DIACRIN INC /DE/
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July 24, 2003

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SCHEDULE 14A INFORMATION

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

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

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DIACRIN, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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JOINT PROXY STATEMENT/PROSPECTUS

The boards of directors of GenVec, Inc. and Diacrin, Inc. have approved the merger of Diacrin with and into GenVec, with GenVec as the surviving corporation. The merger represents a combination of the key strengths, capabilities and facilities of GenVec and Diacrin to form a strong, focused company with a reduced cash burn and an efficient work force.

When the merger is completed, Diacrin stockholders will receive 1.5292 shares of GenVec common stock (and the related preferred share purchase rights), for each share of Diacrin common stock that they own. Immediately after the merger, Diacrin stockholders will own approximately 54.5% of the outstanding GenVec common stock (determined on a fully-diluted basis using the treasury stock method for stock options). On July 16, 2003, the last reported sale price of Diacrin common stock on the NASDAQ National Market, where it is traded under the symbol "DCRN," was $3.12 and the last reported sale price of GenVec common stock on the NASDAQ National Market, where it is traded under the symbol "GNVC," was $2.20. Based upon such GenVec common stock closing price, the value of GenVec common stock to be received for each share of Diacrin common stock would have been $3.36. On April 14, 2003, the last day before the public announcement of the merger, the last reported sale price of Diacrin common stock and GenVec common stock was $1.15 and $1.46, respectively. Based upon such GenVec common stock closing price, the value of GenVec common stock to be received for each share of Diacrin common stock would have been $2.23. Under the merger agreement, the exchange ratio is fixed at 1.5292 and will not be changed to reflect fluctuations in the market price of the common stock of either company.

We cannot complete the merger unless the stockholders of Diacrin and GenVec adopt the merger agreement and approve the merger. In order to consider and vote on this proposal, GenVec will hold an annual meeting of stockholders, and Diacrin will hold a special meeting of stockholders, as follows:

FOR GENVEC STOCKHOLDERS:	FOR DIACRIN STOCKHOLDERS:
August 21, 2003, 9:00 a.m., local time,	August 21, 2003, 10:00 a.m., local time,
GenVec, Inc.	Hale and Dorr LLP
65 West Watkins Mill Road	60 State Street
Gaithersburg, Maryland 20878	Boston, Massachusetts 02109

You should carefully read the section entitled "Risk Factors" beginning on page 26 for a discussion of risks that you should consider in determining how to vote on the proposed merger.

The boards of directors of both GenVec and Diacrin have approved the proposed merger, and recommend that their respective stockholders vote **FOR** the adoption of the merger agreement and approval of the merger.

Holders of GenVec common stock are also being asked to consider and vote upon several additional proposals described in the accompanying joint proxy statement/prospectus. The GenVec board of directors recommends that you vote **FOR** these additional proposals. The completion of the merger is not contingent upon the approval of GenVec's stockholders of any of these additional proposals.

Cordially,	Cordially,
Paul H. Fischer, Ph.D. Chief Executive Officer, GenVec, Inc.	Thomas H. Fraser, Ph.D. President and Chief Executive Officer, Diacrin, Inc.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of the securities to be issued pursuant to the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this joint proxy statement/prospectus is July 21, 2003, and is first being mailed to GenVec and Diacrin stockholders on or about July 24, 2003.

GENVEC, INC.

65 West Watkins Mill Road
Gaithersburg, MD 20878

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On August 21, 2003

TO THE STOCKHOLDERS OF GENVEC, INC.:

An annual meeting of stockholders of GenVec, Inc. ("GenVec") will be held at 65 West Watkins Mill Road, Gaithersburg, Maryland 20878, on August 21, 2003 at 9:00 a.m. At the annual meeting you will be asked to:

1. Adopt the Agreement and Plan of Reorganization, dated as of April 14, 2003, and the related Agreement and Plan of Merger, dated as of April 14, 2003, between Diacrin, Inc. ("Diacrin") and GenVec (collectively, the "merger agreement"), pursuant to which (a) Diacrin will be merged with and into GenVec; (b) subject to the terms and conditions contained therein, each outstanding share of Diacrin common stock will be converted into 1.5292 shares (which is a fixed exchange ratio not subject to adjustment) of GenVec common stock and related preferred share purchase rights (with cash to be distributed instead of issuing fractional shares); (c) up to 30,000,000 shares of GenVec common stock will be issued in connection with the proposed merger; and (d) upon the consummation of the merger, the board of directors of GenVec would consist of the nine people identified in the attached joint proxy statement/prospectus; and approve the merger, as described in the attached joint proxy statement/prospectus;

2. Approve an amendment to GenVec's amended and restated certificate of incorporation to increase the number of authorized shares of GenVec's common stock, par value $.001, from 60,000,000 shares to 100,000,000 shares;

3. Approve an amendment of GenVec's 2002 Stock Incentive Plan, increasing by 1,000,000 (from 5,082,112 to 6,082,112) the number of shares authorized for issuance thereunder;

4.

Elect three directors to GenVec's board of directors, each to serve for a term of three years or until a successor has been elected and qualified; provided, however, that, if the merger is completed, GenVec's board of directors will consist of the nine people identified in the accompanying joint proxy statement/prospectus;

5. Ratify the selection of KPMG LLP as independent auditors of GenVec for the current fiscal year ending December 31, 2003; and

6. Consider and vote upon the adjournment of the annual meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented at the annual meeting to approve those matters.

Persons to whom stockholders grant proxies will have the power to transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on June 26, 2003, the record date for the GenVec annual meeting, will be entitled to notice of, and vote at, the meeting or any adjournments thereof. The affirmative vote of a majority of the outstanding GenVec common stock entitled to vote at the meeting is required for approval of the merger and approval of the amendment to the amended

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and restated certificate of incorporation to increase the authorized common stock. The affirmative vote of a majority of the shares present in person or represented by proxy, and entitled to vote at the meeting is required for approval of the amendment of the 2002 Stock Incentive Plan, ratification of the selection of KPMG LLP as independent auditors for the fiscal year ending December 31, 2003 and adjournment of the annual meeting to solicit additional proxies for proposals 1 through 5, set forth above. The three persons receiving the most votes will be elected as directors.

After careful consideration, your board of directors has adopted the Agreement and Plan of Reorganization, and the related Agreement and Plan of Merger, approved the merger and the other proposals set forth above and recommends that you vote **FOR** adoption of each of the agreements and approval of the merger and the other proposals.

We have described the Agreement and Plan of Reorganization, the related Agreement and Plan of Merger, the merger and the associated transactions as well as the other proposals in more detail in the accompanying joint proxy statement/prospectus, which you should read in its entirety before voting. A copy of the Agreement and Plan of Reorganization, together with the related Agreement and Plan of Merger, is attached as Appendix A to the accompanying joint proxy statement/prospectus.

All holders of GenVec common stock are cordially invited to attend the GenVec annual meeting in person. However, to ensure your representation at the GenVec annual meeting, whether or not you plan to attend the meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope. If your shares are held in "street name" by your broker, you may also vote your shares of GenVec common stock via the Internet or by telephone by following the instructions provided to you by your broker. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at the GenVec annual meeting. Executed proxies with no instructions indicated thereon will be voted **FOR** adoption of the Agreement and Plan of Reorganization and related Agreement and Plan of Merger, and approval of the merger and the other proposals.

By Order of the Board of Directors

Jeffrey W. Church
Corporate Secretary

Gaithersburg, Maryland
July 21, 2003

IMPORTANT

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE SIGN, DATE AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD USING THE ENCLOSED POSTAGE-PREPAID ENVELOPE. IF YOU ARE A STOCKHOLDER OF RECORD AND FOR ANY REASON YOU

SHOULD DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

DIACRIN, INC.

Building 96 13th Street
Charleston Navy Yard
Charlestown, MA 02129

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On August 21, 2003

TO THE STOCKHOLDERS OF DIACRIN, INC.:

We will hold a special meeting of stockholders of Diacrin, Inc. ("Diacrin") at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109 on August 21, 2003 at 10:00 a.m., local time. At the special meeting you will be asked to:

1. Consider and vote upon a proposal to adopt the Agreement and Plan of Reorganization, dated as of April 14, 2003, and the related Agreement and Plan of Merger, dated as of April 14, 2003, between Diacrin and GenVec, Inc. ("GenVec") (collectively, the "merger agreement"), pursuant to which (a) Diacrin will be merged with and into GenVec; (b) subject to the terms and conditions contained therein, each outstanding share of Diacrin common stock will be converted into 1.5292 shares (which is a fixed exchange ratio not subject to adjustment) of GenVec common stock and related preferred share purchase rights (with cash to be distributed instead of issuing fractional shares); and (c) upon the consummation of the merger the board of directors of GenVec would consist of the nine people identified in the attached joint proxy statement/prospectus; and approve the merger, as described in the accompanying joint proxy statement/prospectus; and

2. Consider and vote upon the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the merger.

Persons to whom stockholders grant proxies will have the power to consider and act upon such other matters as may properly come before the special meeting or any adjournments thereof.

Only stockholders of record at the close of business on June 26, 2003, the record date for the Diacrin special meeting, will be entitled to notice of, and to vote at, the meeting or any adjournments thereof. The affirmative vote of a majority of the outstanding Diacrin common stock entitled to vote at the meeting is required for approval of the merger. The affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote is required for approval of adjournment of the special meeting to solicit additional proxies FOR Proposal 1, set forth above.

After careful consideration, your board of directors has approved the Agreement and Plan of Reorganization and the related Agreement and Plan of Merger and recommends that you vote **FOR** adoption of each of these agreements and approval of the merger and the other proposal.

The Agreement and Plan of Reorganization, the related Agreement and Plan of Merger, the merger and the associated transactions are described in more detail in the accompanying joint proxy statement/prospectus, which you should read in its entirety before voting. A copy of the Agreement and Plan of Reorganization, together with the related Agreement and Plan of Merger, is attached as Appendix A to the accompanying joint proxy statement/prospectus.

All holders of Diacrin common stock are cordially invited to attend the Diacrin special meeting in person. However, to ensure your representation at the Diacrin special meeting, whether or not you plan to attend the meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed pre-addressed, postage-paid envelope. If your shares are held in "street name" by your broker, you may also vote your shares of Diacrin common stock via the Internet or by telephone by following the instructions provided to you by your broker. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it is voted at the Diacrin special meeting. Executed proxies with no instructions indicated thereon will be voted **FOR** adoption of the Agreement and Plan of

Reorganization and related Agreement and Plan of Merger and approval of the merger and the other proposal.

By Order of the Board of Directors

Steven D. Singer
Secretary

Charlestown, Massachusetts
July 21, 2003

IMPORTANT

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE SIGN, DATE AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD USING THE ENCLOSED POSTAGE-PREPAID ENVELOPE. IF YOU ARE A STOCKHOLDER OF RECORD AND FOR ANY REASON YOU SHOULD DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:

Why am I receiving this joint proxy statement/prospectus and proxy card?

A:

You are receiving this joint proxy statement/prospectus and proxy card from us because you own shares of common stock of GenVec or Diacrin. This joint proxy statement/prospectus describes proposals on which stockholders of GenVec will be asked to vote at the GenVec annual meeting and the proposals on which stockholders of Diacrin will be asked to vote at the Diacrin special meeting. It also gives you information on these issues so that you can make an informed decision.

FOR GENVEC STOCKHOLDERS

As a GenVec stockholder you are being asked to vote upon all six proposals presented in this joint proxy statement/prospectus.

The six proposals that GenVec stockholders are being asked to vote upon are:

Adoption of the merger agreement and approval of the merger;

Approval of an amendment to GenVec's amended and restated certificate of incorporation to increase the number of shares of GenVec common stock authorized for issuance;

Approval of an amendment of GenVec's 2002 Stock Incentive Plan to increase the number of shares of GenVec common stock authorized for issuance under the plan;

Election of three directors to GenVec's board of directors for a three-year term; however, if the merger is consummated, GenVec's board of directors will consist of the nine individuals identified in this joint proxy statement/prospectus;

Ratification of the selection of KPMG LLP as independent auditors for GenVec for the current fiscal year; and

The adjournment of the meeting, if necessary, to solicit additional votes to adopt or approve any of the preceeding proposals.

Approval of the merger is not contingent on approval of any of the other proposals.

We urge you to read carefully all the information presented in this joint proxy statement/prospectus so that you can make an informed decision on all the proposals you will be asked to consider at the GenVec annual meeting.

FOR DIACRIN STOCKHOLDERS

As a Diacrin stockholder you are being asked to vote on the two proposals presented in this joint proxy statement/prospectus.

The two proposals that Diacrin stockholders are being asked to vote upon are:

- Adoption of the merger agreement and approval of the merger; and
- The adjournment of the special meeting to a later date, if necessary, to solicit additional votes to adopt or approve the preceding proposal.

We urge you to read carefully all of the information presented in this joint proxy statement/prospectus so that you can make an informed decision on the proposal to adopt the merger agreement and approve the merger that you will be asked to consider at the Diacrin special meeting.

While the information presented in this joint proxy statement/prospectus under the headings "Proposal 2 Increase in GenVec's Authorized Common Stock," "Proposal 3 Increase in

Authorized Shares Under GenVec's 2002 Stock Incentive Plan," "Proposal 4 Election of GenVec Directors," and "Proposal 5 Ratification of the Selection of GenVec's Independent Auditors" is not directly applicable to your decision regarding the merger proposal **and you cannot vote on these proposals**, these sections address important matters that the current GenVec stockholders will vote upon at the GenVec annual meeting. If the current GenVec stockholders approve these proposals, these proposals will be implemented prior to or upon completion of the merger. Approval of the merger is not contingent on approval of any of these proposals.

Q: ***Why are GenVec and Diacrin proposing to merge?***

A: We are proposing to merge because we believe that combining the strengths of our two companies is in the best interests of each company and its stockholders. GenVec and Diacrin share the same overarching mission to develop and ultimately commercialize innovative medicines and treatments intended to treat serious and life-threatening diseases. With Diacrin integrated into GenVec, the combined company should be able to:

- continue to have a strong product pipeline of gene-based medicines and cell transplantation products and expanded process development and manufacturing expertise and facilities;
- form a strong, focused company with a reduced cash burn, an efficient work force and a significant cash position;
- continue to advance the development and commercialization of cancer therapy technology, and expand its growing vaccine business; and
- enhance its ability to form partnerships that will help facilitate the development of its product pipeline.

GenVec stockholders should see page 65 of this joint proxy statement/prospectus for the numerous factors considered by the GenVec board of directors in recommending that you vote **FOR** the proposal to adopt the merger agreement and to approve the merger.

Diacrin stockholders should see page 68 of this joint proxy statement/prospectus for the numerous factors considered by the Diacrin board of directors in recommending that you vote **FOR** the proposal to adopt the merger agreement and to approve the merger.

Q:

As a Diacrin stockholder, what will I receive in the merger?

A:

If the merger is completed, each share of Diacrin common stock that you own will be converted into 1.5292 shares of GenVec common stock and related preferred share purchase rights. Under the terms of the merger agreement, the exchange ratio is fixed at 1.5292 and will not be changed to reflect fluctuations in the market price of the common stock of either company.

You will not receive fractional shares of GenVec common stock. Instead, you will receive the cash value, without interest, of any fractional share of GenVec common stock that you might otherwise have been entitled to receive.

Q:

Will GenVec stockholders receive any shares as a result of the merger?

A:

No. GenVec stockholders will continue to hold the shares of GenVec common stock that they currently own.

Q:

Are there any risks related to the proposed transaction or any risks related to owning GenVec common stock?

A:

Yes. You should carefully review the risk factors beginning on page 26.

Q:

When and where will the GenVec annual meeting be held?

A:

The annual meeting will take place on August 21, 2003, at 65 West Watkins Mill Road, Gaithersburg, Maryland 20878, commencing at 9:00 a.m., local time. For more information regarding the GenVec annual meeting, please see "The GenVec Annual Meeting" on page 53.

Q:

When and where will the Diacrin special meeting be held?

A:

The special meeting will take place on August 21, 2003, at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109, commencing at 10:00 a.m., local time. For detailed information about the Diacrin special meeting, see "The Diacrin Special Meeting" on page 57.

Q:

What do GenVec stockholders need to do now?

A:

Please carefully review this joint proxy statement/prospectus and respond as soon as possible by completing, signing and dating your proxy card and returning it in the enclosed postage paid envelope.

If your shares are held in "street name" by your broker, you should follow the instructions provided to you by your broker. Your broker will only vote your shares with respect to the merger and the amendment to the amended and restated certificate of incorporation to increase the authorized shares of GenVec common stock if you provide instructions indicating how you want your shares to be voted.

Q:

What do Diacrin stockholders need to do now?

A:

Please carefully review this joint proxy statement/prospectus and respond as soon as possible by completing, signing and dating your proxy card and returning it in the enclosed pre-addressed, postage paid envelope.

If your shares are held in "street name" by your broker, you should follow the instructions provided to you by your broker. Your broker will only vote your shares with respect to the merger if you provide instructions indicating how you would like your shares to be voted.

Q:

What happens if I don't indicate how to vote on my proxy card?

A:

If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be counted as a vote **FOR** the adoption of the merger agreement and approval of the merger and as a vote FOR the adjournment of the GenVec annual meeting and Diacrin special meeting as the case may be, if necessary; as well as, with respect to GenVec stockholders, **FOR** the other proposals to be considered at the GenVec annual meeting.

Q:

What happens if I do not vote?

A:

If you do not sign and send in your proxy card or vote at the GenVec annual meeting or the Diacrin special meeting, as the case may be, or if you mark the "abstain" box on the proxy card, it will have the effect of a vote against the adoption of the merger agreement and approval of the merger, as well as, with respect to GenVec stockholders, the amendment to the amended and restated certificate of incorporation to increase the number of shares of common stock authorized for issuance. However if you mark the "abstain" box on your proxy card with respect to the proposal to adjourn the GenVec annual meeting or the Diacrin special meeting, as the case may be, it will have the effect of a vote against such proposal. In addition, if you are a GenVec stockholder and you mark the "abstain" box on the proxy card, it will have the effect of a vote against the approval of the amendment of the 2002 Stock Incentive Plan to increase the number of shares of GenVec common stock authorized for issuance under the plan and the ratification of GenVec's auditors. With respect to the election of directors, the nominees who receive the greatest

number of votes cast in person or by proxy, at the annual meeting, will be elected directors, assuming that a quorum is present.

Q:

Why is it important for me to vote?

A:

We cannot complete the merger without the approval of holders of a majority of the outstanding shares of GenVec common stock and holders of a majority of the outstanding shares of Diacrin common stock.

In addition, the proposal to amend GenVec's amended and restated certificate of incorporation to increase the number of authorized shares of common stock will not be approved without the affirmative vote of holders of a majority of the outstanding shares of GenVec common stock.

Q:

Should I send in my Diacrin stock certificates now?

A:

No. After the merger is completed, American Stock Transfer & Trust Company, the exchange agent for the merger, will send all Diacrin stockholders written instructions for exchanging their Diacrin stock certificates.

Q:

What do I do if I have questions?

A:

If you have any questions about the GenVec annual meeting or Diacrin special meeting or if you need additional copies of this joint proxy statement/prospectus, you should contact:

If you are a GenVec stockholder, please contact:

Jeffrey W. Church
Chief Financial Officer, Treasurer and Corporate Secretary
GenVec, Inc.
65 West Watkins Mill Road
Gaithersburg, Maryland 20878
(240) 632-0740
jchurch@genvec.com

If you are a Diacrin stockholder, please contact:

Thomas H. Fraser, Ph.D.
President and Chief Executive Officer
Diacrin, Inc.
Building 96 13th Street
Charlestown Navy Yard
Charlestown, Massachusetts 02129
(617) 242-9100
info@diacrin.com

WHERE YOU CAN FIND MORE INFORMATION

Each of GenVec and Diacrin is a reporting company and files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy these reports, proxy statements and other information filed at the Securities and Exchange Commission's public reference room located at 450 Fifth Street, N.W., Washington, DC 20549. You can request copies of these documents by writing to the Securities and Exchange Commission and paying a fee for the copying cost. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information about the public reference rooms. GenVec's and Diacrin's reports, proxy statements and other information filed with the Securities and Exchange Commission are also available to the public on the Securities and Exchange Commission's web site at http://www.sec.gov and on GenVec's and Diacrin's respective web sites, www.genvec.com and www.diacrin.com. The information on these web sites is not incorporated by reference into this joint proxy statement/prospectus. The web site addresses are included in this document as an inactive textual reference only.

GenVec filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act of 1933 to register with the Securities and Exchange Commission the GenVec common stock issuable in connection with the merger. This joint proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits and schedules to the registration statement. For further information with respect to GenVec, Diacrin or GenVec common stock, please refer to the registration statement, including the exhibits and schedules. You can obtain the additional information by making a written or oral request to, in the case of information concerning GenVec, GenVec, Inc., 65 West Watkins Mill Road, Gaithersburg, Maryland 20878, attention: Jeffrey W. Church, Corporate Secretary (telephone: (240) 632-0740); or, in the case of information concerning Diacrin, Diacrin, Inc., Building 96, 13th Street, Charlestown Navy Yard, Charlestown, MA 02129; attention: Thomas H. Fraser (telephone: (617) 242-9100). In order to ensure timely delivery of the documents, any request should be made by August 14, 2003.

