest, we are also engaged in developing and making client-defined building blocks and drug candidate fragments, mainly in the chiral area. With this process chemistry offering to life sciences companies, we develop new synthetic routes or optimize existing ones and produce certain quantities of material for further processing at the clients' needs either for further elaboration, clinical trials or beyond.

We are a Minnesota corporation that resulted from the reverse merger of Chiral Quest, LLC, a Pennsylvania limited liability company that commenced operations in October 2000, and Surg II, Inc., a Minnesota corporation, on February 18, 2003.

Chiral Business

Chiral Quest has the rights to certain chemical compounds known as chiral ligands which, with the introduction of a metal, serve as catalysts in facilitating the production of chiral molecules in such a manner that there is a preferential manufacture of the desired molecule. Our products include bulk chiral catalysts, proprietary building blocks / client-defined targets and a proprietary "Chiral ToolKit", comprised of a diverse set of chiral ligands that when combined with transition metals to catalyze reactions leading to chiral molecules.

A molecule is considered "chiral" because it exists in two "enantiomers," or non-superimposable mirror images of each other analogous to one's left and right hands. Most drugs interact with biological targets in a specific manner, requiring the drug to be of a specific shape and orientation. Contaminating "wrong-handed" enantiomers of the active drug molecule will probably not interact with the biological drug target, or worse, interact with a different biological molecule in an unintended and often toxic manner. Thalidomide, the morning sickness drug used by pregnant women in the 1960's, is a notorious example of an impure chiral drug. One enantiomer of the drug's chiral molecules treated morning sickness, while its undesired enantiomer impurity caused birth defects. Pharmaceutical companies are typically required, at great expense, to purify the active mirror-image form of the drug molecule away from its contaminating or inactive counterpart, to maximize both safety and efficacy.

We also use our technology to provide specialized services to pharmaceutical, biotechnology and fine chemical companies relating to the development of chiral manufacturing processes for their products. Furthermore, Chiral Quest offers a variety of services covering specialized chiral transformation screening, chiral synthetic or process support and chiral manufacturing solutions to be delivered on a partnership/contract basis with client firms.

It is estimated that more than one-half of new drugs in Phases II and III development are chiral and approximately 90 percent of the new chiral substances are developed anantiomerically pure. In 2003, chiral drug sales exceeded $160 billion, which represents more than one-third of total pharmaceutical sales for that year. It is estimated that the market for chiral drugs is increasing at an annual rate of 8-10 percent and worldwide revenues are expected to reach $15 billion by 2008.

After the Merger, our working capital requirements will also be substantially impacted by the costs associated with the development of Greenwich's product candidates. These development costs will significantly impact our working capital based upon milestone payments, license fees, and regulatory approval and manufacturing costs. As a result, the Company will experience a significant increase in losses on a consolidated basis for the foreseeable future.

Given that Greenwich's officers and directors will not continue in their roles, the Company intends to build upon its experience base to continue the development of Greenwich's product candidates. Further, the Company intends to hire appropriate personnel to bolster the development and commercialization of the product candidates.

Our Technology

The Chiral Quest "Chiral Library" depicted below identifies the current commercial portfolio of proprietary ligands from which clients order both the Chiral ToolKit selection sets for Research and Development testing as well as bulk quantities for larger scale uses and commercialization.

Our Products and Services

Chiral ToolKit. We currently sell products that represent several of the proprietary families of our chiral ligands to which the Company has exclusive rights. These ligands are sold in research quantities that are packaged in convenient Chiral ToolKit sets for exclusive use in research applications by client companies. These innovative, patent protected ligands are screened by clients for applications in the manufacturing of their chiral molecules. Clients use this screening process to determine which ligands may prove optimal for their chiral manufacturing needs. The sale of research quantities of ligands allows clients to gain initial access to our technology and to independently validate the advantages provided by that technology.

Screening Services. We also provide focused screening of client supplied target compounds using our proprietary ligands. In addition to the select ligands included in the Chiral ToolKit, we have several families of chiral ligands that are used to “screen” target compounds. In other words, we “test” our ligands with target compounds to determine whether our ligands can be used efficiently to manufacture a desired building block or compound for a client. Accordingly, we will identify and prepare individual ligands optimized for particular client needs. Sometimes, because of their expertise and know-how, our chemists can develop a “higher yield” manufacturing process using our ligands with a client target than outside chemists using our Chiral Toolkit independently on the same chiral targets. We work with our clients to help optimize the conditions under which our ligands are used and also produce certain molecules of customer interest. This may involve the development of novel manufacturing processes.

Bulk Ligands. We also sell larger quantities of proprietary chiral ligands to which we have exclusive rights, including some that are not included in our Chiral ToolKit. These ligands are sold individually to clients in amounts specified by the client according to their research, development or semi-commercial needs. One of our objectives is to provide clients with their required ligands and catalysts, either from our own laboratories or through third party manufacturers, for research, clinical and commercial purposes.

Proprietary Building Blocks / Client-Defined Targets. We may also produce and sell certain selected chiral products defined by our clients such as chiral building blocks or intermediates. “Building Blocks” or “intermediates” are completed parts or refined raw material used to ultimately manufacture a finished product.

Sales and Marketing

We sell our products and services directly to clients both in the pharmaceutical and fine chemical areas. In September 2004 and January 2005, we hired a Director of Global Operations and Vice President of Business Development, who are focused on sales and marketing activities. We intend to hire additional marketing personnel in the near future.

Competition

Competition in the traditional area of separation manufacture of chiral molecules comes from a few distinct sources, including Chiral Technologies Inc., ChromTech Ltd., NovaSep, Inc. and Advance Separation Technologies Inc. Traditional methods of manufacturing chiral molecules involve the production of a mixture of both chiral forms of molecules of interest, followed by a process which separates the desired enantiomer from the undesired enantiomer. This methodology, though still commonly used, is extremely cost-ineffective, as it results in the loss of greater than 50 percent of the intermediate product at each chiral purification step. We believe we have a competitive advantage over companies using traditional methods of separation because our technology drives the preferential manufacture of chiral enantiomers of interest, which can result in 95 to 99 percent yields. This can result in significant cost savings in the manufacturing process, particularly for chiral molecules that may require several chiral separation steps by traditional methods.

In the area of chemical catalysts for chiral drug manufacturing, we compete with pharmaceutical and fine chemical companies, including our current and potential clients and collaborators, as well as academic and research institutions. Some of these companies include the Dow Chemical Company, Degussa AG, Rhodia ChiRex Inc. and Solvias AG. Many of these companies are developing or marketing technologies and services similar to the ones developed or offered by us. We anticipate continued competition from other manufacturers of chiral catalysts in the future.

Some of our competitors, such as Codexis, a wholly owned subsidiary of Maxygen, or Diversa Corporation, attempt to genetically modify biological enzymes for the purpose of serving as biological catalysts for asymmetric chiral manufacturing. While this approach works in certain circumstances, it is extremely time-consuming to develop for each individual manufacturing process. We believe our technology has the competitive advantage of being more broadly applicable to a number of common asymmetric transformations.

Proposed Drug Development Business

In 2004, we determined to also pursue a drug development business. Accordingly, we are seeking to acquire, develop and bring to market therapies for oncological, viral and autoimmune diseases. Pursuant to these ends, on July 1, 2005, we entered into a definitive agreement to acquire Greenwich Therapeutics, which holds exclusive rights to develop and commercialize two oncology drug candidates as discussed in "INFORMATION REGARDING GREENWICH THERAPEUTICS."

Market for Company Common Stock

Since August 27, 2004, VioQuest's common stock has traded on the OTC Bulletin Board under the symbol "VQPH.OB". From February 18, 2003, VioQuest's common stock traded on the OTC Bulletin Board under the symbol "CQST.OB." From October 4, 2002 to February 18, 2003, it traded under the symbol "SURG.OB." The following table lists the high and low bid price for VioQuest's common stock as quoted, in U.S. dollars, by the OTC Bulletin Board, as applicable, during each quarter within the last two completed fiscal years and the first two completed quarters of fiscal 2005. These quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not represent actual transactions. Trading on our common stock has been sporadic, exemplified by the low trading volume and many days upon which no trades occurred.