Statements contained in this joint proxy statement/prospectus about the contents of any material contract or other document fairly summarizes the material provisions of such contract or other document. For a complete copy of any such material contract or other document, we refer you, in each case, to the copy of such contract or other document filed as an exhibit to the registration statement.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus includes statements that reflect projections or expectations of future financial condition, results of operations and business of each of GenVec, Diacrin and the combined company following the merger. These statements are subject to risk and uncertainty. These statements are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. GenVec and Diacrin have made, and may continue to make, various forward-looking statements with respect to matters including but not limited to possible or assumed results of operations of GenVec, including the anticipated synergies, cost savings and revenue enhancements from the merger and product development plans. When used in this joint proxy statement/prospectus, the words "believe," "anticipate," "estimate," "project," "intend," "expect," "may," "will," "should," "would," "contemplate," "possible," "attempt," "seek" and similar expressions are intended to identify forward-looking statements. GenVec and Diacrin caution that these forward- looking statements are subject to numerous assumptions, risks and uncertainties, and that statements for periods after 2003 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from those expressed in forward-looking statements. For instance, the following factors could cause actual results to differ materially from those expressed in forward-looking statements:

- risks relating to the early stage of product candidates under development;
- risks relating to the ability to identify and enter into agreements with potential collaborative partners;
- uncertainties relating to clinical trials;
- dependence on third parties;
- future capital needs;
- risks relating to the commercialization, if any, of proposed product candidates (such as marketing, regulatory, patent, product liability, supply, competition and other risks); and
- delays in completing the merger.

In addition, you should carefully consider the matters described in the section entitled "Risk Factors" before voting on the merger.

GenVec's and Diacrin's forward-looking statements speak only as of the dates on which they are made. By making forward-looking statements, GenVec and Diacrin assume no duty to update them to reflect new, changing or unanticipated events or circumstances, except as may be required by applicable law or regulation.

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SUMMARY

This summary highlights the information in this joint proxy statement/prospectus that we consider to be the most material, but this summary may not contain all of the information that may be important to you. You should carefully read this entire document and the documents to which we have referred you in order to understand fully the companies and to obtain a more complete description of the merger. See "Where You Can Find More Information" (Page v).

GenVec, BIOBYPASS® and TNFerade are registered trademarks of GenVec, and Diacrin is a registered trademark of Diacrin. All other trademarks and service marks used in this joint proxy statement/prospectus are the property of their respective owners.

GenVec, Inc. (Page 115)

65 West Watkins Mill Road
Gaithersburg, Maryland 20878
(240) 632-0740

GenVec, Inc. was incorporated in Delaware in 1992. GenVec is a clinical-stage biopharmaceutical company developing and working to commercialize innovative therapeutic proteins to treat serious and life-threatening diseases such as cancer, heart disease and macular degeneration. GenVec's product candidates are based on GenVec's proprietary gene transfer technology that uses a vehicle, commonly called a vector, to deliver genes that produce proteins at the site of disease. Currently, three of GenVec's therapeutic product candidates are in clinical trials approved by the United States Food and Drug Administration, commonly referred to as the FDA. Current product development programs include:

TNFerade , which is currently in Phase II trials for the treatment of pancreatic cancer and esophageal cancer;

BIOBYPASS®, which has completed a Phase II trial for the treatment of severe heart disease; and

AdPEDF, which is currently in a Phase I trial for the treatment of wet age-related macular degeneration.

GenVec is also developing therapeutic vaccines using its patented gene transfer technologies for the treatment of life-threatening viruses. GenVec is currently collaborating with the U.S. Government for the development of therapeutic vaccine candidates for the HIV, malaria and dengue viruses. GenVec and the U.S. Government recently entered into an agreement to develop a vaccine for SARS.

Diacrin, Inc. (Page 138)

Building 96 13th Street
Charlestown Navy Yard
Charlestown, Massachusetts 02129
(617) 242-9100

Diacrin, Inc. was incorporated in Delaware in 1989. Since its creation, Diacrin has been developing cell transplantation product candidates for the treatment of human diseases that are characterized by cell dysfunction or cell death and for which current therapies are either inadequate or nonexistent. In particular, Diacrin has focused on cardiac disease and Parkinson's disease. Diacrin believes that cell transplantation products will address important unmet medical needs and seeks to play a leading role in developing these products. Diacrin has transplanted cells into approximately 67 patients in FDA approved clinical trials and is currently focusing its efforts towards the development of its cell transplantation product candidate for the treatment of cardiac disease.

The Combined Company

GenVec and Diacrin believe that combining the two companies will create a company that can advance the development and commercialization of their product candidates that are currently in clinical trials and expand GenVec's growing vaccine business. GenVec and Diacrin also believe that the merger will enable the combined company to use Diacrin's manufacturing expertise and facilities to produce clinical supplies for GenVec's product candidates and vaccine program and that the combination of GenVec and Diacrin enhances the combined company's ability to form partnerships that facilitate the development of both GenVec's and Diacrin's product pipelines. These product

pipelines, when combined, will potentially feature therapeutic products designed to treat cancer, cardiac disease, including coronary artery disease, and macular degeneration. The combined company will also strive to expand GenVec's growing vaccine program that currently includes product candidates for the treatment of the HIV, malaria, dengue and SARS viruses. See "Proposal 1 The Merger Board of Directors, Management and Operations After the Merger Operations" on page 94.

The Merger (Page 60)

We have attached the Agreement and Plan of Reorganization, and the related Agreement and Plan of Merger. These documents are collectively referred to in this joint proxy statement/prospectus as the merger agreement and are the legal documents that govern the merger. The merger agreement is attached to this joint proxy statement/prospectus as Appendix A.

Terms of the Merger (Page 85)

Under the terms of the merger agreement and applicable Delaware law, GenVec will acquire Diacrin through the merger of Diacrin with and into GenVec. The separate existence of Diacrin will cease, and GenVec will continue as the surviving entity.

Effective Date of the Merger (Page 93)

The closing of the merger will take place on the first business day after all conditions to the merger set forth in the merger agreement are fulfilled or validly waived, or at such other time as GenVec and Diacrin may agree in writing. The parties currently expect to complete the merger during the third quarter of 2003.

Consideration to be Received by Diacrin Stockholders; Exchange Ratio (Page 85)

When the merger becomes effective, each share of Diacrin common stock held by Diacrin's stockholders will automatically be cancelled and converted into 1.5292 shares of GenVec common stock (and the related preferred share purchase rights) and cash instead of fractional shares.

Under terms of the merger agreement, the exchange ratio is fixed at 1.5292 and will not be changed to reflect fluctuations in the market price of the common stock of either company. Because the market prices of GenVec and Diacrin common stock will fluctuate prior to and following the completion of the merger, the value of the shares of GenVec common stock issued to Diacrin's stockholders on the effective date of the merger may be more or less than the value of the shares of Diacrin common stock immediately prior to the effective date. No assurance can be given as to what the market price of GenVec common stock will be if and when the merger is completed, and Diacrin stockholders are advised to obtain current market quotations for GenVec common stock and Diacrin common stock.

Exchange of Certificates; Surrender of Stock Certificates (Page 87)

As soon as practicable after the merger occurs, the GenVec exchange agent will mail to Diacrin stockholders a form of transmittal letter containing detailed instructions regarding how Diacrin stockholders may exchange their old Diacrin certificates for new GenVec certificates representing the shares of GenVec common stock they hold as a result of the merger. After the closing, the exchange agent will send new certificates representing GenVec common stock and a check for cash for any fractional share interests to former Diacrin stockholders who have delivered properly completed letters of transmittal.

Please do not send in any certificates representing Diacrin common stock at this time.

Comparison of Rights of Holders of GenVec Common Stock and Diacrin Common Stock (Page 107)

The rights of GenVec and Diacrin stockholders are currently governed by the Delaware General Corporation Law, and the respective charter and by-laws of GenVec and Diacrin. Upon completion of the merger, Diacrin stockholders will become stockholders of GenVec and, as such, their rights will be governed by the Delaware General Corporation Law and

GenVec's amended and restated certificate of incorporation and by-laws.

Diacrin stockholders should note that there are several provisions of GenVec's amended and restated certificate of incorporation and bylaws that are much more restrictive than the comparable provisions of Diacrin's current certificate of incorporation and bylaws with respect to stockholders' ability to change the composition of the board of directors and approve transactions the stockholders may believe are in their interests. Such provisions include those relating to GenVec's classified board, removal of GenVec directors, the ability of stockholders to call special meetings, the inability of stockholders to act by written consent in lieu of a meeting and amendment of GenVec's amended and restated certificate of incorporation.

In addition, unlike Diacrin, GenVec has a stockholder rights plan (a so-called "poison pill").

If the merger is completed the rights of Diacrin's stockholders will be governed by these more restrictive provisions.

The GenVec Annual Meeting (Page 53)

The GenVec annual meeting will be held on August 21, 2003, at 9:00 a.m. (local time), at GenVec's executive offices located at 65 West Watkins Mill Road, Gaithersburg, Maryland 20878. Only stockholders of record of GenVec common stock at the close of business on June 26, 2003 will be entitled to notice of and to vote at the annual meeting.

At the annual meeting, GenVec stockholders will be asked to:

- adopt the merger agreement and approve the merger;
- approve an amendment to the GenVec amended and restated certificate of incorporation to increase the number of shares of authorized GenVec common stock from 60,000,000 to 100,000,000;
- approve an amendment of GenVec's 2002 Stock Incentive Plan to increase by 1,000,000 shares (from 5,082,112 to 6,082,112) the number of shares of common stock authorized for issuance under the plan;
- elect three directors to serve on GenVec's board for a three-year term; however, if the merger is completed the GenVec board of directors will consist of the nine persons identified in this joint proxy statement/prospectus;
- ratify the selection of KPMG LLP as GenVec's independent auditors for the fiscal year ending December 31, 2003; and
- adjourn the annual meeting, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the merger requires an affirmative vote of a majority of the shares present in person or represented by proxy.

You may vote in person or by returning the proxy card accompanying this document. If your shares are held in "street name" by your broker, you may also complete and submit your proxy via the Internet or by telephone by following the instructions provided to you by your broker.

Vote Required for Proposals at GenVec Annual Meeting; Broker Non-Votes (Page 55)

The adoption of the merger agreement and approval of the amendment to the GenVec amended and restated certificate of incorporation to increase the authorized shares of GenVec common stock will require the affirmative vote of holders of a majority of the shares of GenVec common stock outstanding on the record date. Accordingly, abstentions and broker non-votes will have the effect of a vote against these proposals.

The approval of the amendment of GenVec's 2002 Stock Incentive plan to increase the number of shares authorized for issuance under the plan, the ratification of KPMG LLP as GenVec's independent auditors for the current fiscal year and the adjournment of the annual meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of GenVec proposals

1 through 5, presented at the annual meeting to approve those proposals will require the affirmative vote of a majority of the total votes present, in person or represented by proxy, and entitled to vote, at the GenVec annual meeting. Abstentions will have the effect of a vote against these proposals and broker non-votes will have no effect on these proposals.

With respect to the election of three directors to the GenVec board, the three nominees for election who receive the greatest number of votes cast, in person or by proxy, at the GenVec annual meeting, assuming that a quorum is present, will be elected as directors. Abstentions and broker non-votes will not have any effect on the outcome of the vote for election of directors.

Please note that if the merger is completed GenVec's board of directors will consist of the nine people identified in this joint proxy statement/prospectus.

As of the record date for GenVec's annual meeting, GenVec's executive officers, directors and affiliates beneficially owned an aggregate of approximately 4.2 million shares of GenVec common stock, entitling them to exercise approximately 18.1% of the voting power of GenVec common stock entitled to vote at the annual meeting. The closing of the merger is conditioned upon GenVec' stockholders voting to adopt the merger agreement and approve the merger, but is not conditioned on approval of the other proposals.

Board of Directors, Management and Operations After the Merger (Page 94)

Upon completion of the merger, GenVec's board of directors will consist of nine directors, five of whom are current directors of GenVec and four of whom are current directors of Diacrin. For three years following the effective date of the merger, if any vacancy occurs with respect to any position on the board previously held by a director designated by GenVec or Diacrin, the remaining directors designated by GenVec or Diacrin, as appropriate, will designate his or her replacement. If, during the three years following the effective date of the merger, the term of office of any director designated by GenVec or Diacrin expires, the remaining directors designated by GenVec or Diacrin, as appropriate, will nominate the person to be elected to fill the vacancy.

Thomas H. Fraser, Ph.D., the current President and Chief Executive Officer of Diacrin, will serve as Chairman of the board of directors of GenVec following the merger. Paul H. Fischer, Ph.D. will continue to serve as Chief Executive Officer and a director of GenVec following the merger.

The Diacrin Special Meeting (Page 57)

The Diacrin special meeting will be held on August 21, 2003, at 10:00 a.m. (local time), at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109. Only stockholders of record of Diacrin common stock at the close of business on June 26, 2003 will be entitled to notice of and to vote at the special meeting.

At the special meeting, Diacrin stockholders will be asked to adopt the merger agreement and approve the merger. Diacrin stockholders may vote in person or by returning the proxy card accompanying this document. In addition, Diacrin stockholders will be asked to vote upon a proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the merger.

If your shares are held in "street name" by your broker, you may also vote your shares of common stock via the Internet or by telephone by following the instructions provided to you by your broker.

Vote Required for Proposals of Diacrin Special Meeting; Broker Non-Votes (Page 58)

The adoption of the merger agreement and the approval of the merger will require the affirmative vote of holders of a majority of the shares of Diacrin common stock outstanding on the record date. Accordingly, abstentions and broker non-votes will have the effect of a vote against the merger.

The proposal to adjourn the special meeting to a later date, if necessary, to solicit additional

proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the merger requires an affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal and broker non-votes will have no effect on this proposal.

As of the record date for Diacrin's special meeting, Diacrin's executive officers, directors and affiliates beneficially owned an aggregate of approximately 7.0 million shares of Diacrin common stock, entitling them to exercise approximately 39.6% of the voting power of Diacrin common stock entitled to vote at the special meeting. The closing of the merger is conditioned upon Diacrin's stockholders voting to adopt the merger agreement and approve the merger.

GenVec's Reasons for the Merger (Pages 65 to 68)

The GenVec board of directors believes that the merger is in the best interests of GenVec and its stockholders. In making its determination, the GenVec board considered the following factors among others:

- the fact that the combined company is expected to have cash and investments sufficient to fund operations through mid-2006;
- the combined company's opportunity to use Diacrin's existing expertise and facilities to produce clinical trial material for the combined company and to expand GenVec's existing vaccine business;
- the potential to create a combined cardiology program by adding Diacrin's cell therapy program for congestive heart failure to GenVec's BIOBYPASS® for severe coronary artery disease;
- the combined company's enhanced potential to form new strategic partnerships and collaborations;
- the opportunity for significant cost savings at the combined company, including through a reduction in force by the combined company and savings from the consolidation of corporate and administrative infrastructures;
- the fact that the combined company would benefit from the combined management expertise of the two companies through the continued involvement of Paul H. Fischer, Ph.D. as Chief Executive Officer of the combined company and of Diacrin's President and Chief Executive Officer, Thomas H. Fraser, Ph.D., as Chairman of the Board of, and a part-time consultant to, the combined company;
- the fact that five of the combined company's nine directors would come from GenVec, which the GenVec board of directors believed would help ensure that the potential strategic and other benefits of the merger are realized; and
- the presentation and written opinion of Needham & Company, Inc., on April 14, 2003 that, as of April 14, 2003, and based upon and subject to the matters stated in the opinion, the exchange ratio was fair from a financial point of view to the GenVec stockholders, together with a letter from Needham & Company, dated July 14, 2003, in which Needham & Company updates its opinion as of July 14, 2003.

For a more complete discussion of the factors considered by the GenVec board in making its determination, see "Proposal 1 The Merger GenVec's Reasons for the Merger; Negative Factors Considered by the GenVec Board of Directors; Recommendation of the GenVec Board of Directors."

Diacrin's Reasons for the Merger (Pages 68 to 71)

The Diacrin board of directors believes that the merger is in the best interests of Diacrin and its stockholders. In making its determination, the Diacrin board considered the following factors among others:

- the inherent risks associated with the fact that Diacrin is currently developing a

- single product candidate, myoblasts for cardiac disease, which is in Phase I clinical trials; and that, even assuming successful development of the product candidate, Diacrin would not anticipate commercialization until at least 2007;

the fact that Diacrin's common stock has been trading at a significant discount to Diacrin's cash and cash equivalents for a prolonged period of time;

the Diacrin board of directors' assessment of the potential value of the merger compared to various other strategic alternatives that the Diacrin board of directors has considered, including, but not limited to, winding down the affairs of Diacrin and paying its stockholders a liquidating dividend;

the fact that the merger consideration of 1.5292 shares of GenVec common stock for each share of Diacrin common stock represented a premium of 94.2% over the closing price of Diacrin common stock on April 14, 2003, the business day prior to public announcement of the merger;

the combined company's larger and more diversified product pipeline;

the combined company's opportunity to use Diacrin's existing expertise and facilities to produce clinical trial material for the combined company and to expand GenVec's existing vaccine business;

the fact that the combined company is expected to have cash and investments sufficient to fund operations through mid-2006;

the combined company's enhanced potential to form new strategic partnerships and collaborations;

the opportunity for significant cost savings at the combined company, including through a reduction in force at the combined company and savings from the consolidation of corporate and administrative infrastructures;

the fact that the combined company would benefit from the combined management expertise of the two companies through the continued involvement of GenVec's Chief Executive officer, Dr. Paul H. Fischer, as Chief Executive Officer of the combined company and of Diacrin's President and Chief Executive Officer, Dr. Thomas H. Fraser, as Chairman of the Board of, and a part-time consultant to, the combined company;

the fact that four of the combined company's nine directors would come from Diacrin, which the Diacrin board of directors believed would help ensure that the potential strategic and other benefits of the merger are realized; and

the opinion, orally delivered on April 14, 2003 and confirmed in writing on April 15, 2003, of SG Cowen Securities Corporation as to the fairness, from a financial point of view, as of those dates, of the exchange ratio to be received pursuant to the merger agreement to the holders of Diacrin common stock.

For a more complete discussion of the factors considered by the Diacrin board in making its determination, see "Proposal 1 The Merger Diacrin's Reasons for the Merger; Negative Factors Considered by the Diacrin Board of Directors; Recommendation of the Diacrin Board of Directors."

GenVec's Reasons for the Merger; Negative Factors Considered by the GenVec Board of Directors; Recommendation of the GenVec Board of Directors (Pages 65 to 68)

GenVec's board of directors has approved the merger and believes that the merger is fair and in the best interests of GenVec and its stockholders. **GenVec's board recommends that GenVec stockholders vote FOR the adoption of the merger agreement and approval of the merger.**

GenVec's board also has approved (a) an amendment to GenVec's amended and restated certificate of incorporation to increase the

number of shares of authorized common stock from 60,000,000 to 100,000,000; (b) an amendment of GenVec's 2002 Stock Incentive Plan to increase by 1,000,000 shares (from 5,082,112 to 6,082,112) the number of shares of common stock authorized for issuance under the plan; and (c) the ratification of KPMG LLP as GenVec's independent auditors for the current fiscal year. **GenVec's board recommends that GenVec stockholders vote FOR each of these proposals.**

GenVec's board of directors has nominated Herbert J. Conrad, Wayne T. Hockmeyer, Ph.D. and Paul H. Fischer, Ph.D., each an incumbent director, for election as directors on the GenVec board. **GenVec's board of directors recommends a vote FOR the election of the nominees named above.**

GenVec may desire to adjourn the annual meeting to solicit additional votes for the adoption of proposals 1 through 5. **GenVec's board of directors recommends a vote FOR the proposal to adjourn the annual meeting, if necessary, to solicit additional votes for proposals 1 through 5.**

Diacrin's Reasons for the Merger; Negative Factors Considered by the Diacrin Board of Directors; Recommendation of the Diacrin Board of Directors (Pages 68 to 71)

Diacrin's board of directors has approved the merger agreement and the merger and believes that the merger is fair and in the best interests of Diacrin and its stockholders. **Diacrin's board recommends that Diacrin stockholders vote FOR the adoption of the merger agreement and approval of the merger.**

Diacrin may desire to adjourn the special meeting to solicit additional votes for the adoption of the merger agreement. **Diacrin's board of directors recommends a vote FOR the proposal to adjourn the special meeting, if necessary, to solicit additional votes for the adoption of the merger agreement.**

Opinion of GenVec's Financial Advisor (Pages 71 to 76)

Needham & Company, Inc. delivered its opinion, dated April 14, 2003, to the GenVec board at the meeting at which the GenVec board approved the merger that, as of April 14, 2003, the exchange ratio is fair to the GenVec stockholders from a financial point of view. **The opinion, together with a letter dated July 14, 2003, in which Needham & Company updates its opinion as of July 14, 2003 is attached as Appendix B to this joint proxy statement/prospectus, and GenVec stockholders are urged to read the opinion in its entirety.**

Opinion of Diacrin's Financial Advisor (Pages 76 to 85)

SG Cowen Securities Corporation orally delivered an opinion on April 14, 2003 to the Diacrin board at the meeting at which the Diacrin board approved the merger and confirmed such opinion in writing on April 15, 2003, that, as of those dates, the exchange ratio is fair to the Diacrin stockholders from a financial point of view. **This opinion is attached as Appendix C to this joint proxy statement/prospectus, and Diacrin stockholders are urged to read the opinion in its entirety.**

Conditions to Completing the Merger; Waiver (Pages 89 and 90)

The obligations of GenVec and Diacrin to complete the merger are subject to the satisfaction of a number of conditions which may not be waived by either GenVec or Diacrin, including:

- adoption of the merger agreement and approval of the merger by the stockholders of GenVec at GenVec's annual meeting and by the stockholders of Diacrin at Diacrin's special meeting;
- receipt of all applicable regulatory approvals in connection with the merger;
- the effectiveness of the registration statement, of which this document forms a part, and the absence of any stop order or threatened or pending proceeding by the Securities and Exchange Commission

to suspend the effectiveness of the registration statement;

receipt of all applicable state securities or "Blue Sky" authorizations; and

the absence of any court or agency order prohibiting the merger.