	Price Range	
Quarter Ended	**High**	**Low**
March 31, 2003	1.65	1.62
June 30, 2003	2.50	1.55
September 30, 2003	2.23	2.00
December 31, 2003	1.83	1.50
March 31, 2004	1.76	1.76
June 30, 2004	1.05	1.05
September 30, 2004	1.25	1.25
December 31, 2004	0.95	0.80
March 31, 2005	0.95	0.60
June 30, 2005	1.01	0.59

As of July 11, 2005, VioQuest had approximately 1,500 shareholders of record. It is believed that approximately 2,500 additional shareholders own shares of VioQuest common stock in street name.

INFORMATION REGARDING GREENWICH THERAPEUTICS

Overview

Greenwich is a corporation formed on October 28, 2004 under the laws of the State of Delaware. Since inception, it has been focused on acquiring the rights to develop and commercialize pharmaceutical drug candidates, particularly candidates for use in oncology. Greenwich currently has the exclusive rights to develop and commercialize two oncology drug candidates - Sodium Stibogluconate, also called "SSG," and Triciribine, or "TCN."

To date, Greenwich is only in the early stages of development of its product candidates, which is a very lengthy and expensive process. None of its product candidates have been approved for sale by the U.S. Food and Drug Administration or any other regulatory body, and neither Greenwich nor us, assuming completion of the Merger, expects to have obtained such approvals for several years, if ever. Accordingly, Greenwich has not received any commercial revenues to date and, until the necessary regulatory approvals for Greenwich's drug candidates are obtained, Greenwich's business will not generate any commercial revenues. Further, Greenwich (or our company, assuming completion of the Merger) will need substantial additional capital in the future in order to fund the development of Greenwich's product candidates to completion. Greenwich has a history of losses since its inception and expects to continue incurring substantial losses and negative operating cash flow for the foreseeable future.

Greenwich's principal executive office is located at 787 Seventh Avenue, 48th Floor, New York, New York 10019 and its telephone number is (212) 554-4300.

Oncology Overview

Cancer is the second leading cause of death in America. In the U.S., half of all men and one third of all women will develop cancer at some point in their lives. Since 1990, over 17 million new cancer cases have been diagnosed. A number of drugs are used in the treatment of cancer. These drugs are used to reduce pain, prolong the life of the patient, send the cancer into remission or eliminate the cancer completely. There is great opportunity for improvement in all types of cancer treatment. Recognizing this vast health and commercial opportunity, Greenwich was established as a biopharmaceutical company that acquires, develops, and commercializes innovative products for the treatment of important unmet medical needs in cancer and immunological diseases.

Definition of Cancer

Cancer develops when abnormal cells in the body begin to grow out of control. These cancer cells will out live normal cells and go on to form additional cancerous cells. The danger is that these cells will often travel to other parts of the body and replace normal tissue, a process called metastasis. Frequently, these metastases ultimately lead to a patient's death. Although the exact cause of cancer is still uncertain, it is believed that genetics and environmental toxins play a role.

Cancer Statistics and Market Overview

The American Cancer Society estimates that 1,372,910 new cases of cancer will be diagnosed in 2005 alone. The National Institute of Health estimated an overall cost of cancer to be $189.8 billion in 2004. This cost includes $69.4 billion in direct medical expenses, $16.9 billion in indirect morbidity costs, and $103.5 billion in indirect mortality costs. This year, 570,280 deaths are expected to be due to cancer or one in four deaths in the US. For all types of cancer diagnosed between 1995 and 2000 combined, the 5-year relative survival rate is 64%. A list of incidence rates of leading cancers in the US can be found on the following page.

Primary Site	Estimated Cancer Cases in 2000	Actual Cancer Deaths in 2000	5-Year Relative Survival Rates (Percent) 1950-54	1992-99
Oral cavity and Pharynx	30,200	7,492	46	59.7
Esophagus	12,300	12,232	4	15.4
Stomach	21,500	12,645	12	21.4
Colon and Rectum	130,200	57,477	37	63.0
Colon	93,800	48,570	41	63.0
Rectum	36,400	8,907	40	63.0
Liver and Intrahep	15,300	16,582	1	6.8
Pancreas	28,300	29,331	1	4.4
Larynx	10,100	3,861	52	66.6
Lung and Bronchus	164,100	155,788	6	15.1
Males	89,500	90,676	5	13.4
Females	74,600	65,112	9	17.2
Melanoma of the skin	47,700	7,420	49	89.8
Breast(females)	182,800	41,872	60	87.9
Cervix uteri	12,800	4,200	59	72.9
Corpus and Uterus, NOS	36,100	6,585	72	86.3
Ovary	23,100	14,453	30	52.4
Prostate	180,400	31,078	43	98.4
Testis	6,900	338	57	95.8
Urinary bladder	53,200	12,306	53	82.6
Kidney and Renal pelvis	31,200	12,038	34	62.9
Brain and Other nervous	16,500	12,655	21	32.1
Thyroid	18,400	1,328	80	96.1
Hodgkin lymphoma	7,400	1,287	30	85.0
Non-Hodgkin lymphoma	54,900	22,553	33	57.2
Myeloma	13,600	10,697	6	30.9
Leukemia	30,800	21,339	10	47.6
Childhood(0-14 yrs)	8,600	1,526	20	78.7
All Sites	1,220,100	553,080	35	64.4

Source: SEER Cancer Statistics Review 1975-2000.

Government Regulation

The research, development, testing, manufacture, labeling, promotion, advertising, distribution, and marketing, among other things, of our products are extensively regulated by governmental authorities in the United States and other countries. In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or the "FDCA," and its implementing regulations. Failure to comply with the applicable U.S. requirements may subject us to administrative or judicial sanctions, such as FDA refusal to approve pending NDAs, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, and/or criminal prosecution.

Drug Approval Process

None of Greenwich's drugs may be marketed in the U.S. until the drug has received FDA approval. The steps required before a drug may be marketed in the U.S. include:

- preclinical laboratory tests, animal studies, and formulation studies;
- submission to the FDA of an IND for human clinical testing, which must become effective before human clinical trials may begin;
- adequate and well-controlled human clinical trials to establish the safety and efficacy of the drug for each indication;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current good manufacturing practices, or "cGMPs"; and
- FDA review and approval of the NDA.

Preclinical tests include laboratory evaluation of product chemistry, toxicity, and formulation, as well as animal studies. The conduct of the preclinical tests and formulation of the compounds for testing must comply with federal regulations and requirements. The results of the preclinical tests, together with manufacturing information and analytical data, are submitted to the FDA as part of an IND, which must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about issues such as the conduct of the trials as outlined in the IND. In such a case, the IND sponsor and the FDA must resolve any outstanding FDA concerns or questions before clinical trials can proceed. We cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing the objectives of the study, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol must be submitted to the FDA as part of the IND.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap. The study protocol and informed consent information for study subjects in clinical trials must also be approved by an Institutional Review Board for each institution where the trials will be conducted. Study subjects must sign an informed consent form before participating in a clinical trial. Phase I usually involves the initial introduction of the investigational drug into people to evaluate its short-term safety, dosage tolerance, metabolism, pharmacokinetics and pharmacologic actions, and, if possible, to gain an early indication of its effectiveness. Phase II usually involves trials in a limited patient population to: (i) evaluate dosage tolerance and appropriate dosage; (ii) identify possible adverse effects and safety risks; and (iii) evaluate preliminarily the efficacy of the drug for specific indications. Phase III trials usually further evaluate clinical efficacy and test further for safety by using the drug in its final form in an expanded patient population. There can be no assurance that Phase I, Phase II, or Phase III testing will be completed successfully within any specified period of time, if at all. Furthermore, the Company or the FDA may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

The FDCA permits the FDA and the IND sponsor to agree in writing on the design and size of clinical studies intended to form the primary basis of an effectiveness claim in an NDA application. This process is known as Special Protocol Assessment, or SPA. These agreements may not be changed after the clinical studies begin, except in limited circumstances.