The obligations of GenVec and Diacrin to complete the merger are also subject to the satisfaction of a number of conditions which may be waived by either GenVec or Diacrin, including:

receipt of material third-party consents;

each party's representations and warranties being true and correct in all respects both (i) as of the date of the merger agreement, except to the extent that the representations and warranties are made as of a particular date, in which case they will be true and correct as of such date and (ii) as of the effective date of the merger, except (a) to the extent that the representations and warranties are made as of a particular date, in which case they will be true and correct as of such date, (b) for changes contemplated by the merger agreement and (c) where the failure to be correct individually or in the aggregate has not had, and is not reasonably likely to have, a material adverse effect on the other party;

each party having complied in all material respects with its covenants in the merger agreement; and

each party having received an opinion of legal counsel that the merger will qualify as a reorganization for United States federal income tax purposes under the Internal Revenue Code.

Termination of Merger Agreement (Page 91)

The merger agreement may be terminated, either before or after approval by the stockholders of GenVec and Diacrin, in the following circumstances:

by mutual consent in writing of GenVec and Diacrin;

by either party if the other party has materially breached any covenant or agreement or representation or warranty contained in the merger agreement, such breach has not been cured as permitted by the merger agreement and the merger agreement entitles the non-breaching party to refuse to consummate the merger as a result of the breach;

by either party if a court or agency has issued a final, nonappealable order prohibiting the merger;

by either party if the stockholders of GenVec or Diacrin do not approve the merger, so long as the terminating party is not itself in breach under the merger agreement;

by either party if the merger is not completed by September 30, 2003, so long as the failure to complete the merger is not due to the failure of the terminating party to comply with the covenants contained in the merger agreement;

by either party if the board of directors of the other party withdraws or modifies its recommendation of the merger or recommends or enters into an agreement to accept a competing takeover proposal, or fails to reaffirm in writing its recommendation in favor of the merger within five days after a request has been made by such party;

by either party if the other party does not include the board of directors' recommendation in favor of the merger in the joint proxy statement/prospectus;

by either party if the notice calling for the stockholders' meeting of the other party has not been mailed by September 2, 2003;

by either party if the other party has intentionally breached its "no-shop" obligation; or

by either party if a tender or exchange offer for 25% or more of the other party's outstanding capital stock is commenced and the board of directors

fails to recommend against the acceptance of such offer.

Expenses; Termination Fee (Page 91)

Whether or not the merger is consummated, expenses incurred in connection with the merger agreement and the merger will be paid by the party incurring those expenses, except that each of GenVec and Diacrin shall bear 50% of the costs associated with printing and mailing this joint proxy statement/prospectus. Nevertheless, if either party intentionally breaches any representation, warranty, covenant or agreement in the merger agreement in any material respect and the non-breaching party terminates the merger agreement, the breaching party will bear all of the costs and expenses of the other party so long as the other party is not also in material breach of its representations, warranties, covenants and agreements.

Diacrin will pay GenVec the termination fee of $1,200,000 if GenVec terminates the merger agreement for one of the reasons listed below:

Diacrin's board of directors withdraws, modifies or changes its recommendation of the merger or resolves to do so;

Diacrin's board of directors recommends a competing takeover proposal or resolves to do so or enters into a letter of intent to accept any competing takeover proposal;

Diacrin does not include its board of directors' recommendation in favor of adoption of the merger agreement and approval of the merger in this joint proxy statement/prospectus;

Diacrin's board of directors does not reaffirm its recommendation in favor of adoption of the merger agreement and approval of the merger within five days of a request made by GenVec;

Diacrin's stockholders' meeting is not called by September 2, 2003;

Diacrin has intentionally breached its "no-shop" obligation; or

a tender or exchange offer for 25% or more of Diacrin's outstanding capital stock is commenced and Diacrin's board of directors fails to recommend against the acceptance of such tender offer.

In addition, Diacrin will be required to pay to GenVec the termination fee of $1,200,000 if the merger agreement is terminated by either GenVec or Diacrin under the following circumstances:

the stockholders of Diacrin do not adopt the merger agreement and approve the merger at their special meeting;

prior to the Diacrin special meeting, a competing takeover proposal with respect to Diacrin shall have been announced publicly; and

the transaction that is the subject of the competing takeover proposal is completed within 12 months after the termination of the merger agreement or an agreement with respect to such takeover proposal is entered into within 12 months and the transaction is completed within 18 months after termination of the merger agreement.

GenVec will pay Diacrin the termination fee of $1,200,000 if Diacrin terminates the merger agreement for one of the reasons listed below:

GenVec's board of directors withdraws, modifies or changes its recommendation of the merger or resolves to do so;

GenVec's board of directors recommends a competing takeover proposal or resolves to do so or enters into an agreement to accept any competing takeover proposal;

GenVec does not include its board of directors' recommendation in favor of the adoption of the merger agreement and approval of the merger in this joint proxy statement/prospectus;

GenVec's board of directors does not reaffirm its recommendation in favor of adoption of the merger agreement and approval of the merger within five days of a request made by Diacrin;

GenVec's stockholders' meeting is not called by September 2, 2003;

GenVec has intentionally breached its "no-shop" obligation; or

a tender or exchange offer for 25% or more of GenVec's outstanding capital stock is commenced and GenVec's board of directors fails to recommend against the acceptance of such tender offer.

In addition, GenVec will be required to pay Diacrin the termination fee of $1,200,000 if the merger agreement is terminated by either GenVec or Diacrin under the following circumstances:

the stockholders of GenVec do not adopt the merger agreement and approve the merger at their annual meeting;

prior to the GenVec annual meeting, a competing takeover proposal with respect to GenVec shall have been announced publicly; and

the transaction that is the subject of the competing takeover proposal is completed within 12 months after the termination of the merger agreement or an agreement with respect to such takeover proposal is entered into within 12 months and the transaction is completed within 18 months after termination of the merger agreement.

Amendment of Merger Agreement (Page 93)

GenVec and Diacrin may amend the merger agreement at any time prior to the effective date of the merger. Once the stockholders of GenVec and Diacrin have approved the merger, however, the parties may not waive or amend the merger agreement to change the number of shares of GenVec common stock Diacrin's stockholders will be entitled to receive upon conversion of their common stock on the effective date of the merger.

Accounting Treatment of the Merger (Page 100)

The merger will be accounted for using the purchase method of accounting. For purposes of preparing the combined company's financial statements, the combined company will establish a new accounting basis for Diacrin's assets and liabilities based upon their fair values as of the effective date of the merger, the merger consideration and the costs of the merger. The results of the preliminary determination indicate an excess of fair value of net tangible and identifiable intangible assets of Diacrin over the cost, thus creating negative goodwill. In accordance with relevant accounting rules, this negative goodwill has been recognized as an extraordinary gain in the unaudited pro forma condensed combined financial statements.

Interests of Certain Persons in the Merger that may be Different from Interests of Stockholders (Page 95)

Some of GenVec's and Diacrin's executive officers and directors have interests in the merger that are or may be considered different from, or in addition to, the interests of their stockholders generally. These interests include the following:

Completion of the merger will cause all unvested options issued under the GenVec Amended and Restated 1993 Stock Incentive Plan, including options issued to GenVec officers and directors, to become fully exercisable. Completion of the merger also will cause unvested options issued to GenVec directors under the GenVec 2000 Director Option Plan and the 2002 Stock Incentive Plan to become fully exercisable. The aggregate value of these unvested options to GenVec officers and directors is $3,000, based on the last reported sale price of GenVec common stock on July 16, 2003.

Completion of the merger will cause unvested stock options held by Dr. Fischer and Mr. Church, under the 1993 Amended and Restated Stock Incentive Plan, to become fully exercisable. Specifically, 46,668 and 13,003 unvested stock options held by Dr. Fischer and Mr. Church, respectively, having an aggregate value of $-0- and $-0-, respectively, based on the last reported sale price of GenVec common

stock on July 16, 2003, will become fully exercisable.

Under his 1990 employment agreement, Dr. Fraser will receive a severance payment of approximately $175,000 upon consummation of the merger.

Dr. Fraser will enter into a consulting agreement with GenVec providing for him to serve as Chairman of GenVec's Board of Directors and as a part-time consultant. Dr. Fraser will be paid an annual consulting fee of $30,000 plus customary compensation for his services as a director and as Chairman of the Board of GenVec. During 2002, the fees paid by GenVec to its current chairman consisted of $4,000 for each board meeting attended, $1,000 for each committee meeting attended, $6,000 per quarter as a retainer and an option to purchase 22,500 shares of GenVec common stock.

Following completion of the merger, current Diacrin directors Zola P. Horovitz, Stelios Papadopoulos and Joshua Ruch will serve on the GenVec board of directors. During 2002, each GenVec non-employee director received $2,000 per board meeting attended, $1,000 per committee meeting attended after April 19, 2002 and $3,000 per quarter as a retainer.

Stelios Papadopoulos, one of Diacrin's directors, is a Managing Director of SG Cowen Securities Corporation, Diacrin's financial advisor. Diacrin is paying SG Cowen a transaction fee of $900,000, of which $500,000 was payable upon rendering of the fairness opinion and the remainder is payable upon consummation of the transaction. Dr. Papadopoulos participated in Diacrin's board deliberations regarding the merger. Dr. Papadopoulos was not involved in the preparation of SG Cowen's fairness opinion.

GenVec has agreed to indemnify, and to provide directors and officers insurance for, Diacrin's present and former directors and officers.

Entities affiliated with HealthCare Ventures LLC own approximately 25% of Diacrin's outstanding common stock and approximately 16% of GenVec's outstanding common stock. As a major stockholder of both entities, HealthCare Ventures' interests may be different from that of other GenVec and Diacrin stockholders. Harold R. Werner, who is a member of the GenVec board of directors and will be a member of the board of directors of the combined company, is the co-founder of HealthCare Ventures. Joshua Ruch, who is a member of Diacrin's board of directors and will be a member of the board of directors of the combined company, is a controlling person of an entity which is a limited partner in several of the HealthCare Ventures funds that are stockholders of Diacrin and/or GenVec.

Change in control agreements that GenVec has entered into with Dr. Fischer and Mr. Church. The terms of each of Dr. Fischer's and Mr. Church's change in control agreements provide that if Dr. Fischer or Mr. Church, as the case may be, is terminated other than for cause or due to his disability or death or resigns for good reason within two years of a change in control of GenVec, he is entitled to a specified severance payment and continuation of life and health insurance benefits for a limited period. Thus, Dr. Fischer and Mr. Church may be entitled to compensation under their respective change in control agreements in the amounts of $789,292 and $405,133, respectively, if they were to cease being employed by GenVec under the circumstances described above after the merger. GenVec is also obligated to provide a one-time payment to cover taxes due on such benefits. Completion of the merger coupled with a termination of their employment would cause unvested options held by Dr. Fischer and Mr. Church under the 2002 Stock

Incentive Plan to become fully exercisable. Specifically, 46,251 and 23,126 stock options held by Dr. Fischer and Mr. Church, respectively, having an aggregate value, based on the last reported sale price of GenVec common stock on July 16, 2003, of $-0- and $-0-, respectively, would become fully exercisable.

Each of the GenVec board and the Diacrin board was aware of and considered these interests relating to its company when it approved the merger agreement and the merger. See "Proposal 1 The Merger Interests of Certain Persons in the Merger."

No Dissenters' Appraisal Rights (Page 85)

Neither GenVec's nor Diacrin's stockholders have dissenters' appraisal rights in connection with the merger.

Summary of Material Federal Income Tax Consequences of the Merger (Page 101)

In connection with the filing with the Securities and Exchange Commission of the registration statement of which this document is a part, Arnold & Porter, special counsel to GenVec, and Hale and Dorr LLP, special counsel to Diacrin, have delivered to their respective clients their opinions to the effect that, based on facts and representations provided to such counsel and assumptions stated in the opinions, the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

It is a condition of the merger that Diacrin and GenVec receive from their respective special counsel additional tax opinions, each dated as of the effective date of the merger, to the foregoing effect, but no ruling will be requested from the Internal Revenue Service and such opinions will not be binding on the Internal Revenue Service or the courts.

As a consequence of the merger qualifying as a reorganization, a Diacrin stockholder will generally not recognize gain upon the receipt of GenVec common stock in the merger, except for gain resulting from the receipt of cash instead of a fractional share of GenVec common stock. See "Summary of Material Federal Income Tax Consequences." **Each Diacrin stockholder is urged to consult his or her own tax advisor concerning the federal and any foreign, state and local income tax and other tax consequences of the merger applicable to such stockholder.**

MARKET PRICE INFORMATION

GenVec's common stock has traded on the NASDAQ National Market under the symbol GNVC since December 12, 2000. Diacrin's common stock has traded on the NASDAQ National Market under the symbol DCRN since August 12, 1996.

Set forth below is the range of high and low sale prices for GenVec's common stock and Diacrin's common stock as reported on the NASDAQ National Market since January 1, 2001.

	GenVec		Diacrin	
	HIGH	LOW	HIGH	LOW
First Quarter 2001	$ 10.50	$ 3.62	$ 6.50	$ 1.13
Second Quarter 2001	5.25	2.15	2.97	1.05
Third Quarter 2001	3.30	1.50	2.20	1.50
Fourth Quarter 2001	4.98	1.61	2.15	1.50
First Quarter 2002	$ 4.95	$ 2.45	$ 2.31	$ 1.75
Second Quarter 2002	3.75	2.20	1.95	1.31
Third Quarter 2002	3.74	1.92	1.61	1.00
Fourth Quarter 2002	4.42	2.45	1.45	0.99
First Quarter 2003	$ 3.31	$ 1.20	$ 1.16	$ 0.96
Second Quarter 2003	3.53	0.90	4.75	1.05
Third Quarter 2003 (through July 16, 2003)	2.45	1.90	3.25	2.68

As of June 26, 2003, the record date for both the GenVec annual meeting and the Diacrin special meeting, there were approximately 160 record holders of GenVec's common stock and approximately 6,800 beneficial owners of GenVec's common stock. As of June 26, 2003, there were 93 record holders of Diacrin's common stock and approximately 2,600 beneficial owners of Diacrin's common stock.

GenVec has never declared or paid cash dividends on its capital stock and does not anticipate paying any cash dividends in the foreseeable future. Diacrin has never declared or paid cash dividends on its capital stock and does not anticipate declaring or paying any cash dividends in the foreseeable future.

The merger agreement provides that, if the merger is completed, each share of Diacrin common stock outstanding will be converted into 1.5292 shares of GenVec common stock (together with the related preferred stock purchase rights). Under the terms of the merger agreement, the exchange ratio is fixed at 1.5292 and will not be changed to reflect fluctuations in the market price of the common stock of either company. Set forth below are the last reported sale prices for GenVec and Diacrin common stock and Diacrin equivalent per share prices (i) on April 14, 2003, the last trading day prior to the public announcement of the merger; and (ii) on July 16, 2003, the last trading day practicable before the printing of this joint proxy statement/prospectus.

	GenVec Common Stock	Diacrin Common Stock	Diacrin Equivalent(1)
April 14, 2003	$1.46	$1.15	$2.23
July 16, 2003	$2.20	$3.12	$3.36

(1) The Diacrin equivalent per share prices have been calculated by multiplying the last trading price of GenVec common stock on each of these dates by the fixed exchange ratio of 1.5292.

COMPARATIVE PER SHARE DATA

The following table shows information about GenVec's and Diacrin's earnings per share and book value per share, and similar information reflecting the merger (which GenVec refers to as "pro forma" information).

The information listed under the heading "Diacrin Pro Forma Equivalent" was obtained by multiplying the pro forma combined amounts by the fixed exchange ratio of 1.5292, which will not be changed to reflect fluctuations in the market price of the common stock of either company. We expect that we will incur certain reorganization and restructuring expenses as a result of combining our companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. In addition and independent of the merger, on April 23, 2003, GenVec announced a 25 percent reduction in workforce as part of a cost reduction program. This action is consistent with GenVec's previously announced plans to reduce expenses and focus resources on the development of TNFerade, as well as on its funded vaccine development programs. The cost reduction program is expected to lower GenVec's stand alone operating losses by 25 to 30 percent beginning in the second half of 2003, and will result in an estimated $1.3 million charge for severance and related termination costs in the quarter ending June 30, 2003.

The pro forma information, while helpful in illustrating the financial characteristics of the new company, does not reflect these expenses or benefits and does not attempt to predict or suggest future results.

The information in the following table is based on the historical financial information that we have presented elsewhere in this joint proxy statement/prospectus. See "Index to Financial Statements."

Per share data:

	Historical		Pro Forma Combined	Diacrin Pro Forma Equivalent(1)
	GenVec	Diacrin		
BASIC AND DILUTED EARNINGS PER SHARE				
Three months ended March 31, 2003	$ (0.23)	$ (0.08)	$ (0.13)	$ (0.20)
Twelve months ended December 31, 2002	$ (1.17)	$ (0.34)	$ (0.64)	$ (0.98)
BOOK VALUE PER SHARE				
At March 31, 2003	$ 0.56	$ 2.33	$ 1.01	$ 1.54
At December 31, 2002	$ 0.72	$ 2.40	$ 1.10	$ 1.68

(1) The Diacrin pro forma equivalent represents the pro forma combined amount multiplied by the fixed exchange ratio of 1.5292. See "Unaudited Pro Forma Condensed Combined Financial Statements of GenVec and Diacrin."

Neither GenVec nor Diacrin has paid a cash dividend to its stockholders.

SELECTED FINANCIAL DATA

GenVec, Inc.

The following table sets forth GenVec's selected financial data as of and for the three months ended March 31, 2002 and 2003 and as of and for each of the years in the five-year period ended December 31, 2002. The selected financial data set forth below as of and for the three months ended March 31, 2002 and 2003 are derived from GenVec's unaudited financial statements for such periods which are included elsewhere in this joint proxy statement/prospectus. See "Index to Financial Statements." The selected financial data set forth below as of December 31, 2001 and 2002 and for the years ended December 31, 2000, 2001, and 2002 are derived from GenVec's financial statements for such periods which have been audited by KPMG LLP, independent accountants, and which are included elsewhere in this joint proxy statement/prospectus. See "Index to Financial Statements." The selected financial data set forth below as of December 31, 1998, 1999 and 2000 and for the years ended December 31, 1998 and 1999 are derived from GenVec's financial statements for such periods which have been audited by KPMG LLP and are

not included herein. The information below should be read in conjunction with GenVec's financial statements and notes thereto. See "Index to Financial Statements" and "Information About GenVec Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this joint proxy statement/prospectus. The historical results are not necessarily indicative of results to be expected for future periods.

	Three Months Ended March 31,		Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in thousands, except per share data)						
Statement of Operations Data:							
Revenues:							
Research and development support	$ 3,185	$ 628	$ 8,414	$ 2,642	$ 8,835	$ 14,075	$ 6,750
License and milestone payments				1,775	5,050	2,875	3,000
Total revenues	3,185	628	8,414	4,417	13,885	16,950	9,750
Operating expenses:							
Research and development	6,242	5,121	24,352	16,309	15,356	14,198	10,592
General and administrative	2,069	2172	9,643	8,749	6,917	5,278	5,903
Total operating expenses	8,311	7,293	33,995	25,058	22,273	19,476	16,495
Loss from operations	(5,126)	(6,665)	(25,581)	(20,641)	(8,388)	(2,526)	(6,745)
Other income (expense):							
Investment income	95	407	514	2,125	1,069	742	408
Interest expense	(123)	(134)	(531)	(580)	(530)	(135)	(10)
Total other income (expense)	(28)	273	(17)	1,545	539	607	398
Net loss	$ (5,154)	$ (6,392)	$ (25,598)	$ (19,096)	$ (7,849)	$ (1,919)	$ (6,347)
Basic and diluted net loss per common share	$ (0.23)	$ (0.29)	$ (1.17)	$ (1.05)	$ (2.80)	$ (1.22)	$ (4.10)
Shares used in computing basic and diluted net loss per share	22,537	21,733	21,816	18,124	2,808	1,576	1,549

	As of March 31,		As of December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in thousands)						

	As of March 31,		As of December 31,				
Balance Sheet Data:							
Cash, cash equivalents and short-term investments	$ 11,600	$ 12,156	$ 17,652	$ 19,930	$ 39,790	$ 13,884	$ 8,919
Working capital	9,274	10,390	12,471	17,017	35,837	8,348	5,621
Long-term investments	2,746	22,240	2,708	21,988	6,682	2,485	
Total assets	25,931	44,161	31,085	51,366	57,179	28,636	11,721
Long-term debt	5,722	4,921	5,921	5,088	6,026	6,822	
Accumulated deficit	(100,593)	(76,233)	(95,439)	(69,841)	(50,745)	(42,896)	(40,977)
Stockholders' equity	12,657	33,885	15,629	40,128	44,316	11,931	5,280

Diacrin, Inc.