Assuming successful completion of the required clinical testing, the results of the preclinical studies and of the clinical studies, together with other detailed information, including information on the manufacture and composition of the drug, are submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. The testing and approval process requires substantial time, effort, and financial resources. The agencies review the application and may deem it to be inadequate to support the registration and we cannot be sure that any approval will be granted on a timely basis, if at all. The FDA may also refer the application to the appropriate advisory committee, typically a panel of clinicians, for review, evaluation and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendations of the advisory committee.

The FDA has various programs, including fast track, priority review, and accelerated approval, that are intended to expedite or simplify the process for reviewing drugs, and/or provide for approval on the basis surrogate endpoints. Generally, drugs that may be eligible for one or more of these programs are those for serious or life-threatening conditions, those with the potential to address unmet medical needs, and those that provide meaningful benefit over existing treatments. We cannot be sure that any of our drugs will qualify for any of these programs, or that, if a drug does qualify, that the review time will be reduced.

Section 505(b)(2) of the FDCA allows the FDA to approve a follow-on drug on the basis of data in the scientific literature or a prior FDA approval of an NDA for a related drug. This procedure potentially makes it easier for generic drug manufacturers to obtain rapid approval of new forms of drugs based on proprietary data of the original drug manufacturer.

Before approving an NDA, the FDA usually will inspect the facility or the facilities at which the drug is manufactured, and will not approve the product unless cGMP compliance is satisfactory. If the FDA evaluates the NDA and the manufacturing facilities as acceptable, the FDA may issue an approval letter, or in some cases, an approvable letter followed by an approval letter. Both letters usually contain a number of conditions that must be met in order to secure final approval of the NDA. When and if those conditions have been met to the FDA's satisfaction, the FDA will issue an approval letter. The approval letter authorizes commercial marketing of the drug for specific indications. As a condition of NDA approval, the FDA may require postmarketing testing and surveillance to monitor the drug's safety or efficacy, or impose other conditions.

After approval, certain changes to the approved product, such as adding new indications, making certain manufacturing changes, or making certain additional labeling claims, are subject to further FDA review and approval. Before we can market our product candidates for additional indications, we must obtain additional approvals from FDA. Obtaining approval for a new indication generally requires that additional clinical studies be conducted. We cannot be sure that any additional approval for new indications for any product candidate will be approved on a timely basis, or at all.

Post-Approval Requirements

Often times, even after a drug has been approved by the FDA for sale, the FDA may require that certain post-approval requirements be satisfied, including the conduct of additional clinical studies. If such post-approval conditions are not satisfied, the FDA may withdraw its approval of the drug. In addition, holders of an approved NDA are required to: (i) report certain adverse reactions to the FDA; (ii) comply with certain requirements concerning advertising and promotional labeling for their products; and (iii) continue to have quality control and manufacturing procedures conform to cGMP after approval. The FDA periodically inspects the sponsor's records related to safety reporting and/or manufacturing facilities; this latter effort includes assessment of compliance with cGMP. Accordingly,

manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance. We intend to use third party manufacturers to produce our products in clinical and commercial quantities, and future FDA inspections may identify compliance issues at the facilities of our contract manufacturers that may disrupt production or distribution, or require substantial resources to correct. In addition, discovery of problems with a product after approval may result in restrictions on a product, manufacturer, or holder of an approved NDA, including withdrawal of the product from the market.

Orphan Drug

The FDA may grant orphan drug designation to drugs intended to treat a "rare disease or condition," which generally is a disease or condition that affects fewer than 200,000 individuals in the United States. Orphan drug designation must be requested before submitting an NDA. If the FDA grants orphan drug designation, which it may not, the identity of the therapeutic agent and its potential orphan use are publicly disclosed by the FDA. Orphan drug designation does not convey an advantage in, or shorten the duration of, the review and approval process. If a product which has an orphan drug designation subsequently receives the first FDA approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the FDA may not approve any other applications to market the same drug for the same indication, except in certain very limited circumstances, for a period of seven years. Orphan drug designation does not prevent competitors from developing or marketing different drugs for that indication.