The following table sets forth Diacrin's selected financial data as of and for the three months ended March 31, 2002 and 2003 and as of and for each of the years in the five-year period ended December 31, 2002. The selected financial data as of and for the three months ended March 31, 2002 and 2003 are derived from Diacrin's unaudited financial statements for such periods which are included elsewhere in this joint proxy statement/prospectus. See "Index to Financial Statements." The selected financial data set forth below as of and for the year ended December 31, 2002 are derived from Diacrin's financial statements for such periods which have been audited by PricewaterhouseCoopers LLP, independent accountants, and which are included elsewhere in this joint proxy statement/prospectus. See "Index to Financial Statements." The selected financial data set forth below as of December 31, 2001 and for the years ended December 31, 2000 and 2001 are derived from Diacrin's financial statements for such periods which have been audited by Arthur Andersen LLP also included elsewhere in this joint proxy statement/prospectus. See "Index to Financial Statements." The selected financial data set forth below as of December 31, 1998, 1999 and 2000 and for the years ended December 31, 1998 and 1999 are derived from Diacrin's financial statements for such periods which have been audited by Arthur Andersen LLP and are not included herein. The information set forth below should be read in conjunction with Diacrin's financial statements and related notes thereto. See "Index to Financial Statements" and "Information About Diacrin Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this joint proxy statement/prospectus. The historical results are not necessarily indicative of results to be expected for future periods.

	Three Months Ended March 31,		Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in thousands, except per share data)						
Statement of Operations Data:							
Revenues:							
Research and development	$ 80	$ 32	$ 346	$ 737	$ 2,082	$ 2,971	$ 3,623
Operating Expenses:							
Research and development	1,102	1,622	6,124	6,350	5,997	5,921	7,372
General and administrative	554	357	1,535	1,624	1,348	1,398	1,484
Total operating expenses	1,656	1,979	7,659	7,974	7,345	7,319	8,856
Loss from operations	(1,576)	(1,947)	(7,313)	(7,237)	(5,263)	(4,348)	(5,233)
Other income (expense):							
Equity in operations of joint venture	(41)	(31)	(103)	(547)	(1,369)	(1,688)	(1,084)
Investment income	244	456	1,359	3,150	3,125	1,323	1,576
Interest expense		(1)	(3)	(14)	(30)	(47)	(89)

	Three Months Ended March 31,		Year Ended December 31,				
Total other income (expense)	203	424	1,253	2,589	1,726	(412)	403
Net loss	$ (1,373)	$ (1,523)	$ (6,060)	$ (4,648)	$ (3,537)	$ (4,760)	$ (4,830)
Basic and diluted net loss per common share	$ (0.08)	$ (0.08)	$ (0.34)	$ (0.26)	$ (0.21)	$ (0.33)	$ (0.34)
Shares used in computing basic and diluted net loss per share	17,937	17,937	17,937	17,915	17,073	14,364	14,156

	As of March 31,		As of December 31,				
	2003	2002	2002	2001	2000	1999	1998
			(in thousands)				
Balance Sheet Data:							
Cash, cash equivalents and short-term investments	$ 40,744	$ 47,804	$ 37,674	$ 41,945	$ 33,629	$ 18,776	$ 23,665
Working capital	38,923	47,419	35,696	41,078	32,502	17,133	21,812
Long-term investments	2,694		7,282	7,782	20,978	2,644	2,605
Total assets	44,244	48,851	45,748	50,681	55,793	22,366	27,484
Long-term debt					119	249	392
Accumulated deficit	59,868	53,958	58,495	52,435	47,787	44,250	39,490
Stockholders' equity	41,713	47,623	43,086	49,146	53,766	20,145	24,845

UNAUDITED PRO FORMA
CONDENSED COMBINED FINANCIAL STATEMENTS
OF GENVEC AND DIACRIN

The following unaudited pro forma condensed combined balance sheet as of March 31, 2003 and the unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2003 and the year ended December 31, 2002 are based on the historical financial statements of GenVec and Diacrin included elsewhere in this joint proxy statement/prospectus. The unaudited pro forma condensed combined financial statements reflect the effect of the merger of Diacrin with and into GenVec using the purchase method of accounting on a pro forma basis and applying the estimates, assumptions and adjustments described in the accompanying notes. The financial information of Diacrin has been adjusted to conform Diacrin's presentation format to that of GenVec. The unaudited pro forma condensed combined financial statements do not purport to represent what GenVec's financial position or results of operations would actually have been if the proposed combination had in fact occurred on those dates or to project GenVec's financial position or results of operations as of any future date.

GenVec is considered the acquiring enterprise under Statement of Financial Accounting Standards No. 141 referred to as SFAS No. 141, "Business Combinations," despite the fact that the Diacrin shareholders will own 54.5% of the voting stock of the combined enterprise (determined on a fixed basis), because GenVec's board members will have a voting majority of the board of directors of the combined company, GenVec's current senior management will serve as a majority of the executive officers of the combined company and GenVec has paid a control premium; and accordingly, the assets and liabilities of GenVec are carried over at their historical basis, whereas the assets and liabilities of Diacrin are recorded on the basis of fair values exchanged.

In preparing the unaudited pro forma condensed combined financial statements:

GenVec's balance sheet as of March 31, 2003 has been combined with Diacrin's balance sheet as of March 31, 2003, as if the merger had occurred on March 31, 2003;

GenVec's statement of operations for the three months ended March 31, 2003 has been combined with Diacrin's statement of operations for the same period as if the merger had occurred on January 1, 2003; and

GenVec's statement of operations for the year ended December 31, 2002 has been combined with Diacrin's statement of operations for the same period as if the merger had occurred on January 1, 2002.

Under the purchase method of accounting, the total estimated purchase price, calculated as described in Note 1 to these unaudited pro forma condensed combined financial statements, is allocated to the net tangible assets to be acquired in connection with the merger, based on their estimated fair values as of March 31, 2003. A preliminary valuation was conducted to determine the fair values of these assets. This preliminary valuation has been the basis for the estimates of fair values reflected in these unaudited pro forma condensed combined financial statements. As of March 31, 2003, the fair value of the net assets to be acquired exceeds the estimated purchase price. As a result, the estimated fair values of property and equipment were reduced to zero for purchase accounting purposes. After this reduction in values, and in accordance with SFAS No. 141, the estimated remaining negative goodwill of approximately $1.1 million would be recorded as an extraordinary gain in GenVec's statement of operations upon completion of the merger. A final determination of these fair values, which cannot be made prior to the completion of the merger, will be based on management's consideration of the final valuation. This final valuation will be based on the actual net tangible and intangible assets of Diacrin that exist as of the date of completion of the merger, which could result in material differences from the information presented. The estimated negative goodwill of approximately

$1.1 million may be substantially reduced, eliminated or become positive goodwill upon completion of the final purchase price allocation.

The unaudited pro forma condensed combined financial information has been prepared based upon available information and certain assumptions described in the accompanying notes and the estimated fair value of assets to be acquired and liabilities to be assumed from Diacrin. The unaudited pro forma condensed combined financial statements do not include any adjustments for liabilities resulting from integration plans other than estimated severance costs.

These unaudited pro forma condensed combined financial statements and accompanying notes should be read in conjunction with the historical financial statements and the related notes thereto of GenVec and Diacrin and other financial information pertaining to GenVec and Diacrin included elsewhere in this joint proxy statement/prospectus, including "Information About GenVec Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Information About Diacrin Management's Discussion and Analysis of Financial Condition and Results of Operations."

Unaudited Pro Forma Condensed Combined Balance Sheet
As of March 31, 2003
(in thousands)

	GenVec, Inc.	Diacrin, Inc.	Pro Forma Adjustments (Note 2)(2A)	Pro forma Combined
Assets				
Cash and equivalents	$ 1,858	$ 4,873	$	$ 6,731
Short-term investments	9,742	35,871		45,613
Accounts receivable	1,722			1,722
Interest receivable and other current assets	1,622	710		2,332

	GenVec, Inc.	Diacrin, Inc.	Pro Forma Adjustments (Note 2)(2A)	Pro forma Combined
Total current assets	14,944	41,454		56,398
Property and equipment, net	8,150	96	(96)(B)	8,150
Long-term investments	2,746	2,694		5,440
Other assets	91			91
Total assets	$ 25,931	$ 44,244	$ (96)	$ 70,079
Liabilities and Stockholders' Equity				
Accounts payable	$ 603	$ 51	$	$ 654
Accrued expenses	3,411	782	4,250 (C)(D)(E)	8,443
Unearned revenue	308	1,698		2,006
Current portion of long-term debt	1,348			1,348
Total current liabilities	5,670	2,531	4,250	12,451
Long-term debt	5,722			5,722
Other liabilities	1,882			1,882
Total liabilities	13,274	2,531	4,250	20,055
Stockholders' equity				
Common stock	23	179	(152)(F)	50
Additional paid-in-capital	114,776	101,402	(64,551)(G)	151,627
Accumulated deficit	(100,593)	(59,868)	60,491 (H)	(99,970)
Deferred compensation	(1,263)		(134)	(1,397)
Accumulated other comprehensive income	(286)			(286)
Total stockholders' equity	12,657	41,713	(4,346)	50,024
Total liabilities and stockholders' equity	$ 25,931	$ 44,244	$ (96)	$ 70,079

Unaudited Pro Forma Condensed Combined Statements of Operations
For The Three Months Ended March 31, 2003
(in thousands, except per share data)

	GenVec, Inc.	Diacrin, Inc.	Pro forma Adjustments (Note 2)(2A)	Pro forma Combined
Revenue	$ 3,185	$ 80	$	$ 3,265
Operating expenses:				

	GenVec, Inc.	Diacrin, Inc.	Pro forma Adjustments (Note 2)(2A)	Pro forma Combined
Research and development	6,242	1,102	(12)(I)	7,332
General and administrative	2,069	554		2,623
Total operating expenses	8,311	1,656	(12)	9.955
Loss from operations	(5,126)	(1,576)	12	6.690
Other income (expense):				
Equity in operations of joint venture		(41)		(41)
Interest income	95	244		339
Interest expense	(123)			(123)
Total other income (expense)	(28)	203		175
Loss before extraordinary item	$ (5,154)	$ (1,373)	$ 12	$ (6,515)
Basic and diluted loss before extraordinary item per share (Note 3)	$ (0.23)	$ (0.08)		$ (0.13)
Shares used in computation of basic and diluted loss before extraordinary item per share	22,537	17,937		49,966

Unaudited Pro Forma Condensed Combined Statements of Operations
For The Year Ended December 31, 2002
(in thousands, except per share data)

	GenVec, Inc.	Diacrin, Inc.	Pro Forma Adjustments (Note 2)(2A)	As Adjusted
Revenue	$ 8,414	$ 346	$	$ 8,760
Operating expenses:				
Research and development	24,352	6,124	(49)(I)	30,427
General and administrative	9,643	1,535		11,178
Total operating expenses	33,995	7,659	(49)	41,605
Loss from operations	(25,581)	(7,313)	49	(32,45)

	GenVec, Inc.	Diacrin, Inc.	Pro Forma Adjustments (Note 2)(2A)	As Adjusted
Other income (expense):				
Equity in operations of joint venture		(103)		(103)
Interest income	1,000	1,359		2,359
Interest expense	(531)	(3)		(534)
Investment losses	(486)			(486)
Total other income (expense)	(17)	1,253		1,236
Loss before extraordinary item	$ (25,598)	$ (6,060)	$ 49	$ (31,609)
Basic and diluted loss before extraordinary item per share (Note 3)	$ (1.17)	$ (0.34)		$ (0.64)
Shares used in computation of basic and diluted loss before extraordinary item per share	21,816	17,937		49,245

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Note 1 Description of Merger and Purchase Price

The unaudited pro forma condensed combined financial statements reflect the conversion of all the outstanding shares of Diacrin common stock into approximately 27.4 million shares of GenVec common stock pursuant to the merger. The calculation of the number of shares is based on outstanding shares of Diacrin common stock of approximately 17.9 million shares as of March 31, 2003, multiplied by the fixed exchange ratio of 1.5292. The actual number of shares of GenVec common stock to be issued in connection with the merger will be determined based on the actual number of shares of Diacrin common stock outstanding on the effective date of the merger. Based on outstanding options as of March 31, 2003, stock options to purchase approximately 1.5 million shares of Diacrin common stock will be assumed by GenVec pursuant to the merger agreement and converted into stock options to purchase approximately 2.3 million shares of GenVec common stock. The actual number of options, both vested and unvested, to be assumed by GenVec will be based on the actual number of Diacrin options outstanding at the effective date of the merger. The total cost of the proposed combination for purchase accounting purposes is estimated to be approximately $39.1 million, based on the fair value of GenVec common stock of $1.28 per share, the average price per share of GenVec common stock for the five-day period surrounding April 15, 2003, the date of the public announcement of the merger.

The estimated total purchase price of the merger is calculated as follows (in thousands):

Value of GenVec common stock issued	$ 35,110
Assumption of Diacrin options	1,768
Total value of GenVec securities	36,878
Estimated direct transaction costs incurred by GenVec	2,475
	39,353
Less: Amount allocated to deferred compensation	(134)
Total estimated purchase price	$ 39,219

The fair value of the options to be assumed by GenVec in connection with the merger is determined based on a stock price of $1.31 per share using the Black-Scholes method with the following assumptions: an expected life of four years, risk free interest rate of 1.2%, volatility of 99% and no expected dividend. The four-year estimated life is based on historical GenVec experience.

Deferred compensation on unvested options was based on the portion of the intrinsic value (fair value less the excise price) at March 31, 2003 for approximately 1.5 million options outstanding on March 31, 2003, related to the vested period and the remaining unvested period using the graded vesting approach.

Under the purchase method of accounting, the total estimated purchase price as shown in the table above will be allocated to Diacrin's net assets based on their estimated fair values on the date of the completion of the merger. The fair value of the acquired net assets that exceeds the purchase price is initially recognized as negative goodwill. In accordance with SFAS No. 141, "Business Combinations," this estimated negative goodwill of $1.1 million will be allocated as a reduction of the amounts that otherwise would have been assigned to all of the acquired assets except financial assets and any other current assets. Any excess remaining after reducing to zero the amounts that otherwise would have been assigned to those assets will be recognized as an extraordinary gain in the period in which the merger is completed. Based on the preliminary valuation, and subject to material changes upon development of a final valuation and other factors as described in the introduction to these unaudited

pro forma condensed combined financial statements, the preliminary estimated purchase price and negative goodwill are allocated as follows (in thousands):

	Fair Value of Net Assets Acquired	Allocation of Negative Goodwill	Allocation of Purchase Price
Cash and cash equivalents	$ 4,873		$ 4,873
Short-term investments	35,871		35,871
Other current assets	710		710
Long-term investments	2,694		2,694
Property and equipment	96	$ (96)	
Accounts payable and accrued liabilities*	(2,608)		(2,608)
Unearned revenue	(1,698)		(1,698)
Extraordinary gain on allocation of negative goodwill		(623)	(623)
Total	$ 39,938	$ (718)	$ 39,219

* Includes estimated transaction costs of $1,775.

Note 2 Pro Forma Adjustments

Pro forma adjustments are necessary to reflect the estimated purchase price, adjust amounts related to Diacrin's net tangible assets to a preliminary estimate of their fair values, allocate negative goodwill and eliminate Diacrin's equity accounts resulting from these pro forma adjustments.

The unaudited pro forma condensed combined financial statements also include an adjustment for contractual severance liabilities relating to Emerging Issues Task Force (EITF) No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." GenVec is in the process of making further assessments and estimates of costs that are not currently known. Liabilities will be adjusted to reflect actual severance costs or relocation costs related to Diacrin employees, or other costs associated with restructuring the operations of Diacrin that would affect amounts in the unaudited pro forma condensed combined financial statements.

Recording additional liabilities relating to EITF No. 95-3 will primarily impact accrued liabilities with an offsetting adjustment to the extraordinary gain attributable to negative goodwill.

Other than the severance noted above GenVec has not identified any pre-acquisition contingencies where the related asset, liability or impairment is probable and the amount of the asset, liability or impairment can be reasonably estimated. Prior to the end of the purchase price allocation period, if information becomes available which would indicate it is probable that such events will occur and the amounts can be reasonably estimated, such items will be included in the purchase price allocation.

The pro forma adjustments included in the unaudited pro forma condensed combined financial statements are as follows:

(A)

Certain amounts have been reclassified to conform the presentation of Diacrin and GenVec.

(B)

An adjustment has been made to reflect the allocation of the estimated negative goodwill of $719,000 arising from the merger, to offset amounts that otherwise would have been assigned to property and equipment, in the amount of $96,000; with the remaining balance of $623,000 being reflected as an adjustment to accumulated deficit to reflect an extraordinary gain.

(C)

An adjustment has been made for GenVec's transaction costs, consisting primarily of financial advisory, legal and accounting fees and directors' and officers' liability insurance premiums totaling $2,300,000 which have been included in accrued expenses and as an element of the purchase price.

(D)

An adjustment has been made for Diacrin's transaction costs, consisting primarily of financial advisory, legal and accounting fees totaling $1,775,000 which have been included in accrued expenses and as an element of the net assets and accumulated deficit of Diacrin.

(E)

An adjustment has been made for estimated severance cost of $175,000, attributable to an employment agreement, dated February 6, 1990, with Diacrin's President and Chief Executive Officer, Dr. Thomas H. Fraser, which has been included in accrued expenses and as an element of the purchase price.

(F)

An adjustment to eliminate Diacrin's historical common stock of $179,000 has been made in consideration of the merger offset by the par value ($27,000) of new GenVec securities issued in consideration of the merger.

(G)

The reduction in pro forma combined additional paid-in-capital is as follows (in thousands):

Elimination of Diacrin additional paid-in capital	$	(101,402)
Value of new GenVec securities issued in consideration of the merger (including options of $1,768)		36,878
Less par value assigned to common stock		(27)
	$	(64,551)

(H)

The reduction in pro forma combined accumulated deficit is as follows (in thousands):

Elimination of Diacrin's historical accumulated deficit	$ 59,868
Extraordinary gain on negative goodwill write-off	623
	$ 60,491

(I) An adjustment has been made to eliminate depreciation expense recorded during the period on the $96,000 of Diacrin property and equipment whose value was reduced to $0, per (B) above.

Note 3 Pro Forma Loss Before Extraordinary Item Per Share

The pro forma combined share and loss before extraordinary item per share data was prepared using the fixed exchange ratio of 1.5292 shares of GenVec common stock for each share of Diacrin common stock and the assumed issuance of up to approximately 27.4 million shares of GenVec common stock. The impact of outstanding stock options has been excluded from the calculation of diluted loss before extraordinary item per share as the effect would be anti-dilutive.

RISK FACTORS

Described below are risks associated with the merger and risks related to GenVec's business assuming completion of the merger, the industry in which GenVec conducts its business assuming completion of the merger and ownership of GenVec common stock following completion of the merger.

In addition, risks related to Diacrin and its business are described below. These risks should be considered by the stockholders of Diacrin, as they would be applicable in the event that the merger is not completed and Diacrin continues to exist and operate as an independent entity.

Risks Related to the Merger

Diacrin stockholders will receive a fixed number of shares of GenVec common stock in the merger, regardless of the market price of GenVec common stock. Declines in the market price of GenVec common stock will reduce the value received by Diacrin stockholders in the merger. Increases in the market price of GenVec common stock will increase the value paid by GenVec as consideration in the merger.

Pursuant to the terms of the merger agreement, the ratio of the number of shares of GenVec common stock to be exchanged for each share of Diacrin common stock has been fixed (other than adjustments for any reclassification, stock split, stock dividend or other similar change with respect to GenVec's or Diacrin's capital stock occurring before the effective date of the merger) and there is no mechanism to adjust the exchange ratio based on changes in the market price of GenVec common stock. Furthermore, neither Diacrin nor GenVec is permitted to withdraw from the merger solely because of changes in the market price of GenVec common stock, although the board of directors of either GenVec or Diacrin, in the exercise of their fiduciary duties may elect to recommend that its stockholders vote against the merger. If such action were to be taken, the other party would have the right to immediately terminate the merger agreement and receive the $1.2 million break-up fee or, in the event the stockholders of the other party do not approve the merger at their meeting, then terminate the merger agreement and receive the $1.2 million break-up fee. If the merger is not completed, GenVec would not have to pay the $450,000 due to Needham & Company upon completion of the merger and Diacrin would not have to pay the $400,000 due to SG Cowen upon completion of the merger.

As a result of the fixed exchange ratio, the specific dollar value of GenVec common stock received by Diacrin stockholders upon completion of the merger will depend on the market value of GenVec common stock at the time of completion of the merger. GenVec and Diacrin stockholders will not know the exact value of GenVec common stock to be issued to Diacrin stockholders in the merger on the date of this joint proxy statement/prospectus or at the time of the GenVec and Diacrin stockholder meetings. Since the announcement of the proposed merger on April 15, 2003, the price per share of GenVec common stock has increased from $1.46 to $2.20, as of July 16, 2003. As a result of this increase in the per share price of GenVec common stock, the aggregate value of the shares of common stock GenVec will issue as consideration in the merger has increased from $40.4 million to $61.6 million, based on the number of shares of Diacrin common stock

outstanding as of April 14, 2003. Taking these amounts of aggregate consideration to be paid by GenVec and subtracting the amount of cash, cash equivalents, short-term investments and long-term investments reported on Diacrin's balance sheet as of March 31, 2003, the implied enterprise value of Diacrin has increased from $(3.0) million to $18.2 million.

GenVec may face challenges in integrating GenVec and Diacrin and, as a result, may not realize the expected benefits of the proposed merger.

Integrating the operations and personnel of GenVec and Diacrin will be a complex process. GenVec is uncertain that the integration will be completed rapidly or that it will achieve the anticipated benefits of the merger. The successful integration of GenVec and Diacrin will require, among other

things, coordination of discovery and development efforts and integration of Diacrin's operations and personnel into GenVec. The diversion of the attention of GenVec's management and any difficulties encountered in the process of combining the companies could cause the disruption of, or a loss of momentum in, the activities of the combined company's business.