Non-United States Regulation

Before our products can be marketed outside of the United States, they are subject to regulatory approval similar to that required in the United States, although the requirements governing the conduct of clinical trials, including additional clinical trials that may be required, product licensing, pricing and reimbursement vary widely from country to country. No action can be taken to market any product in a country until an appropriate application has been approved by the regulatory authorities in that country. The current approval process varies from country to country, and the time spent in gaining approval varies from that required for FDA approval. In certain countries, the sales price of a product must also be approved. The pricing review period often begins after market approval is granted. Even if a product is approved by a regulatory authority, satisfactory prices may not be approved for such product.

In Europe, marketing authorizations may be submitted at a centralized, a decentralized or national level. The centralized procedure is mandatory for the approval of biotechnology products and provides for the grant of a single marketing authorization that is valid in all EU members states. As of January 1995, a mutual recognition procedure is available at the request of the applicant for all medicinal products that are not subject to the centralized procedure. There can be no assurance that the chosen regulatory strategy will secure regulatory approvals on a timely basis or at all.

Greenwich Therapeutics' Product Candidates - Sodium Stibogluconate

Sodium Stibogluconate, or SSG, is a pentavalent antimonial drug that has been used for over 50 years in parts of Africa and Asia for the treatment of leishmaniasis, a protozoan disease. Recent research at the Cleveland Clinic has revealed the mechanism of action of SSG. Based on such research, we believe that SSG acts by inhibiting the enzymatic action of multiple protein tyrosine phosphatases, or PTPases, specifically, the SRC homology PTPase (SHP-1). PTPases are enzymes involved in the intracellular signaling pathways of a number of receptor tyrosine kinases involved in controlling cell growth, proliferation and differentiation. SHP-1 is a PTPase involved in the regulation of intracellular signaling in hematopoietic cells, and mutations in this enzyme in cancerous cells leads to hyper-responsiveness to normal stimuli, and thus cancerous transformation. By inhibiting the enzymatic action of the SHP-1 protein tyrosine phosphatase, it is believed that SSG may be effective in triggering apoptosis, or cell death, in malignant cancer cells. However, future tests might not corroborate the results of these tests. To date, Greenwich has not submitted any application to the FDA, although CCF has filed an investigator IND which has been accepted by the FDA, and pursuant to which it is conducting a clinical trial in SSG.

Preclinical Data

We believe, based on the results of in vivo testing of SSG in mice to date, that SSG has anti-proliferative effects against a broad number of tumor cell lines, including melanoma and renal cell carcinoma. These effects were seen whether used as part of a combination therapy with existing treatments, including interferon and interleukin-2. In addition, based on preclinical data, we believe that SSG has promise as a monotherapy to treat certain other tumor types, including prostate cancer. The preclinical data suggests that SSG utilizes multiple modes of action, including having a direct effect on cancer cells, as well as generally empowering the immune system. These multiple modes of action, along with SSG's historical modest toxicity profile, indicate to us that SSG is an ideal drug to evaluate as an anti-cancer agent.

Potential Lead Indication of SSG

The standard of care for solid tumors, lymphoma, myeloma and certain other hematological malignancies, such as low-grade lymphoma and chronic myelogenous leukemia, includes Interferon alpha-2b, or IFN a-2b. However, many patients treated with IFN a-2b become refractory, or non-responsive to continued treatment. In addition, the toxicity profile of IFN a-2b often limits its clinical efficacy. We believe that the effectiveness of this existing treatment may be improved by utilizing SSG as a combination therapy with IFN a-2b. Specifically, we believe that SSG, due to its demonstrated ability to inhibit PTPases, will augment the anti-proliferative activity and improve the efficacy of IFN a-2b therapy. Therefore, we believe that the efficacy shown in preclinical studies by SSG in combination therapy with IFN a-2b, when considered with its acceptable historical safety profile, may position it well as a combination therapy effective in treating solid tumors and certain other hematological malignancies.