In March 2003, Diacrin adopted a severance policy for all of its employees, other than Dr. Fraser. While this policy was adopted after Diacrin had commenced negotiations with GenVec, its application is not limited to a transaction with GenVec. Pursuant to the policy, each employee is entitled to receive severance benefits if his or her employment with Diacrin is terminated without cause. The severance benefit would be equal to one week of pay for each year of service, with a minimum of two weeks and a maximum of 12 weeks of pay (plus three months severance pay in the case of Kevin Kerrigan and E. Michael Egan). Diacrin employees may terminate their employment voluntarily despite the severance policy and such voluntary termination may delay or impede the integration process. The inability to successfully integrate the operations and personnel of GenVec and Diacrin, or any significant delay in achieving integration, could have a material adverse effect on the combined company after the merger and, as a result, on the market price of GenVec's common stock.

Some of the officers and directors of GenVec and Diacrin have conflicts of interest that may have influenced them to support or approve the merger.

Diacrin's and GenVec's officers and directors may have been influenced to approve the merger because of arrangements that provide them with interests in the merger that are different from, or in addition to, the interests of GenVec and Diacrin stockholders in the merger, which are described under the section entitled "Proposal 1 The Merger Interests of Certain Persons in the Merger."

These interests include the following:

Completion of the merger will cause all unvested options issued under the GenVec Amended and Restated 1993 Stock Incentive Plan, including options issued to GenVec officers and directors to become fully exercisable. Completion of the merger also will cause unvested options issued to GenVec non-employee directors under the GenVec 2000 Director Option Plan and the 2002 Stock Incentive Plan to become fully exercisable. The aggregate value of these unvested options to GenVec officers and directors is $3,000, based on the last reported sale price of GenVec common stock on July 16, 2003.

Completion of the merger will cause unvested stock options held by Dr. Fischer and Mr. Church under the 1993 Amended and Restated Stock Incentive Plan to become fully exercisable. Specifically, 46,668 and 13,003 unvested stock options held by Dr. Fischer and Mr. Church, respectively, having an aggregate value of $-0- and $-0-, respectively, based on the last reported sale price of GenVec common stock on July 16, 2003, will become fully exercisable.

Under his 1990 employment agreement, Dr. Fraser will receive a severance payment of approximately $175,000 upon consummation of the merger. Under a severance policy adopted by Diacrin after negotiations with GenVec had commenced, Mr. Egan, Diacrin's Chief Operating Officer, is entitled to receive approximately $95,000, and Mr. Kerrigan, Diacrin's Controller, is entitled to receive approximately $36,000, in each case if his employment is terminated without cause by Diacrin. As of the date of this joint proxy statement/prospectus, Diacrin does not expect that payments under this severance plan will be made to either Mr. Egan or Mr. Kerrigan.

Dr. Fraser will enter into a consulting agreement with GenVec providing for him to serve as Chairman of GenVec's Board of Directors and as a part-time consultant. Dr. Fraser will be paid an annual consulting fee of $30,000, plus customary compensation for his services as a director and as Chairman of the Board of GenVec. During 2002, the fee paid by GenVec to its current Chairman consisted of $4,000 for each board meeting attended, $1,000 for each committee

meeting attended, $6,000 per quarter as a retainer and an option to purchase 22,500 shares of GenVec common stock.

Following completion of the merger, current Diacrin directors Zola P. Horovitz, Stelios Papadopoulos and Joshua Ruch will serve on the GenVec board of directors. During 2002, each GenVec non-employee director received $2,000 per board meeting attended, $1,000 per committee meeting attended after April 19, 2002 and $3,000 per quarter as a retainer.

Stelios Papadopoulos, one of Diacrin's directors is a Managing Director of SG Cowen, Diacrin's financial advisor. Diacrin is paying SG Cowen a transaction fee of $900,000, of which $500,000 was payable upon rendering of the fairness opinion and the remainder is payable upon consummation of the transaction. Dr. Papadopoulos participated in Diacrin's board deliberations regarding the merger. Dr. Papadopoulos was not involved in the preparation of SG Cowen's fairness opinion.

GenVec has agreed to indemnify, and to provide directors and officers insurance for, Diacrin's present and former directors and officers.

Entities affiliated with HealthCare Ventures LLC own approximately 25% of Diacrin's outstanding common stock and approximately 16% of GenVec's outstanding common stock. As a major stockholder of both entities, HealthCare Ventures' interests may be different from that of other GenVec and Diacrin stockholders. Harold R. Warner, who is a member of the GenVec board of directors, and will be a member of the board of directors of the combined company, is the co-founder of HealthCare Ventures. Joshua Ruch, who is a member of Diacrin's board of directors, and will be a member of the board of directors of the combined company, is a controlling person of an entity which is a limited partner in several of the HealthCare Ventures funds that are stockholders of Diacrin or GenVec.

Change in control agreements that GenVec has entered into with Dr. Fischer and Mr. Church. The terms of each of Dr. Fischer's and Mr. Church's change in control agreements provide that if Dr. Fischer or Mr. Church, as the case may be, is terminated other than for cause or due to his disability or death or resigns for good reason within two years of a change in control of GenVec, he is entitled to a specified severance payment; and continuation of life and health insurance benefits for a limited period. GenVec is also obligated to provide a one-time payment to cover taxes due on such benefits. Thus, Dr. Fischer and Mr. Church may be entitled to compensation under their respective change in control agreements in the amounts of $789,292 and $405,133, respectively, if they were to cease being employed by GenVec under the circumstances described above after the merger. Completion of the merger, coupled with a termination of their employment would cause unvested options held by Dr. Fischer and Mr. Church under the 2002 Stock Incentive Plan to become fully exercisable. Specifically, 46,251 and 23,126 stock options held by Dr. Fischer and Mr. Church, respectively, having an aggregate value, based on the last reported sale price of GenVec common stock on July 16, 2003, of $-0- and $-0-, respectively, would become fully exercisable.

Each of the Diacrin board of directors and GenVec board of directors was aware of and took into account these arrangements when it approved the merger. It is possible that these arrangements may have influenced these directors and officers to support or recommend the merger.

The merger will be dilutive to Diacrin's stockholders on both an earnings per share and book value basis.

The pro forma financial information contained elsewhere in this joint proxy statement/prospectus shows the merger being dilutive to Diacrin stockholders on both an earnings per share and book value basis. As a result of the earnings per share dilution, if the merger is completed, the loss per share of Diacrin stock outstanding prior to the merger, on a pro forma basis as of March 31, 2003, from $0.08 to $0.20. The merger will also cause the book value per Diacrin share outstanding prior to the merger

to decrease, on a pro forma basis as of March 31, 2003, from $2.33 to $1.54. Due to this book value dilution, the value that Diacrin stockholders would receive upon a liquidation of Diacrin is greater than the value they would receive upon a liquidation of the combined company. If the combined company is forced to liquidate and its book value per share is not greater than Diacrin's current book value per share at the time of its liquidation, Diacrin stockholders will receive less than they would if Diacrin were liquidated rather than merging with GenVec.

If the merger is completed, the rights of Diacrin stockholders will be governed by the GenVec amended and restated certificate of incorporation and bylaws, which contain provisions which are much more restrictive of stockholder rights than the comparable provisions of Diacrin's current certificate of incorporation and bylaws.

There are several provisions of GenVec's amended and restated certificate of incorporation and bylaws that are much more restrictive than the comparable provisions of Diacrin's current certificate of incorporation and bylaws with respect to stockholders' ability to change the composition of the board of directors and approve transactions the stockholders may believe are in their interests. In particular:

Diacrin stockholders are entitled to vote for all directors each year, and, thus, could change the entire board of directors in a single election of directors; GenVec has a classified board providing that only one-third of the GenVec board of directors is elected in any one year, and, thus, it would take three annual meetings for stockholders to change the entire GenVec board of directors and two annual meetings to change a majority of GenVec's board of directors.

Diacrin directors may be removed, with or without cause, by a simple majority of outstanding capital stock entitled to vote in the election of directors; GenVec directors may only be removed for cause by a vote of 80% of the outstanding capital stock entitled to vote in the election of directors.

Diacrin stockholders holding a majority of the outstanding capital stock entitled to vote in the election of directors may call a special stockholders' meeting; GenVec stockholders are not entitled to call a special stockholders' meeting. Thus, while Diacrin stockholders could call a special stockholders' meeting for purposes of removing directors or bringing a proposal to the other stockholders for a vote, GenVec stockholders do not have this power.

Diacrin stockholders are permitted to act by written consent in lieu of a meeting; GenVec stockholders may not act by written consent in lieu of a meeting. Thus, while Diacrin stockholders could act by written consent to remove directors or approve a transaction, GenVec stockholders do not have this power.

Diacrin's certificate of incorporation and bylaws may generally be amended by a vote of a majority of the outstanding capital stock entitled to vote in the election of directors; with respect to provisions providing for the classified board, removal of directors, and other matters related to the board of directors, GenVec's amended and restated certificate of incorporation and bylaws may be amended only by an 80% vote of the outstanding capital stock entitled to vote in the election of directors.

In addition, unlike Diacrin, GenVec has a stockholder rights plan (a so-called "poison pill").

The provisions of GenVec's certificate of incorporation and bylaws described above will not be amended in connection with the merger and, if the merger is approved, will apply to the stockholders of the combined company. Such provisions and the GenVec poison pill may have the effect of deterring unsolicited takeovers of GenVec or preventing changes in control of GenVec's board of directors and management, including transactions in which GenVec's stockholders might otherwise receive a premium for their shares over the then-market price. In addition, these provisions may limit the ability of GenVec stockholders to approve transactions that they may deem to be in their best interest.

GenVec and Diacrin expect to incur significant costs associated with the merger.

GenVec estimates that it will incur direct transaction costs of approximately $2.3 million in connection with the merger, which will be included as a part of the total purchase cost for accounting purposes. In addition, Diacrin estimates that it will incur direct transaction costs of approximately $1.8 million that will be expensed as incurred. GenVec and Diacrin believe the combined company may incur charges to operations, which they cannot currently reasonably estimate, in the quarter in which the merger is completed or the following quarters, to reflect costs associated with integrating the two companies. There can be no assurance that the combined company will not incur additional merger charges in subsequent periods.

Stockholders may sell substantial amounts of GenVec common stock after the merger, which could cause its stock price to fall.

A substantially large number of shares of GenVec common stock may be sold into the public market within short periods of time at various dates following the closing of the merger. As a result, GenVec' stock price could fall. GenVec has agreed that it will register for resale the shares of GenVec common stock that will be owned by each Diacrin affiliate that will hold more than 1% of the outstanding capital stock of GenVec immediately upon completion of the merger so that such affiliates may publicly resell their shares of GenVec common stock without regard to the restrictions imposed by Rule 145 under the Securities Act. Currently, these affiliates hold approximately 6.8 million shares of Diacrin common stock. Upon completion of the merger, these affiliates will own approximately 10.4 million shares of GenVec common stock. Accordingly, GenVec expects to register approximately 10.4 million shares of its common stock for resale by Diacrin affiliates after the merger. Of the approximately 29.8 million shares of GenVec common stock to be issued in connection with this merger, approximately 20.2 million shares will be immediately available for resale by the former stockholders of Diacrin and 9.6 million shares of GenVec common stock will be subject to "lock-up agreements" that restrict the timing of the resale of these shares, which shares will be released and available for sale in the public market 120 days after the closing date of the merger. In comparison, the average daily trading volume of GenVec common stock for the five-day period ending on April 14, 2003, the day prior to the announcement of the proposed merger, was 126,300 shares and was 146,273 shares for the five-day period ending on July 16, 2003. Sales of a large number of newly released shares of GenVec common stock could occur and that could result in a sharp decline in GenVec's stock price.

In addition, upon completion of the merger GenVec will have more shares of its common stock outstanding. Under the resale volume limitations imposed on affiliates by the rules of the Securities Act following the merger, because of this increase in number of outstanding shares, GenVec's affiliates may be able to sell more shares of GenVec common stock sooner than they would have otherwise been able to sell prior to the merger.

If the conditions to the merger are not met, the merger will not occur.

Specified conditions must be satisfied or waived to complete the merger. The actions that must be taken and the events that must occur before the merger can be completed include: adoption of the merger agreement and approval of the merger by the stockholders of GenVec and Diacrin, the effectiveness of the registration statement, of which this joint proxy statement/prospectus forms a part, the absence of any stop order or threatened or pending proceeding by the Securities and Exchange Commission to suspend the effectiveness of the registration statement, receipt of all applicable state securities or "Blue Sky" authorizations, and the absence of any court or agency order prohibiting the merger. These conditions are described in detail in the merger agreement. GenVec and Diacrin cannot assure you that each of the conditions will be satisfied. If the conditions are not satisfied or waived, the merger will not occur or will be delayed, and GenVec and Diacrin each may lose some or all of the intended benefits of the merger.

Failure to complete the merger could harm the businesses of GenVec and Diacrin in a number of ways. Many of the transaction costs, including accounting, legal and certain financial advisory fees, must still be paid, without any offsetting benefits from the merger. Customers and strategic partners may delay or defer decisions concerning either company until the merger is completed or abandoned. During the time that the merger agreement is in effect, except as required by the fiduciary duties of their respective boards of directors, both GenVec and Diacrin are prohibited from soliciting, initiating, engaging or entering into certain transactions, such as a merger, sale of assets or other business combination with a party other than Diacrin or GenVec, as the case may be. This uncertainty could cause GenVec or Diacrin employees to leave their respective employers. In addition, if the merger is not completed, the market price of GenVec and Diacrin common stock could decline, to the extent that the market price of GenVec or Diacrin common stock prior to the completion of the merger reflected a market belief that the merger would be completed and its potential benefits would be realized.

Risks Related to GenVec's Business After the Merger

GenVec has a history of losses and anticipates future losses.

GenVec has incurred net losses in each year since its inception in December 1992, including a net loss of $25.6 million for the year ended December 31, 2002 and a net loss of $5.2 million for the three months ended March 31, 2003. As of March 31, 2003, GenVec had an accumulated deficit of approximately $100.6 million. GenVec is unsure if or when GenVec will become profitable. The size of GenVec's net losses will depend, in part, on the growth rate of GenVec's revenues and the level of GenVec's expenses.

GenVec derives substantially all of its revenues from payments from collaborations with corporations and government entities, and will continue to do so for the foreseeable future. GenVec expects that it will be several years, if ever, before GenVec will recognize revenue from product candidate sales or royalties. A large portion of GenVec's expenses is fixed, including expenses related to facilities, equipment and personnel. In addition, GenVec expects to spend significant amounts to fund research and development and to enhance its core technologies. GenVec also expects to incur substantial expenses to manufacture GenVec's product candidates. As a result, GenVec expects that its operating expenses will increase significantly over the next several years and, consequently, it will need to generate significant additional revenue to achieve profitability. Even if GenVec does achieve profitability, GenVec may not be able to sustain or increase profitability on a consistent basis.

GenVec will have no product revenues in the near term and may need to raise additional capital to operate GenVec's business.

The combined company will be focused on clinical product development. Until, and unless, GenVec receives approval from the FDA and other regulatory authorities for the combined company's product candidates, GenVec cannot sell these products and will not have product revenues. Therefore, for the foreseeable future, GenVec will have to fund all of its operations and capital expenditures from cash on hand. GenVec estimates that upon completion of the merger it will have cash and investments on hand in the amount of approximately $45 million, which GenVec's management believes will be sufficient to meet GenVec's working capital and capital expenditure needs through mid-2006. Thereafter, GenVec will require substantial funds to conduct research and development activities, preclinical studies, clinical trials and other activities prior to the commercialization of any potential products. GenVec anticipates that such funds will be obtained from external sources and intends to seek additional equity, debt or lease financing or collaborative agreements with corporate, governmental or academic collaborators to fund future operations. However, GenVec's actual capital requirements will depend on many factors. If GenVec experiences unanticipated cash requirements, GenVec may need to seek additional sources of funding, which may not be available on favorable terms, if at all. Such additional funding may only be available on terms that may cause dilution to

common stockholders, have liquidation preferences and/or pre-emptive rights. In the past, GenVec has secured funding on terms that included pre-emptive rights. For example, pursuant to an Investor Rights Agreement among GenVec and HealthCare Ventures V, L.P., and HealthCare Ventures VI, L.P. dated December 21, 2001, HealthCare Ventures V and VI have the right to purchase shares of GenVec common stock that GenVec may propose to sell in the future to prevent dilution of their interest in GenVec. If GenVec does not succeed in raising additional funds on acceptable terms, GenVec may be unable to complete planned preclinical studies and clinical trials or obtain approval of its product candidates from the FDA and other regulatory authorities. In addition, GenVec could be forced to discontinue product development, reduce or forego sales and marketing efforts and attractive business opportunities or discontinue operations.

GenVec's ability to develop, obtain regulatory approval of and commercialize its potential products depends, in part, on collaborations with other entities. If GenVec is unable to find collaborators, it may not be able to develop, test and commercialize its products.

To date, GenVec and Diacrin have entered into collaborative agreements with only a limited number of companies, and some of those agreements are no longer in effect. The success of GenVec's business strategy depends, in part, on its ability to enter into and sustain collaborations with other entities relating to the development and commercialization of its product candidates. Unless GenVec is able to enter into and sustain collaboration agreements, it will need to raise additional funds for the development, testing, and commercialization of its product candidates. If collaborations or other funding is not available, GenVec may have to delay or curtail the development and commercialization of certain product candidates.

GenVec cannot be sure that its collaborators will perform as expected, and collaborations might produce conflicts that could delay or prevent the development or commercialization of its potential product candidates and negatively impact its business and financial condition.

GenVec cannot control the resources that any collaborator may devote to GenVec's products. GenVec's present or future collaborators may not perform their obligations as expected. These collaborators may breach or terminate their agreements with GenVec or otherwise fail to conduct their collaborative activities successfully and in a timely manner. In addition, GenVec's collaborators may elect not to develop products arising out of GenVec's collaborative arrangements or to devote sufficient resources to the development, regulatory approval, manufacture, marketing or sale of these products. If any of these events occur, GenVec may not be able to develop its technologies or commercialize its products.

An important part of GenVec's strategy involves conducting multiple product development programs. GenVec may pursue opportunities in fields that conflict with those of its collaborators. In addition, disagreements with its collaborators could develop over rights to its intellectual property. The resolution of such conflicts and disagreements may require GenVec to relinquish rights to its intellectual property to which GenVec believes it is entitled. In addition, any disagreement or conflict with its collaborators could reduce its ability to obtain future collaboration agreements and negatively impact its relationship with existing collaborators. Such a conflict or disagreement could also lead to delays in collaborative research, development, regulatory approval or commercialization of various products or could require or result in litigation or arbitration, which would be time consuming and expensive and could have a significant negative impact on GenVec's business, financial condition and results of operations.

GenVec's collaboration agreements may prohibit GenVec from conducting research in areas that may compete with its collaboration products, while GenVec's collaborators may not be limited to the same extent.

This could negatively affect GenVec's ability to develop products and, ultimately, prevent GenVec from achieving continuing sources of revenues.

GenVec anticipates that some of GenVec's corporate or academic collaborators will be conducting multiple product development efforts within each disease area that is the subject of its collaboration with GenVec. In the past, GenVec generally has agreed not to conduct independently, or with any third party, certain research that is competitive with the research conducted under GenVec's collaborations. Therefore, GenVec's collaborations may have the effect of limiting the areas of research that GenVec may pursue, either alone or with others. Some of GenVec's collaborators, however, may develop, either alone or with others, products in related fields that are competitive with the products or potential products that are the subject of their collaborations with GenVec. In addition, competing products, either developed by the collaborators or to which the collaborators have rights, may result in their withdrawing support for GenVec's product candidates.

Generally under GenVec's academic collaborations, GenVec retains the right to exclusively license any technologies developed using funding that GenVec provided. If GenVec elects to not license a particular technology, the academic collaborator is typically free to use the technology for any purpose, including the development and commercialization of products that might compete with GenVec's products.

GenVec is an early stage company deploying unproven technologies, and GenVec may never be able to develop, get regulatory approval of, or market any of its product candidates.

Gene-based medicines and cell transplantation are new and rapidly evolving medical approaches, which have not been shown to be effective on a widespread basis. Biotechnology and pharmaceutical companies have successfully developed and commercialized only a limited number of gene-based products to date, and no cell transplantation products have been successfully developed and commercialized to date. In addition, no gene therapy product or cell transplantation product has received regulatory approval in the United States or internationally. GenVec also has only limited data relating to the safety and effectiveness of its product candidates and delivery systems. To date, none of GenVec's or Diacrin's product candidates has been approved for sale in the United States or elsewhere. GenVec may be unable to develop products or delivery systems that:

prove to be safe and effective;

meet applicable regulatory standards;

are capable of being manufactured at reasonable costs;

do not infringe the intellectual property rights of third parties;

are superior to products offered by third parties; or

can be marketed successfully.

Gene-based medicines and cell transplantation products may be susceptible to various risks, including undesirable and unintended side effects from genes, cells or the delivery systems, unintended immune system responses, inadequate therapeutic efficacy or other characteristics that may prevent or limit their approval or commercial use. Successful products require significant development and investment, including a lengthy and uncertain period of testing to show their safety and effectiveness before their regulatory approval or commercialization. To date, GenVec has not proven its ability to develop, obtain regulatory approval of or commercialize gene therapy products. Likewise, to date, Diacrin has not proven its ability to develop, obtain regulatory approval of, or commercialize cell transplantation products. GenVec may be unable to successfully select those genes or cells with the most potential for commercial development.

If GenVec fails to adequately show the safety and efficacy of GenVec's product candidates, GenVec will not be able to obtain FDA approval of GenVec's product candidates.