Clinical Development

SSG is currently being studied in a twenty-four patient Phase I clinical trial at the Cleveland Clinic Taussig Cancer Center for combination therapy using IFN a-2b paired with SSG in the treatment of refractory solid tumors, lymphoma and melanoma. The primary objective of this clinical trial is to confirm the tolerance, safety and maximum tolerated dose, or MTD, of SSG in combination with IFN a-2b. In addition, the trial will also provide pharmacokinetic data and may provide anecdotal indicators of efficacy, although the trials will not be designed to measure or demonstrate efficacy. This clinical trial is expected to be completed by the second quarter of 2006. The Cleveland Clinic intends to fund all costs associated with this clinical trial although we may incur costs relating to the completion of this trial as the Cleveland Clinic has no specific obligation to us to fund this trial. If the Cleveland Clinic determines to discontinue the trials, we intend to continue product testing at an alternative facility such as a medical center or university to run our clinical trials. In order for us to sponser clinical trials, however, it will be necessary for us to submit our own IND to the FDA. Pending a successful completion of this Phase I clinical trial, we anticipate initiating a Phase II trial in the second half of 2006. The Phase II trial will be designed to provide information concerning efficacy among other information. Prior to a initiating the Phase II trial, we will need to apply for approval with the IRB "Institutional Review Board" and the Principal Investigator to run the study. There may potentially be delays in receiving this approval such as unforeseen safety issues and dosing issues. See "Risk Factors - Risks Relating to Greenwich's Operations."

Advantages Over Existing Developmental Therapeutics

Potential advantages of SSG over existing therapies include SSG's long history of use, favorable toxicity and side effect profiles, and efficacy in refractory preclinical cancer models. As previously discussed, SSG has been utilized in the treatment of leishmaniasis for over fifty years in parts of Africa and Asia. In connection with such use, SSG has demonstrated favorable toxicity and side effect profiles, at dosages well in excess of the dosages we intend to utilize in our clinical trials using SSG in the treatment of cancer. Also, based on preclinical in vivo cancer models, we believe that SSG may have better efficacy in treating refractory cancer than existing standards of care.

Competition

To the knowledge of VioQuest or Greenwich, no clinically feasible inhibitors of such PTPases have previously been demonstrated to be effective to treat cancer. CombinatoRx, Incorporated, a privately held biotechnology company, is developing a clinical drug candidate containing Pentamidine + Thorazine. Pentamidine may also be a PTPase inhibitor and has also previously been used for the treatment of leishmaniasis. Hoffman-La Roche Inc. and Wyeth are investigating PTPase inhibitors for the potential treatment of non-insulin dependent diabetes. See "Risk Factors- Risks Relating to Greenwich's Operations- Competition in this market sector is intense."

Greenwich Therapeutics' Product Candidates -Triciribine

Triciribine, or TCN, is a nucleoside analog that had been under development for many years as an anti-cancer therapy and as an anti-viral therapy. The National Cancer Institute, or NCI, previously advanced TCN into clinical trials in oncology in the 1980s and 1990s. While an anti-cancer signal was seen in these clinical trials in various tumor types, including sarcoma, colorectal, hepatic and breast cancers, the drug was limited by its side effect profile (specifically, hyperglycemia and hepatotoxicity). Recently, investigators at the Moffitt Cancer Center at the University of South Florida screened a library of over 2,000 compounds for Akt (Protein Kinase B) inhibition, and TCN had the strongest signal at low dose concentrations. We believe that this discovery shows that the anti-cancer mechanism of action of TCN involves the inhibition of Akt. Though not normally active in human cells, Akt, a serine/threonine protein kinase, is typically hyperactivated, or hyperphosphorylated, in many tumor types. Since Akt has been shown to play a critical role in malignant transformation by inducing cell survival, growth, migration, and angiogenesis, and since research demonstrates disruption of the Akt pathway leads to apoptosis and inhibition of tumor growth, we believe that Akt is an attractive therapeutic target. Therefore, if TCN inhibits Akt, as available research indicates, we believe that TCN may be effective in the treatment of certain malignancies. Future tests might not corroborate the results of these tests. To date, no application has been submitted or is expected to be submitted to the FDA in the near future.