GenVec faces the risk of failure involved in developing therapies based on new technologies. While certain of GenVec's product candidates are in clinical trials, there are others for which GenVec has not yet initiated clinical trials. For those product candidates not yet in clinical trials, GenVec will need to conduct significant additional research and animal testing, referred to as preclinical testing, before any of these product candidates can advance to clinical trials. In addition, GenVec will need to conduct further clinical testing of those product candidates currently in clinical trials. It may take GenVec many years to complete preclinical testing or trials, and failure could occur at any stage of testing. Acceptable results in early testing or trials might not be repeated later. Not all products in preclinical testing or early stage clinical trials will become approved products. Before GenVec can file applications with the FDA for product approval, GenVec must show that a particular product candidate is safe and effective. Even with respect to those product candidates currently in clinical trials, GenVec must demonstrate the safety and efficacy of those product candidates before GenVec can secure FDA approval. GenVec's failure to adequately show the safety and effectiveness of its product candidates would prevent FDA approval of GenVec's products. GenVec's product development costs will increase if it experiences delays in testing or regulatory approvals or if GenVec needs to perform more or larger clinical trials than planned. If the delays are significant, they could negatively affect GenVec's financial results and the commercial prospects for GenVec's product candidates.

Because GenVec or GenVec's collaborators must obtain regulatory approval to market GenVec's products in the United States and in non-U.S. jurisdictions, GenVec cannot predict whether or when GenVec will be permitted to commercialize GenVec's products; failure to comply with applicable regulations can also harm GenVec's business and operations.

The pharmaceutical industry is subject to stringent regulation by a wide range of authorities. GenVec cannot predict whether GenVec or GenVec's collaborators will obtain regulatory approval for any product GenVec develops. No one can market a pharmaceutical product in the United States until it has completed rigorous preclinical testing and clinical trials of the product and an extensive regulatory approval process implemented by the FDA. To date, neither the FDA nor any other regulatory agency has approved a gene therapy product or a cell transplantation product for sale in the United States or internationally. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources. Of particular significance are the requirements covering research and development, testing, manufacturing, quality control, labeling and promotion of drugs for human use. Before commencing clinical trials, GenVec must submit to the FDA and receive approval from the FDA of an investigational new drug application, or IND. Clinical trials are subject to oversight by Institutional Review Boards and the FDA. Clinical trials are also subject to:

- informed consent;
- good clinical practices;
- continuing FDA oversight;
- potentially large numbers of test subjects; and
- potential suspension by GenVec, GenVec's collaborators or the FDA at any time if it is believed that the subjects participating in these trials are being exposed to unacceptable health risks or if the FDA finds deficiencies in the Investigational New Drug application or the conduct of these trials.

GenVec may encounter delays or rejections in the regulatory approval process because of additional government regulation from future legislation or administrative action or changes in FDA

policy during the period of product development, clinical trials and FDA regulatory review. Failure to comply with applicable FDA or other applicable regulatory requirements may result in criminal prosecution, civil penalties, recall or seizure of products, total or partial suspension of production or injunction, as well as other regulatory action against GenVec's product candidates or GenVec. If regulatory approval of a product is granted, this approval will be limited to those disease indications for which the product has shown through clinical trials to be safe and effective. The FDA also strictly regulates promotion and labeling after approval. Outside the United States, GenVec's ability to market a product is contingent upon receiving clearances from the appropriate regulatory authorities. This non-U.S. regulatory approval process includes risks similar to those associated with FDA clearance described above.

If GenVec or its collaborators are unable to manufacture the combined company's products in sufficient quantities or are unable to obtain regulatory approvals for a manufacturing facility for its products, the combined company may experience delays, and may be unable to meet demand, and may lose potential revenues.

Completion of the combined company's clinical trials and commercialization of its product candidates require access to, or development of, facilities to manufacture a sufficient supply of the combined company's product candidates. GenVec has limited experience manufacturing any of its gene-based products in the volumes that will be necessary to support large-scale clinical trials or commercial sales. GenVec does not yet know the extent to which it will be able to adapt Diacrin's existing manufacturing facilities and processes to the manufacture of GenVec's gene therapy product candidates.

Diacrin currently is the only manufacturer of Diacrin's cell transplantation product candidates. For the next several years, the combined company expects to conduct manufacturing for cell transplantation products in Diacrin's facility in Charlestown, Massachusetts. If this facility or the equipment in this facility is significantly damaged or destroyed, the combined company will not be able to replace quickly or inexpensively its manufacturing capacity. Neither Diacrin nor GenVec has any experience manufacturing cell transplantation product candidates in the volumes that will be necessary to support large clinical trials or commercial sales. Diacrin's present manufacturing process may not meet initial expectations as to scheduling, reproducibility, yield, purity, cost, potency or quality.

If GenVec or its collaborators are unable to manufacture the combined company's product candidates in clinical quantities or, when necessary, commercial quantities, then GenVec will need to rely on third-party manufacturers to manufacture compounds for clinical and commercial purposes. These third-party manufacturers must receive FDA approval before they can produce clinical material or commercial products. The combined company's products may be in competition with other products for access to these facilities and may be subject to delays in manufacture if third parties give other products greater priority. In addition, GenVec may not be able to enter into any necessary third-party manufacturing arrangements on acceptable terms, or on a timely basis. There are very few contract manufacturers who currently have the capability to produce the combined company's proposed products, and the inability of any of these contract manufacturers to deliver GenVec's required quantities of product candidates on a timely basis and at commercially reasonable prices would negatively affect GenVec's operations.

Before GenVec or its collaborators can begin commercially manufacturing any of the combined company's product candidates, GenVec or its collaborators must obtain regulatory approval of their manufacturing facility and process. Manufacturing of the combined company's proposed products must comply with the FDA's current Good Manufacturing Practices requirements, commonly known as cGMP, and non-U.S. regulatory requirements. The cGMP requirements govern quality control and documentation policies and procedures. In complying with cGMP and non-U.S. regulatory requirements, GenVec will be obligated to expend time, money and effort in production, record

keeping and quality control to assure that the product meets applicable specifications and other requirements. GenVec or its collaborators must also pass a pre-approval inspection before FDA approval. If the combined company or its collaborators fail to comply with these requirements, GenVec's product candidates would not be approved. If GenVec or its collaborators fail to comply with these requirements after approval, the combined company would be subject to possible regulatory action and may be limited in the jurisdictions in which GenVec is permitted to sell its products. The FDA and non-U.S. regulatory authorities also have the authority to perform unannounced periodic inspections of the combined company's manufacturing facility to ensure compliance with cGMP and non-U.S. regulatory requirements.

If successful large-scale manufacturing of gene-based medicines or cell transplantation products is not possible, GenVec may be unable to manufacture enough of the combined company's product candidates to achieve regulatory approval or market its products.

Very few companies have shown successful large-scale manufacturing of gene-based medicines or cell transplantation products, and it is anticipated that certain process development and manufacturing scale-up changes will be necessary for the commercial process. GenVec does not yet know the extent to which it may be able to use Diacrin's manufacturing facilities to manufacture its gene-based medicines. GenVec may be unable to manufacture commercial-scale quantities of gene-based medicines or cell transplantation products, or receive appropriate government approvals, on a timely basis or at all. Failure to successfully manufacture or obtain appropriate government approvals on a timely basis would prevent GenVec from achieving its business objectives.

GenVec may experience difficulties or delays in product manufacturing, which are beyond GenVec's control and could harm GenVec's business, because GenVec relies on third-party manufacturers.

GenVec currently expects to produce the combined company's product candidates through third-party manufacturers and to the extent possible using Diacrin's existing manufacturing facilities. Problems with any manufacturing processes could result in product defects, which could require GenVec to delay shipment of products or recall products previously shipped. In addition, any prolonged interruption in the operations of GenVec's or a third party's manufacturing facilities could result in the cancellation of shipments. A number of factors could cause interruptions, including equipment malfunctions or process failures, or damage to a facility due to natural disasters or otherwise. Because GenVec's manufacturing processes are or are expected to be highly complex and subject to a lengthy FDA approval process, alternative qualified production capacity may not be available on a timely basis or at all.

Difficulties or delays in GenVec's manufacturing could increase GenVec's costs and damage GenVec's reputation. The manufacture of pharmaceutical products can be an expensive, time-consuming, and complex process. Manufacturers often encounter difficulties in scaling-up production of new products, including problems involving the transfer of manufacturing technology, production yields, quality control and assurance, and shortages of personnel. Delays in formulation and scale-up to commercial quantities could result in additional expense and delays in GenVec's clinical trials, regulatory submissions and commercialization.

GenVec relies on a limited number of suppliers for some of its manufacturing materials. Any problems experienced by any of these suppliers could negatively affect GenVec's operations.

GenVec relies on third-party suppliers and vendors for some of the materials used in the manufacture of the combined company's product candidates. Some of these materials are obtained from one supplier or vendor. For supply of early clinical trial materials, GenVec relies on one supplier, Invitrogen Corporation, for its cell culture medium. The cell culture medium is used to grow the cells within which GenVec's product candidates are produced. For supply of late-stage clinical trial materials, GenVec currently is planning to use purification resins from the Applied Biosystems Group of Applera

Corporation and the BioSepra S.A. Process Division of Ciphergen Biosystems, Inc. in addition to the one supplier for cell culture medium. GenVec does not currently have supply agreements with any of these suppliers. Any significant problem experienced by one of GenVec's suppliers could result in a delay or interruption in the supply of materials to GenVec until such supplier resolves the problem or an alternative source of supply is located. GenVec has limited experience with alternative sources of the aforementioned raw materials. Any delay or interruption would likely lead to a delay or interruption of manufacturing operations, which could negatively affect GenVec's operations.

GenVec has limited marketing capabilities, and if it is unable to enter into collaborations with marketing partners or develop its own sales and marketing capability, GenVec may not be successful in commercializing its products.

GenVec and Diacrin currently have limited sales, marketing and distribution capabilities. As a result, GenVec will depend on collaborations with third parties that have established distribution systems and direct sales forces. To the extent that GenVec enters into co-promotion or other licensing arrangements, GenVec's revenues will depend upon the efforts of third parties, over which GenVec may have little or no control. If GenVec is unable to reach and maintain agreements with one or more pharmaceutical companies or collaborators, GenVec may be required to market its products directly. In any case GenVec may elect to establish GenVec's own specialized sales force and marketing organization to market GenVec's products to physicians. In order to do this, GenVec would have to develop a marketing and sales force with technical expertise and with supporting distribution capability. Developing a marketing and sales force is expensive and time consuming and could delay a product launch. GenVec cannot be certain that GenVec will be able to attract and retain qualified sales personnel or otherwise develop this capability.

GenVec faces substantial competition from other companies and research institutions that are developing products to treat the same diseases that GenVec's product candidates target, and GenVec may not be able to compete successfully.

GenVec competes with pharmaceutical and biotechnology companies that are pursuing other forms of treatment for the diseases that the combined company's product candidates will target. GenVec may also face competition from companies that may develop competing technology internally or acquire it from universities and other research institutions. As these companies develop their technologies, they may develop proprietary positions, which may prevent or limit GenVec's product commercialization efforts.

Some of GenVec's competitors are established companies with greater financial and other resources than GenVec has. GenVec expects that competition in GenVec's business will intensify. GenVec's competitors may succeed in:

identifying important genes, cells or delivery mechanisms before GenVec;

developing products or product candidates earlier than GenVec does;

forming collaborations before GenVec does, or precluding GenVec from forming collaborations with others;

obtaining approvals from the FDA or other regulatory agencies for such products more rapidly than GenVec does;

developing and validating manufacturing processes more rapidly than GenVec does;

obtaining patent protection to other intellectual property rights that would limit or preclude GenVec's ability to use its technologies or develop products; or

developing products that are safer or more effective than those GenVec develops or proposes to develop.

While GenVec seeks to expand GenVec's technological capabilities to remain competitive, research and development by others may render GenVec's technology or product candidates obsolete or noncompetitive or result in treatments or cures superior to any therapy developed by GenVec.

Risks Related to GenVec's Industry

If GenVec is unable to adequately protect its intellectual property rights, its competitors may be able to take advantage of GenVec's research and development efforts to compete with GenVec.

GenVec's commercial success will depend in part on obtaining patent protection for the combined company's products and other technologies and successfully defending these patents against third party challenges. GenVec's patent position, like that of other biotechnology firms, is highly uncertain and involves complex legal and factual questions. The biotechnology patent situation in the United States and other countries is uncertain and is currently undergoing review and revision. Changes in, or different interpretations of, patent laws in the United States and other countries might allow others to use GenVec's discoveries or to develop and commercialize the combined company's products without any compensation to GenVec.

GenVec's ability to develop and protect a proprietary position based on biotechnological innovations and technologies involving genes and gene therapy, cells and cell transplantation, delivery systems, production, formulations and the like, is particularly uncertain. The U.S. Patent and Trademark Office, as well as the patent offices in other countries, have often required that patent applications concerning biotechnology-related inventions be limited or narrowed substantially. GenVec's disclosures in its patent applications may not be sufficient to meet the statutory requirements for patentability in all cases. In addition, other companies or institutions possess issued patents and have filed and will file patent applications that cover or attempt to cover genes, vectors, cell lines, and methods of making and using gene therapy products

and cell transplantation products that are the same as or similar to the subject matter of the combined company's patent applications. For example, while GenVec has pending patent applications pertaining to various types of adenovectors that cannot reproduce themselves, adenovectors modified to alter cell binding characteristics and special cell lines used to grow adenovectors, GenVec is aware of issued patents and pending patent applications of other companies and institutions relating to the same subject matter. Patents and patent applications of third parties may have priority over GenVec's issued patents and GenVec's pending or yet to be filed patent applications. Proceedings before the U.S. Patent and Trademark Office and other patent offices to determine who properly lays claim to inventions are costly and time consuming, and GenVec may not win in any such proceedings.

The issued patents GenVec and Diacrin already have or GenVec may obtain in the future may not provide commercially meaningful protection against competitors. Other companies or institutions may challenge GenVec's or GenVec's collaborators' patents in the United States and other countries. In the event a company, institution or researcher infringes upon GenVec's or GenVec's collaborators' patent rights, enforcing these rights may be difficult and can be expensive and time consuming, with no guarantee that GenVec's or GenVec's collaborators' patent rights will be upheld. Others may be able to design around these patents or develop unique products providing effects similar to the combined company's products. Thus, for example, although GenVec has an issued U.S. patent broadly covering stocks of adenovectors that cannot reproduce themselves, GenVec's competitors may find ways to get around this patent. In addition, GenVec's competitors may legally challenge GenVec's patents and they may be held to be invalid. In addition, various components used in developing gene therapy products, such as particular genes, vectors, promoters, cell lines and construction methods, used by others and GenVec, are available to the public. As a result, GenVec is unable to obtain patent protection with respect to such components, and third parties can freely use such components. Third parties may develop products using such components that compete with GenVec's potential products. Also, with respect to some of GenVec's patentable inventions, GenVec or GenVec's collaborators have decided not to pursue patent protection outside the United States. Accordingly, GenVec's competitors could develop, and receive non-U.S. patent protection for, gene technologies for which GenVec or GenVec's collaborators have or are seeking U.S. patent protection. GenVec's competitors may be free to use these technologies outside the United States in the absence of patent protection.

Where GenVec believes patent protection is not appropriate GenVec relies to a limited extent on trade secrets to protect its technology. However, trade secrets are difficult to protect. While GenVec has entered into confidentiality agreements with employees and collaborators, GenVec may not be able to prevent the disclosure or use of GenVec's trade secrets. In addition, other companies or institutions may independently develop substantially equivalent information and techniques.

If GenVec's potential products conflict with intellectual property rights of competitors, universities or others, then GenVec may be prevented from developing those product candidates.

Other companies and institutions have issued patents and have filed and will file patent applications that may issue into patents that cover or attempt to cover genes, vectors, cell lines and methods of making and using gene and gene-based therapy products or cell transplantation products used in or similar to GenVec's product candidates and technologies. For example, GenVec is aware of issued patents and pending patent applications relating to the delivery, including through the use of adenovectors, of medically beneficial substances to the heart and other tissues. It could be alleged that GenVec's BIOBYPASS® angiogen conflicts with these patents. GenVec also is aware of other issued patents and pending patent applications that relate to various aspects of GenVec's product candidates and systems including GenVec's BIOBYPASS® product candidate, TNFerade product candidate, PEDF product candidates, adenovector construction systems, adenovector manufacturing systems, and adenovector targeting systems, and it could be alleged that GenVec's product candidates conflict with these patents. GenVec has not conducted freedom to use patent searches on all aspects of GenVec's product candidates or potential product candidates, and GenVec may be unaware of relevant patents and patent applications of third parties. In addition, those freedom to use patent searches that have been conducted may not have identified all relevant issued patents or all relevant pending patent applications that could issue into patents, particularly in view of the characterizations of the subject matter of issued patents and pending patent applications, as well as the fact that pending patent applications can be maintained in secrecy for a period of time and, in some circumstances, until issuance as patents.

An issued patent gives rise to a rebuttable presumption of validity under U.S. law and the laws of some other countries. The holder of a patent to which GenVec or GenVec's collaborators do not hold a license could bring legal actions against GenVec's collaborators or GenVec for damages or to stop GenVec or GenVec's collaborators from using the affected technology, which could limit or preclude GenVec's ability to develop and commercialize the combined company's product candidates. If any of GenVec's potential products are found to infringe a patent of a competitor or third party, GenVec or GenVec's collaborators may be required to pay damages and to either obtain a license in order to continue to develop and commercialize the potential products or, at the discretion of the competitor or third party, to stop development and commercialization of the potential products. Since GenVec and Diacrin have concentrated their resources on developing only a limited number of products, the inability to market one of their products would disproportionately affect GenVec as opposed to a competing company with many products in development.

GenVec believes that there will be significant litigation in GenVec's industry regarding intellectual property rights. Many of GenVec's competitors have expended and are continuing to expend significant amounts of time, money and management resources on intellectual property litigation. If GenVec becomes involved in litigation, it could consume a substantial portion of GenVec's resources and could adversely affect GenVec's business, financial condition and results of operations, even if GenVec ultimately is successful in such litigation, in view of GenVec's limited resources.

If GenVec's right to use intellectual property or GenVec's license from others is affected, GenVec's ability to develop and commercialize GenVec's product candidates may be harmed.

GenVec relies, in part, on licenses to use some technologies that are material to GenVec's business. For example, to create GenVec's gene-based product candidates, GenVec combines GenVec's

vectors with genes intended to produce proteins. For GenVec's current gene-based product candidates, GenVec has secured licenses to use the $VEGF_{121}$, TNF α, and PEDF genes. GenVec does not own the patents that underlie these licenses. For these genes, GenVec does not control the enforcement of the patents. GenVec relies upon GenVec's licensors to properly prosecute and file those patent applications and to prevent infringement of those patents.

While many of the licenses under which GenVec has rights provide GenVec with exclusive rights in specified fields, the scope of GenVec's rights under these and other licenses may be subject to dispute by GenVec's licensors or third parties. In addition, GenVec's rights to use these technologies and practice the inventions claimed in the licensed patents and patent applications are subject to GenVec's licensors abiding by the terms of those licenses and not terminating them. Any of GenVec's licenses may be terminated by the licensor if GenVec is in breach of a term or condition of the license agreement, or in certain other circumstances. In addition, some of GenVec's licenses require GenVec to achieve specific milestones.

Some of GenVec's product candidates and potential product candidates will require several components that may each be the subject of a license agreement. The cumulative license fees and royalties for these components may make the commercialization of these product candidates uneconomical.

Adverse events in the fields of gene therapy or cell transplantation may negatively affect regulatory approval or public perception of GenVec's products or product candidates.

In September 1999, a patient undergoing gene therapy using an adenoviral vector to deliver a therapeutic gene died as a result of an adverse reaction to the treatment. This death was widely publicized. Other patient deaths have occurred in other gene-based clinical trials. These deaths and the resulting publicity surrounding them, as well as any other serious adverse events in the fields of gene therapy or cell transplantation that may occur in the future, may result in greater governmental regulation of GenVec's product candidates and potential regulatory delays relating to the testing or approval of GenVec's product candidates. As a result of the incident in September 1999, the United States Senate held a series of hearings to determine whether additional legislation was required to protect patients who participate in clinical trials. Possibly as a consequence of these hearings, a specific division within the FDA for gene and cell therapy was established. Furthermore, extended patient follow-up for gene therapy product candidates has been recommended. Additionally, the National Institutes of Health and its advisory bodies routinely review the field of gene therapy and issue reports on the adverse events reported by investigators. The NIH has approved a proposal to establish a Gene Transfer Safety Assessment Board to review serious adverse event reports, annual reports and other safety information in order to assess toxicity and safety and report these findings at NIH Recombinant DNA Advisory Committee (RAC) meetings. Additional scrutiny cannot be ruled out. Any increased scrutiny could delay or increase the costs of GenVec's product development efforts or clinical trials.

The commercial success of GenVec's product candidates will depend in part on public acceptance of the use of gene therapies and cell transplantation for the prevention or treatment of human disease. Public attitudes may be influenced by claims that gene therapy or cell transplantation is unsafe, and gene therapy and cell transplantation may not gain the acceptance of the public or the medical community. Negative public reaction to gene therapy or cell transplantation could result in greater government regulation and stricter clinical trial oversight and commercial product labeling requirements of gene therapies and cell transplantation products, and could cause a decrease in the demand for any products that GenVec may develop.

If gene therapy or cell transplantation does not gain acceptance among the public, the medical community and third-party payors, GenVec's business prospects will be seriously harmed and GenVec may be unable to generate revenues.

GenVec's product candidates involve new technologies and therapeutic approaches in the fields of gene therapy and cell transplantation, which are a new and evolving fields. As discussed above, no gene therapy product or cell transplantation product has received regulatory approval in any country, including the United States, and adverse events in these fields may negatively affect public perception of GenVec's product candidates. Even if GenVec's product candidates attain regulatory approval, GenVec's success will depend upon the medical community, patients and third party payors accepting gene therapy products and cell transplantation products in general, and GenVec's product candidates in particular, as medically useful, cost-effective and safe. In particular, GenVec's success will depend upon physicians specializing in the treatment of those diseases that GenVec's product candidates target prescribing treatments that involve the use of GenVec's product candidates in lieu of, or in addition to, existing treatments that they are already familiar with and for which greater clinical data may be available. Even if the clinical safety and efficacy of GenVec's product candidates is established, physicians may elect not to recommend GenVec's products for a variety of reasons, including the reimbursement policies of government and third-party payors. Further, third-party payors, such as health insurance plans, may be reluctant to authorize and pay for new forms of treatment that they may deem expensive and less-proven that existing treatments. Even if gene therapy products or cell transplantation products, and GenVec's product candidates in particular, are accepted by the medical community and third-party payors, the public in general, or patients in particular, may be uncomfortable with new therapies, including GenVec's product candidates, and it could take substantial time for them to accept gene therapy products or cell transplantation products as a viable treatment alternative, if ever. If gene therapy and/or cell transplantation and GenVec's product candidates do not gain widespread acceptance, GenVec may be unable to generate significant revenues, if any, which would adversely affect GenVec's results of operations. In addition, even if GenVec's product candidates achieve market acceptance, GenVec may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than GenVec's product candidates or render them obsolete.

GenVec may be sued for product liability, which could damage GenVec's reputation and expose GenVec to unanticipated costs.

GenVec, alone or with GenVec's collaborators, may be held liable if any product GenVec or GenVec's collaborators develop, or any product, which is made with the use or incorporation of any of GenVec's technologies, causes injury or is found otherwise unsuitable during product testing, manufacturing, marketing or sale. Regardless of the merit or eventual outcome, product liability claims may result in:

withdrawal of product candidates from GenVec's clinical trials;

withdrawal of GenVec's products from the market; if they have been approved;

damage to GenVec's reputation;

costs of litigation;

substantial monetary awards to plaintiffs; and

decreased demand for GenVec's products or product candidates.

Although GenVec currently has and intends to maintain product liability insurance, this insurance may become prohibitively expensive, or may not fully cover GenVec's potential liabilities. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of products developed by

GenVec or in collaboration with others. Currently, GenVec has a total of $5.0 million liability coverage under a clinical trials and professional liability insurance policy. If GenVec is sued for any injury caused by GenVec's products, GenVec's liability could exceed GenVec's total resources.

GenVec uses hazardous chemicals and radioactive and biological materials in GenVec's business; any liability or disputes relating to improper handling, storage or disposal of these materials could be time consuming and costly.

GenVec's research and development processes involve the use of hazardous materials, including chemicals and radioactive and biological materials, and also produce hazardous waste products. Hazardous chemicals used in GenVec's processes include, but are not limited to, flammable solvents such as methanol and ethanol, toxic chemicals such as ethidium bromide and formaldehyde, and corrosive chemicals such as acetic acid and sodium hydroxide. GenVec also uses several radioactive compounds, including phosphorous-32, carbon-14, sulfur-35, phosphorous-33, iodine-125, hydrogen-3, and chromium-51.

The hazardous biological material used in GenVec's research and development activities include human and animal cell lines and viruses, such as adenoviruses, and animals infected with human viruses. Some of the biological material may be novel, including viruses with novel properties. GenVec cannot eliminate the risk of accidental contamination or discharge or injury from these materials. Federal, state, and local laws and regulations govern the use, manufacture, storage, handling and disposal of these materials. GenVec could be subject to civil damages in the event of an improper or unauthorized release of, or exposure of individuals to, these hazardous materials. In addition, claimants may sue GenVec for injury or contamination that results from its use or the use by third parties of these materials, and GenVec's liability may exceed GenVec's total assets. Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair GenVec's research, development or production efforts.

Although GenVec has general liability insurance, these polices contain exclusions from insurance against claims arising from pollution from chemical or radioactive materials. GenVec's collaborators are working with these types of hazardous materials in connection with GenVec's collaborations. In the event of a lawsuit or investigation, GenVec could be held responsible for any injury GenVec or GenVec's collaborators cause to persons or property by exposure to, or release of, any hazardous materials. However, GenVec believes that GenVec is currently in compliance with all applicable environmental and occupational health and safety regulations.

If reforms in the health care industry make reimbursement for GenVec's potential products less likely, the market for GenVec's potential products will be reduced, and GenVec will lose potential sources of revenue.

GenVec's success may depend, in part, on the extent to which reimbursement for the costs of therapeutic products and related treatments will be available from third-party payors such as government health administration authorities, private health insurers, managed care programs, and other organizations. Over the past decade, the cost of health care has risen significantly, and there have been numerous proposals by legislators, regulators, and third-party health care payors to curb these costs. Some of these proposals have involved limitations on the amount of reimbursement for certain products. Similar federal or state health care legislation may be adopted in the future and any products that GenVec or GenVec's collaborators seek to commercialize may not be considered cost-effective. Adequate third-party insurance coverage may not be available for GenVec to establish and maintain price levels that are sufficient for realization of an appropriate return on its investment in product development. Moreover, the existence or threat of cost control measures could cause GenVec's corporate collaborators to be less willing or able to pursue research and development programs related to GenVec's product candidates.

Risks Relating to GenVec Common Stock

GenVec's officers and directors and entities with which they are affiliated may be able to control the outcome of most corporate actions requiring stockholder approval and will control sufficient votes to potentially prevent stockholder efforts to remove directors following the merger.

After the merger, directors and officers of GenVec (including the four current Diacrin directors who will become GenVec directors as a result of the merger) and entities with which they are affiliated will control approximately 28.7% of GenVec's outstanding common stock. Due to this concentration of ownership, this group may be able to prevail on all matters requiring a stockholder vote, including:

the election of directors;

the amendment of GenVec's organizational documents; or

the approval of a merger, sale of assets or other major corporate transaction.

In addition, because GenVec directors may only be removed for cause by an 80% vote of the outstanding capital stock entitled to vote in the election of directors, if this group were to vote against any effort by other stockholders to remove a director, such removal effort would fail.

GenVec's stock price could be volatile, which could cause you to lose part or all of your investment.

The market price of GenVec's common stock, like that of the common stock of many other development stage biotechnology companies, may be highly volatile. In addition, the stock market has experienced extreme price and volume fluctuations. This volatility has significantly affected the market prices of securities of many biotechnology and pharmaceutical companies for reasons frequently unrelated to or disproportionate to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of GenVec's common stock. For example, since its initial public offering in December 2000, GenVec's common stock price has varied from a high of $10.50 per share to a low of $0.90 per share. Prices for GenVec's common stock will be determined in the market place and may be influenced by many factors, including variations in GenVec's financial results and investors' perceptions of GenVec, changes in recommendations by securities analysts as well as their perceptions of general economic, industry and market conditions.

GenVec has antitakeover defenses that could delay or prevent an acquisition and changes in control in GenVec's board of directors and management, and could adversely affect the price of GenVec's common stock.

Provisions of GenVec's amended and restated certificate of incorporation, GenVec's amended and restated by-laws, GenVec's stockholder rights plan, and Delaware law may have the effect of deterring unsolicited takeovers or delaying or preventing changes in control of GenVec's management, including transactions in which GenVec's stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interest.

GenVec's amended and restated certificate of incorporation permits its board of directors to issue preferred stock without stockholder approval upon such terms as the board of directors may determine. The rights of the holders of GenVec's common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of GenVec's outstanding common stock. Although GenVec has no present intention of issuing the preferred stock, an issuance of a substantial number of preferred shares could adversely affect the price of GenVec's common stock.

GenVec's amended and restated certificate of incorporation provides for a staggered board of directors divided into three classes. Such staggered board of directors will make it more difficult for

GenVec's stockholders to change the composition of the board of directors in any one year, which could have the effect of preventing or delaying a change of control transaction that is not approved by the GenVec board of directors.

In addition, GenVec's amended and restated certificate of incorporation and by laws provide that:

- GenVec directors may only be removed for cause by an 80% vote of the outstanding capital stock entitled to vote in the election of directors;
- GenVec stockholders do not have the power to call special meetings of stockholders;
- GenVec stockholders may not act by written consent in lieu of a meeting; and
- The provisions of GenVec's amended and restated certificate of incorporation and bylaws relating to the classified board, removal of directors, calling of special stockholders meetings, stockholder action by written consent and amendments may only be amended by an 80% vote of the outstanding capital stock entitled to vote in the election of directors.

These provisions make it more difficult for GenVec's stockholders to change the composition of the board of directors and approve transactions they may deem to be in their best interests that are not approved by the board of directors.

Diacrin's stockholders should note in particular that the provisions described in the proceeding two paragraphs are much more restrictive of stockholder power than the comparable provisions in Diacrin's current certificate of incorporation and bylaws. If the merger is completed, the rights of Diacrin stockholders, which are currently governed by the less restrictive provisions of Diacrin's certificate of incorporation and bylaws, will be governed by the more restrictive provisions of GenVec's amended and restated certificate of incorporation and bylaws.

GenVec has a rights agreement in place pursuant to which each share of GenVec common stock is accompanied by a preferred stock purchase right. In the event a person acquires beneficial ownership of 20% or more of the GenVec common stock in a transaction not approved by the GenVec board of directors, the holders of preferred stock purchase rights (other than the acquiring person or group) may purchase GenVec common stock having a market value of twice the current exercise price of each preferred stock purchase right or, under specified circumstances, holders of preferred stock purchase rights may purchase stock of the acquiring company having a market value of twice the current exercise price of each preferred stock purchase right. The rights agreement may have the effect of preventing unsolicited takeovers that are not approved by the GenVec board of directors.

GenVec is subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which prohibits it from engaging in a business combination with an interested stockholder for three years after the date of the transaction pursuant to which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 could have the effect of delaying or preventing a change of control of GenVec.

Provisions of GenVec's amended and restated certificate of incorporation and by-laws that may have an anti-takeover effect are described more fully in the section entitled, "Comparison of Rights of Holders of GenVec Common Stock and Diacrin Common Stock."

GenVec's common stock may be delisted from the NASDAQ National Market, which could cause the price to fall further and decrease its liquidity.

GenVec's common stock trades on the NASDAQ National Market. In order to continue trading on the NASDAQ National Market, GenVec must comply with the NASDAQ National Market's continued listing requirements, which require that GenVec either maintains a minimum stockholders' equity of $10.0 million and a minimum closing bid price of $1.00 per share or, if GenVec falls below the

minimum stockholders' equity requirement, maintain a minimum closing bid price of $3.00 per share. At March 31, 2003, GenVec had stockholders' equity of approximately $12.7 million. However, GenVec's stockholders' equity may decline. If GenVec's stockholders' equity falls below $10.0 million, GenVec will need to maintain a minimum closing bid price of $3.00 rather than $1.00.

If GenVec does not satisfy NASDAQ's continued listing requirements, GenVec's common stock may be delisted from the NASDAQ National Market. The delisting of GenVec's common stock may result in the trading of the stock on the NASDAQ Small Cap Market, the over-the-counter markets in the so-called "pink sheets" or the NASD's electronic bulletin board. Consequently, a delisting of GenVec's common stock from the NASDAQ National Market would materially reduce the liquidity of GenVec's common stock, not only in the number of shares that could be bought and sold, but also through delays in the timing of the transaction and reductions in securities analysts and media coverage. This may reduce the demand for GenVec stock and significantly destabilize the price of GenVec stock. In addition, a delisting would materially adversely affect GenVec ability to raise additional necessary capital.

Risks Related to Diacrin as an Independent Entity

Diacrin has not successfully commercialized any products to date and, if Diacrin does not successfully commercialize any products, Diacrin will not be profitable.

Neither Diacrin nor any other company has received regulatory approval to market cell transplantation products. The products that Diacrin is developing will require additional research and development, clinical trials and regulatory approval prior to any commercial sale. Diacrin's product candidates are currently in early phase clinical trials or in the preclinical stage of development. Diacrin's products may not be effective in treating any of its targeted disorders or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may prevent or limit their commercial use.

Diacrin currently has no products for sale and does not expect to have any products available for sale for several years. If Diacrin is not successful in developing and commercializing any products, Diacrin will never become profitable.

Diacrin is focusing its research on a cell transplantation product candidate which is complex and novel and there are uncertainties as to its effectiveness.

Diacrin has concentrated its efforts and therapeutic product research on cell transplantation, and Diacrin's future success depends on the successful development of cell transplantation products. Currently, Diacrin is focusing its resources on the development of its cardiac repair product, which is based on cell transplantation for the treatment of cardiac disease.

Diacrin's technological approaches may not enable it to successfully develop and commercialize any products. Diacrin's focus on one technology as opposed to multiple technologies increases the risks associated with the ownership of Diacrin common stock. If Diacrin's approaches are not successful, Diacrin may be required to change the scope and direction of its product development activities. In that case, Diacrin may not be able to identify and implement successfully an alternative product development strategy.

Diacrin faces substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than Diacrin does.

Cell transplantation products would compete with existing products that are already accepted by the medical community. For example, if successfully developed, Diacrin's cardiac repair product would compete with already available treatments, such as pharmaceuticals, cardiac catheterization and angioplasty. These products may be more effective and/or less costly than Diacrin's product under

development, which involves the surgical transplantation of living cells. In addition, because these available products are already accepted as effective treatments, to successfully compete with these existing treatments, Diacrin may need to demonstrate that its product is not only safe and effective, but safer and/or more effective than existing products.

Diacrin will also compete with products currently under development by pharmaceutical, biopharmaceutical and biotechnology companies, as well as universities and other research institutions. Diacrin has limited experience in product development and commercialization, obtaining regulatory approvals and product manufacturing. Many of Diacrin's competitors are more experienced in these areas and, as a result, they may develop competing products more rapidly and at a lower cost. In addition, many of Diacrin's competitors are substantially larger than Diacrin and have substantially greater capital resources, research and development staffs and facilities than Diacrin. These competitors may discover, develop and commercialize products that render non-competitive or obsolete the products Diacrin seeks to develop.

If the market is not receptive to Diacrin's products upon introduction, Diacrin's products may not achieve commercial success.

The commercial success of any of Diacrin's products will depend upon their acceptance by patients, the medical community and third-party payors. Among the factors that we believe will materially affect acceptance of Diacrin's products are:

- the timing of receipt of marketing approvals and the countries in which those approvals are obtained;
- the safety and efficacy of Diacrin's products;
- the need for surgical administration of Diacrin's products;
- the success of physician education programs;
- the cost of Diacrin's products which may be higher than conventional therapeutic products because Diacrin's products involve surgical transplantation of living cells; and

the availability of government and third-party payor reimbursement of Diacrin's products.

If Diacrin's clinical trials are not successful for any reason, Diacrin will not be able to develop and commercialize any related products.

In order to obtain regulatory approvals for the commercial sale of Diacrin's product candidates, Diacrin will be required to complete extensive clinical trials in humans to demonstrate the safety and efficacy of the products. Diacrin has limited experience in conducting clinical trials.

The submission of an IND may not result in FDA authorization to commence clinical trials. If clinical trials begin, Diacrin may not complete testing successfully within any specific time period, if at all, with respect to any of its product candidates. For example, in March 2001, Diacrin announced that it was not conducting a planned Phase III clinical study of NeuroCell-PD because of disappointing Phase II clinical study results. Furthermore, Diacrin or the FDA may suspend clinical trials at any time on various grounds, including a finding that patients are being exposed to unacceptable health risks. For instance, in April 2000 Diacrin put on hold, and later terminated, a Phase I clinical trial using porcine fetal neural cells in stroke patients due to two adverse events.

The FDA recently cleared Diacrin's IND for an additional clinical trial involving the transplantation of human cells into the heart. Diacrin has only performed Phase I clinical trials relating to this product and cannot assure you that it will complete its most recent Phase I trial or that it will complete any Phase II or Phase III clinical trials. Moreover, clinical trials, if completed, may not show

this or any other product to be safe or effective. Thus, the FDA and other regulatory authorities may not approve any of Diacrin's product candidates for any disease indication.

The rate of completion of clinical trials depends in part upon the rate of enrollment of patients. Patient enrollment is a function of many factors, including the size of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the study, the existence of competitive clinical trials and the availability of alternative treatments. In particular, the patient population for some of Diacrin's clinical trials could be small because of the eligibility criteria and the availability of other effective treatments. Delays in planned patient enrollment may result in increased costs and program delays.

Diacrin relies on third-party clinical investigators to conduct its clinical trials. Diacrin has limited control over these third parties and, as a result, may encounter delays outside of its control.

The regulatory approval process is costly and lengthy and Diacrin may not be able to successfully obtain all required regulatory approvals.

Diacrin must obtain regulatory approval for each of its product candidates before Diacrin can market or sell it. Diacrin may not receive regulatory approvals to conduct clinical trials of its products or to manufacture or market its products. In addition, regulatory agencies may not grant approvals on a timely basis or may revoke previously granted approvals. Any delay in obtaining, or failure to obtain, approvals could adversely affect the marketing of Diacrin's products and its ability to generate product revenue.

The process of obtaining FDA and other required regulatory approvals is lengthy and expensive. The time required for FDA and other clearances or approvals is uncertain and typically takes a number of years, depending on the complexity and novelty of the product. Diacrin has only limited experience in filing and prosecuting applications necessary to gain regulatory approvals.

Diacrin's analysis of data obtained from preclinical and clinical activities is subject to confirmation and interpretation by regulatory authorities which could delay, limit or prevent regulatory approval. Any regulatory approval to market a product may be subject to limitations on the indicated uses for which Diacrin may market the product. These limitations may limit the size of the market for the product.

There is limited regulatory precedent for the approval of cell transplantation products. Cell transplantation, especially cell transplantation into the heart, is a relatively new technology that has not been extensively tested in humans. Accordingly, the regulatory requirements governing cell transplantation products may be more rigorous than for conventional products, such as drugs and other surgical procedures. As a result, Diacrin may experience a longer regulatory process in connection with any cell transplantation products that it seeks to develop.

Diacrin also is subject to numerous foreign regulatory requirements governing the design and conduct of the clinical trials and the manufacturing and marketing of its future products. The approval procedure varies among countries. The time required to obtain foreign

approvals often differs from that required to obtain FDA approvals. Moreover, approval by the FDA does not ensure approval by regulatory authorities in other countries. Diacrin has limited experience with foreign regulatory requirements and approvals.

Even if Diacrin obtains marketing approval, Diacrin's products will be subject to ongoing regulatory oversight which may affect the success of Diacrin's products.

Any regulatory approvals that Diacrin receives for a product may be subject to limitations on the indicated uses for which the product may be marketed or contain requirements for costly post-marketing follow-up studies. After Diacrin obtains marketing approval for any product, the manufacturer and the manufacturing facilities for that product will be subject to continual review and

periodic inspections by the FDA and other regulatory authorities. Following commercialization, the discovery of previously unknown problems with the product, the manufacturer or the manufacturing facility may result in restrictions on the product or manufacturer, including withdrawal of the product from the market. Moreover, if Diacrin ever markets a product and fails to comply with applicable regulatory requirements, Diacrin may be subject to fines, suspensions or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions, and criminal prosecutions. If Diacrin is subject to any of these restrictions or penalties, the success of Diacrin's products could be materially adversely affected. Diacrin has never marketed a product and, therefore, has no experience with, and may not be successful at, conducting post-marketing studies, manufacturing products and/or complying with post-marketing regulatory requirements.

Diacrin has incurred substantial losses, expects to continue to incur losses and may never achieve profitability.

Diacrin has incurred losses in each year since its founding in 1989. At March 31, 2003, Diacrin had an accumulated deficit of $59.9 million. Diacrin expects to incur substantial operating losses for the foreseeable future. Diacrin has no material sources of revenue from product sales or license fees. Diacrin anticipates that it will be a number of years, if ever, before Diacrin develops significant revenue sources or becomes profitable, even if it is able to commercialize products.

Diacrin expects to increase its spending significantly as it expands its research and development programs and clinical trials, applies for regulatory approvals and begins commercialization activities.

Diacrin will require additional financing, which may be difficult to obtain and may dilute its stockholders' ownership interests.

Diacrin will require substantial funds to conduct research and development, including clinical trials of its product candidates, and to manufacture and market any products that are approved for commercial sale. Diacrin's future capital requirements will depend on many factors, including the following:

- continued progress in research and development programs, as well as the magnitude of these programs;
- the resources required to successfully complete its clinical trials;
- the time and costs involved in obtaining regulatory approvals;
- the cost of manufacturing and commercialization activities;
- the cost of any additional facilities requirements;
- the timing, receipt and amount of milestone and other payments from future collaborative partners;
- the timing, receipt and amount of sales and royalties from potential products in the market; and

the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other patent-related costs, including litigation costs and the costs of obtaining any required licenses to technologies.

Diacrin may seek additional funding through collaborative arrangements and public or private financings. Additional financing may not be available to Diacrin on acceptable terms or at all.

If Diacrin raises additional funds by issuing equity securities, further dilution to Diacrin's then existing stockholders may result. In addition, the terms of the financing may adversely affect the holdings or the rights of Diacrin's stockholders. If Diacrin is unable to obtain funding on a timely basis, Diacrin may be required to significantly curtail one or more of its research or development programs.

Diacrin also could be required to seek funds through arrangements with collaborative partners or others that may require it to relinquish rights to certain of its technologies, product candidates, or products which Diacrin would otherwise pursue independently.