Preclinical Data

We believe that the in vitro preclinical experiments performed to date on human tumor cell lines and in vivo experiments in nude mice xenograft experiments demonstrate that TCN inhibits cancer cell growth and induces apoptosis, or cell death, in cancer cells that express elevated Akt. Moreover, since TCN had little effect in these preclinical models on cancer cell lines in which Akt was not overexpressed, or elevated, we believe that TCN's anticancer mechanism is through the inhibition of Akt in tumors that express elevated Akt levels, by directly and irreversibly binding the Akt receptor. Furthermore, the effectiveness of the low doses used in these preclinical experiments suggests that the side effects prevalent in previous clinical trials conducted by the NCI may be minimized.

Potential Lead Indication of Triciribine

The efficacy of TCN as an anti-cancer drug in previous clinical trials was limited by the side effects associated with its usage. We believe, however, that these side effects were closely related to the high dosage levels used in these trials. In addition, we believe that the hyperglycemia seen as a side effect may have resulted from TCN's mechanism of action on Akt, as recent preclinical studies have shown that a deficiency of Akt impairs the ability of insulin to lower blood glucose, which could lead to a hyperglycemic condition. The previous NCI-sponsored clinical trials used dosages that ranged up to 256mg/m2, and these trials targeted tumors without regard to whether such tumors overexpressed Akt, since, at the time of such trials, the mechanism of action for TCN was not fully understood. We believe that, based on the preclinical studies conducted to date, TCN effectively and selectively induces apoptosis and inhibits growth in tumor cells with elevated levels of Akt at doses lower than those used in the previous clinical trials. Therefore, we believe that by selectively screening and treating only those patients with tumors that overexpress Akt, TCN in low doses could achieve tumor inhibition and regression without the significant side effects previously associated with its usage at higher dose levels. As a result, our initial potential lead indication for TCN will be for the treatment of solid tumors known to overexpress Akt, which constitute a significant percentage of all colorectal, ovarian, pancreatic and breast tumors.

Additional Potential Indications for TCN

While TCN continues in clinical development for solid tumors that overexpress Akt, we intend to continue evaluating, in consultation with our Scientific Advisory Board, management team and other consultants, TCN's potential in treatment for hematological and other malignancies. We intend to continue the preclinical and clinical development of TCN in those indications in which we believe it shows potential.

Clinical Development

Greenwich is currently finalizing a protocol for a Phase I clinical trial to be conducted at the Moffitt Cancer Center at the University of South Florida for TCN in the treatment of metastatic colorectal, pancreatic, breast and ovarian tumors. Each patient enrolled in the clinical trial will have refractory solid tumors that have demonstrated hyperphosphorylated, or overexpressed, Akt on archived pathology samples. The primary objective of this clinical trial will be to confirm the tolerance, safety and maximum tolerated dose, or MTD, of TCN. In addition, the trial will also provide pharmacokinetic data and may provide us with anecdotal indicators of efficacy, although the trials will not be designed to measure or demonstrate efficacy. The trial is designated to provide information related to the efficacy, not the effectiveness, of TCN. It is expected that this clinical trial will begin in late 2005 and will take approximate 6 to 9 months to complete. Pending a successful completion of this Phase I clinical trial, we anticipate initiating a Phase II trial in the second half of 2006. Prior to a initiating the Phase II trial, we will need to apply for approval with the IRB "Institutional Review Board" and the Principal Investigator to run the study. There may potentially be delays in receiving this approval such as unforeseen circumstances in Phase I, unforeseen toxicities, etc. There may potentially be delays in receiving this approval such as unforeseen safety issues and dosing issues. See "Risk Factors - Risks Relating to Greenwich's Operations."