Diacrin may not be able to obtain patent protection for its discoveries and Diacrin may infringe patent rights of others.

The patent positions of pharmaceutical and biotechnology companies, including Diacrin, are generally uncertain and involve complex legal, scientific and factual issues.

Diacrin's success depends significantly on its ability to:

obtain patents;

protect trade secrets;

operate without infringing upon the proprietary rights of others; and

prevent others from infringing on Diacrin's proprietary rights.

Patents may not issue from any patent applications that Diacrin owns or licenses. If patents do issue, the claims allowed may not be sufficiently broad to protect Diacrin's technology. In addition, the patent positions of pharmaceutical and biotechnology companies have recently been the subject of much litigation and Diacrin's patents may be challenged, invalidated or circumvented. Diacrin has limited experience in bringing and/or defending patent claims and has fewer resources than many of the parties against which it may be forced to defend itself or bring an action. Any challenge to, or invalidation or circumvention of, Diacrin's patents or patent applications would be costly, require significant time and attention of Diacrin's management and could have a materially adverse effect on Diacrin's business.

Diacrin may not hold proprietary rights to some patents related to its proposed products. In some cases, others may own or control these patents. Because patent applications in the United States may be maintained in secrecy until patents issue, others may have filed or maintained patent applications for technology used by Diacrin or covered by Diacrin's pending patent applications for technology used by Diacrin or covered by Diacrin's pending patent applications without Diacrin being aware of these applications. As a result, Diacrin may be required to obtain licenses under third-party patents to market some of its proposed products. If licenses are not available to Diacrin on acceptable terms, Diacrin will not be able to market these affected products.

Diacrin may become involved in expensive patent litigation or other intellectual property proceedings which could result in liability for damages or stop Diacrin's development and commercialization efforts.

There has been substantial litigation and other proceedings regarding the complex patent and other intellectual property rights in the pharmaceutical and biotechnology industries. Diacrin may become a party to patent litigation or other proceedings regarding intellectual

property rights.

The types of situations in which Diacrin may become involved in patent litigation or other intellectual property proceedings include:

Diacrin may initiate litigation or other proceedings against third parties to enforce its patent rights;

Diacrin may initiate litigation or other proceedings against third parties to seek to invalidate the patents held by these third parties or to obtain a judgment that Diacrin's products or services do not infringe the third parties' patents;

if Diacrin's competitors file patent applications that claim technology also claimed by Diacrin, Diacrin may participate in interference or opposition proceedings to determine the priority of invention; and

if third parties initiate litigation claiming that Diacrin's processes or products infringe their patent or other intellectual property rights, Diacrin will need to defend against such claims.

The cost to Diacrin of any patent litigation or other proceeding, even if resolved in Diacrin's favor, could be substantial. Some of Diacrin's competitors may be able to sustain the cost of such litigation or proceedings more effectively than Diacrin can because of their substantially greater financial resources. If a patent litigation or other intellectual property proceeding is resolved unfavorably to Diacrin, it may be enjoined from manufacturing or selling Diacrin's products and services without a license from the other party and be held liable for significant damages. Diacrin may not be able to obtain any required license on commercially acceptable terms or at all.

Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on Diacrin's ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

If Diacrin breaches any of the agreements under which it licenses technology from others, Diacrin could lose license rights that are important to its business.

Diacrin is a party to technology in-licenses that are important to its business and expects to enter into additional licenses in the future. These licenses impose commercialization, sublicensing, royalty, insurance and other obligations on Diacrin. If Diacrin fails to comply with these requirements, the licensor will have the right to terminate the license.

Since Diacrin has no sales and marketing experience or infrastructure, Diacrin must rely on third parties.

Diacrin has no sales, marketing and distribution experience or infrastructure. Diacrin plans to rely significantly on sales, marketing and distribution arrangements with third parties for the products that it is developing. For example, under Diacrin's development and license agreement with Terumo Corporation, Diacrin has granted to Terumo sales and marketing rights to Diacrin's human muscle cell transplantation technology for cardiac disease in Japan. Diacrin may have limited or no control over the sales, marketing and distribution activities of Terumo in Japan or other collaborative partners. Diacrin's future revenues may be materially dependent upon the success of these third parties.

If in the future Diacrin determines to perform sales, marketing and distribution functions itself, Diacrin would face a number of additional risks, including:

it may not be able to attract and build a significant marketing or sales force;

the cost of establishing a marketing or sales force may not be justifiable in light of any product revenues; and

Diacrin's direct sales and marketing efforts may not be successful.

Delays in obtaining regulatory approval of Diacrin's manufacturing facility and disruptions in Diacrin's manufacturing process may delay or disrupt Diacrin's commercialization efforts.

Diacrin is the only manufacturer of its product candidates. For the next several years, Diacrin expects that it will conduct all of its manufacturing at its facility in Charlestown, Massachusetts. If this facility or the equipment in this facility is significantly damaged or destroyed, Diacrin will not be able to replace quickly or inexpensively its manufacturing capacity.

Diacrin has no experience manufacturing its product candidates in the volumes that will be necessary to support large clinical trials or commercial sales. Diacrin's present manufacturing process

may not meet its initial expectations as to scheduling, reproducibility, yield, purity, cost, potency or quality.

If Diacrin fails to obtain an adequate level of reimbursement for its future products by third-party payors, there may be no commercially viable markets for its products.

Diacrin's products may be more expensive than conventional treatments because they involve the surgical transplantation of living cells. The availability of reimbursement by governmental and other third-party payors affects the market for any pharmaceutical product. These third-party payors continually attempt to contain or reduce the costs of health care by challenging the prices charged for medical products. In some foreign countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. Diacrin may not be able to sell Diacrin's products profitably if reimbursement is unavailable or limited in scope or amount.

In both the United States and some foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the health care system. Further proposals are likely. The potential for adoption of these proposals may affect Diacrin's ability to raise capital, obtain additional collaborative partners and market its products.

If Diacrin obtains marketing approval for its products, Diacrin expects to experience pricing pressure due to the trend toward managed health care, the increasing influence of health maintenance organizations and additional legislative proposals.

Diacrin could be exposed to significant liability claims if Diacrin is unable to obtain insurance at acceptable costs or otherwise to protect Diacrin against potential product liability claims.

Diacrin may be subjected to product liability claims that are inherent in the testing, manufacturing, marketing and sale of human health care products. These claims could expose Diacrin to significant liabilities that could prevent or interfere with the development or commercialization of Diacrin's products. Product liability claims could require Diacrin to spend significant time and money in litigation or to pay significant damages. Product liability insurance is generally expensive for biopharmaceutical companies such as Diacrin. Although Diacrin maintains product liability insurance coverage for the clinical trials of its products in the amount of $5.0 million per incident and per year, it is possible that Diacrin will not be able to obtain further product liability insurance on acceptable terms, if at all, and that Diacrin's present insurance levels and any insurance Diacrin subsequently obtains will not provide adequate coverage against all potential claims.

Diacrin's officers and directors may be able to control the outcome of most corporate actions requiring stockholder approval.

Diacrin's directors and officers and entities with which they are affiliated control approximately 39% of Diacrin's outstanding common stock. Due to this concentration of ownership, this group may be able to prevail on all matters requiring a stockholder vote, including:

the election of directors;

the amendment of Diacrin's organizational documents; or

the approval of a merger, sale of assets or other major corporate transaction.

Diacrin's stock price could be volatile, which could cause Diacrin's stockholders to lose part or all of their investment.

The market price of Diacrin's common stock, like that of the common stock of many other development stage biotechnology companies, may be highly volatile. For example, since January 2001, Diacrin's stock price has fluctuated from a high sale price of $6.50 to a low sale price of $0.99. In addition, the stock market has experienced extreme price and volume fluctuations. This volatility has

significantly affected the market prices of securities of many biotechnology and pharmaceutical companies for reasons frequently unrelated to or disproportionate to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of Diacrin's common stock. Prices for Diacrin's common stock will be determined in the market place and may be influenced by many factors, including variations in Diacrin's financial results and investors' perceptions of Diacrin, changes in recommendations by securities analysts as well as their perceptions of general economic, industry and market conditions.

Diacrin's board has the authority to designate and issue preferred stock without further stockholder approval. The issuance of such stock could delay or prevent an acquisition and changes in control in Diacrin's board of directors and management and could adversely affect the price of Diacrin's common stock.

Diacrin's certificate of incorporation permits its board of directors to issue preferred stock without shareholder approval upon such terms as the board of directors may determine. The rights of the holders of Diacrin's common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of Diacrin's outstanding common stock. The issuance of a substantial number of preferred shares could adversely affect the price of Diacrin's common stock.

Diacrin's common stock may be delisted from the NASDAQ National Market, which could cause the price to fall further and decrease its liquidity.

Diacrin's common stock trades on the NASDAQ National Market. In order to continue trading on the NASDAQ National Market, Diacrin must comply with the NASDAQ National Market's continued listing requirements, which require that Diacrin either maintain a minimum stockholders' equity of $10.0 million and a minimum closing bid price of $1.00 per share or, if Diacrin falls below the minimum stockholders' equity requirement, maintain a minimum closing bid price of $3.00 per share. At March 31, 2003, Diacrin had stockholders' equity of approximately $18.8 million. However, Diacrin's stockholders' equity may decline. If Diacrin's stockholders' equity falls below $10.0 million, Diacrin will need to maintain a minimum closing bid price of $3.00 rather than $1.00.

If Diacrin does not satisfy NASDAQ's continued listing requirements, Diacrin's common stock may be delisted from the NASDAQ National Market. The delisting of Diacrin's common stock may result in the trading of the stock on the NASDAQ Small Cap Market, the over-the-counter markets in the so-called "pink sheets" or the NASD's electronic bulletin board. Consequently, a delisting of Diacrin's common stock from the NASDAQ National Market would materially reduce the liquidity of Diacrin's common stock, not only in the number of shares that could be bought and sold, but also through delays in the timing of the transaction and reductions in securities analysts and media coverage. This may reduce the demand for Diacrin's stock and significantly destabilize the price Diacrin's stock. In addition, a delisting would materially adversely affect Diacrin's ability to raise additional necessary capital.

THE GENVEC ANNUAL MEETING

General Information

This joint proxy statement/prospectus is furnished to the stockholders of GenVec in connection with the solicitation of proxies by the GenVec board of directors for use at the GenVec annual meeting of stockholders and for any postponements or adjournments of such meeting for the purposes set forth in the accompanying Notice of GenVec Annual Meeting of Stockholders. This joint proxy statement/prospectus and the accompanying form of proxy are first being released for mailing to the GenVec stockholders on or about July 24, 2003.

Your vote is important. Accordingly, GenVec urges each GenVec stockholder to complete, sign, date and return the accompanying proxy card whether or not you plan to attend the GenVec annual meeting. You may also complete and submit your proxy via the Internet or by

telephone by following the enclosed instructions. If you do attend, you may vote by ballot at the GenVec annual meeting, thereby canceling any proxy previously given.

Date, Time and Place

The GenVec annual meeting will be held on August 21, 2003, at 9:00 a.m. (local time), at GenVec's executive offices located at 65 West Watkins Mill Road, Gaithersburg, Maryland 20878.

Record Date; Voting Rights; Quorum; Broker Non-Votes

Only stockholders of record of shares of GenVec's common stock at the close of business on June 26, 2003, the record date for the annual meeting, will be entitled to notice of and to vote at the GenVec annual meeting on all matters. GenVec has one class of voting securities outstanding, which is designated as common stock, and each share of common stock is entitled to one vote upon all matters to be acted upon at the GenVec annual meeting. At the close of business on the record date, there were 22,938,639 shares of GenVec common stock outstanding and entitled to vote. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of GenVec common stock entitled to vote is necessary to constitute a quorum for the transaction of business at the GenVec annual meeting. Abstentions and broker non-votes are counted for the purposes of determining whether a quorum exists.

Under applicable rules, brokers, who hold shares of GenVec common stock in street name for customers, who are the beneficial owners of such shares, are prohibited from giving a proxy to vote shares held for such customers in favor of the approval of the merger or in favor of the amendment to the amended and restated certificate of incorporation to increase in the number of shares of authorized common stock, without specific instructions to that effect from such customers. Accordingly, abstentions by such customers or the failure of such customers to provide instructions with respect to their shares of GenVec common stock to their broker will cause their shares not to be voted with respect to these proposals. Because the required vote for approval of the merger and for approval of the amendment to the amended and restated certificate of incorporation to increase the number of shares of authorized common stock is a majority of shares of GenVec common stock outstanding, broker non-votes and abstentions have the same effect as a vote against each of these proposals.

Voting and Revocation of Proxies

If the enclosed form of proxy for the GenVec annual meeting is properly executed and returned to GenVec, or if your shares are held in "street name" by your broker and you vote your shares via the Internet or by telephone in accordance with the instructions provided to you by your broker, in time to be voted at the GenVec annual meeting, the shares of GenVec common stock represented thereby will be voted in accordance with the instructions marked thereon. Executed but unmarked proxies will be voted **FOR** each of the proposals to be acted upon at the GenVec annual meeting and **FOR** the election of those persons nominated to serve as directors of GenVec. The duly appointed proxies may,

in their discretion, vote upon such other matters as may properly come before the GenVec annual meeting.

Any proxy may be revoked at any time before it is exercised by giving written notice of such revocation or delivering a later dated proxy to the Corporate Secretary of GenVec, via the Internet or by telephone prior to the GenVec annual meeting, or by the vote of the GenVec stockholder by ballot at the GenVec annual meeting.

Matters to be Considered at the Annual Meeting

At the GenVec annual meeting, stockholders will be asked to:

approve and adopt the Agreement and Plan of Reorganization, dated as of April 14, 2003, and the related Agreement and Plan of Merger, dated as of April 14, 2003, between Diacrin and GenVec, pursuant to which (a) Diacrin would merge with and into GenVec; (b) each outstanding share of Diacrin common stock would be exchanged for 1.5292 shares (which is a

fixed exchange ratio not subject to adjustment) of GenVec common stock and related preferred share purchase rights (with cash to be distributed instead of issuing fractional shares); (c) up to 30,000,000 shares of GenVec common stock will be issued in connection with the proposed merger; and (d) the board of directors of GenVec would consist of the nine people identified in this joint proxy statement/prospectus; and approve the merger;

approve an amendment to GenVec's amended and restated certificate of incorporation to increase the number of authorized shares of GenVec's common stock, par value $.001, from 60,000,000 shares to 100,000,000 shares;

approve an amendment of GenVec's 2002 Stock Incentive Plan, increasing by 1,000,000 (from 5,082,112 to 6,082,112) the number of shares authorized for issuance thereunder;

elect three directors to GenVec's board of directors, each to serve a term of three years or until a successor has been elected and duly qualified or until the merger is completed; however, if the merger is completed, GenVec's board of directors will consist of the nine people identified in this joint proxy statement/prospectus;

ratify the selection of KPMG LLP as independent auditors for GenVec for the fiscal year ending December 31, 2003; and

consider and vote upon the adjournment of the annual meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of any or all of the above matters presented at the annual meeting to approve those matters.

Persons to whom stockholders grant proxies will have the power to consider such other matters as may be properly brought before the GenVec annual meeting.

For detailed information relating to each proposal GenVec stockholders will vote upon at the GenVec annual meeting, see "Proposal 1 The Merger," "Proposal 2 Increase in GenVec's Authorized Common Stock," "Proposal 3 Increase in Authorized Shares Under GenVec's 2002 Stock Incentive Plan," "Proposal 4 Election of GenVec Directors," and "Proposal 5 Ratification of the Selection of GenVec's Independent Auditors."

Recommendations of GenVec Board

Proposal 1 The Merger

After careful consideration, the GenVec board of directors has approved the merger, the merger agreement and the transactions contemplated by the merger agreement. GenVec's board recommends that GenVec stockholders vote **FOR** the adoption of the merger agreement and approval of the merger,

including the issuance of up to 30,000,000 shares of GenVec common stock in connection with the merger.

Proposal 2 Increase in GenVec's Authorized Common Stock

GenVec's board of directors recommends a vote **FOR** the approval of the amendment to GenVec's amended and restated certificate of incorporation to increase the number of shares of GenVec's common stock authorized for issuance, from 60,000,000 to 100,000,000 shares.

Proposal 3 Increase in Authorized Shares under GenVec's 2002 Stock Incentive Plan

GenVec's board of directors recommends a vote **FOR** the approval of the amendment of GenVec's 2002 Stock Incentive Plan to increase by 1,000,000 shares (from 5,082,112 to 6,082,112) the number of shares authorized for issuance under the 2002 Stock Incentive Plan.

Proposal 4 Election of GenVec Directors

GenVec's board of directors recommends a vote **FOR** the election of the nominees named in this joint proxy statement/prospectus.

Proposal 5 Ratification of Selection of GenVec's Independent Auditors

GenVec's board of directors recommends a vote **FOR** the approval and ratification of the selection of KPMG LLP as GenVec's auditors for the fiscal year ending December 31, 2003.

Proposal 6 Adjourn the Annual Meeting, if Necessary

GenVec's board of directors recommends a vote **FOR** the adjournment of the annual meeting to solicit additional proxies for GenVec proposals 1 through 5, if necessary.

GenVec Stockholder Vote Required to Approve Matters to be Considered at the GenVec Annual Meeting

The approval of Proposal 1 and Proposal 2 will require the affirmative vote of holders of a majority of the shares of GenVec common stock outstanding on the record date. Accordingly, abstentions and broker non-votes will have the effect of a vote against these proposals.

The approval of Proposal 3, Proposal 5 and Proposal 6 will require the affirmative vote of a majority of the total votes present in person or represented by proxy and entitled to vote at the GenVec annual meeting. An abstention will have the effect of a vote against these proposals and a broker non-vote will not have any effect on the outcome of the vote on these proposals.

With respect to Proposal 4, the nominees for election as directors who receive the greatest number of votes cast, in person or by proxy, at the GenVec annual meeting, assuming that a quorum is present, will be elected as directors. Abstentions and broker non-votes will not have any effect on the outcome of the vote for election of directors.

Voting Agreements

The following individuals, Herbert J. Conrad, Paul H. Fischer, Ph.D., Barbara Hackman Franklin, Wayne T. Hockmeyer, Ph.D., William N. Kelley, M.D., John H. Landon, Louis M. Sherwood, M.D., Wendell Wierenga, Ph.D. and David P. Wright, each of whom was a director of GenVec at the time he or she executed the voting agreement, and the following entities, HealthCare Ventures V, L.P. and HealthCare Ventures VI, L.P., each of which is affiliated with a director of GenVec, have entered into voting agreements, in their capacity as stockholders and not as officers or directors, pursuant to which they have agreed (1) not to sell their shares of GenVec common stock until the stockholders of GenVec and Diacrin have voted in favor of the adoption of the merger agreement and approval of the merger or the merger agreement has been terminated; and (2) to vote all of their shares of GenVec

common stock in favor of the adoption of the merger agreement and approval of the merger. Collectively, the shares of GenVec common stock held by these stockholders represented approximately 16.8% of the outstanding shares of GenVec common stock on June 26, 2003, the record date for the annual meeting of GenVec stockholders. In some cases, the officers, directors and significant stockholders of GenVec also agreed not to sell their shares of GenVec common stock for a period of 120 days after the effective date of the merger.

Solicitation of Proxies

The cost of soliciting proxies for the GenVec annual meeting in the form enclosed will be borne by GenVec, except that each of GenVec and Diacrin shall bear 50% of the costs associated with the printing and mailing of this joint proxy statement/prospectus. In addition to the solicitation of proxies by mail, GenVec, through its directors, officers and regular employees, may also solicit proxies personally or by telephone. GenVec also will request persons, firms and corporations holding shares of common stock in their names or in the name of their nominees, which are beneficially owned by others, to send proxy material to and obtain proxies from the beneficial owners and will reimburse the holders for their reasonable expenses in so doing.

THE DIACRIN SPECIAL MEETING

General Information

This joint proxy statement/prospectus is furnished to the stockholders of Diacrin in connection with the solicitation of proxies by the Diacrin board of directors for use at the Diacrin special meeting of stockholders and for any postponements or adjournments of such meeting, for the purposes set forth in the accompanying Notice of Diacrin Special Meeting of Stockholders. This joint proxy statement/prospectus and the accompanying form of proxy are first being released for mailing to the Diacrin stockholders on or about July 24, 2003.

Your vote is important. Accordingly, Diacrin urges each Diacrin stockholder to complete, sign, date and return the accompanying proxy card whether or not you plan to attend the Diacrin special meeting. If you do attend, you may vote by ballot at the Diacrin special meeting, thereby canceling any proxy previously given.

Date, Time and Place

The Diacrin special meeting will be held on August 21, 2003, at 10:00 a.m. (local time), at the offices of Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109.

Matters to be Considered at the Special Meeting

At the Diacrin special meeting, stockholders will be asked to:

- approve and adopt the Agreement and Plan of Reorganization, dated as of April 14, 2003, and the related Agreement and Plan of Merger, dated as of April 14, 2003, between GenVec and Diacrin, a copy of which is included in Appendix A to this joint proxy statement/prospectus, pursuant to which (a) Diacrin will be merged with and into GenVec; (b) each outstanding share of common stock of Diacrin will be converted into 1.5292 shares (which is a fixed exchange ratio not subject to adjustment) of GenVec common stock (and related preferred share purchase rights), with cash in lieu of any fractional shares; and (c) the board of directors of GenVec would consist of the nine people identified in this joint proxy statement/prospectus; and approve the merger; and

- consider and vote upon the adjournment of the special meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the proposed merger at the special meeting to approve the proposed merger.

Persons to whom stockholders grant proxies will have the power to consider such other matters as may be properly brought before the Diacrin special meeting.

For detailed information relating to the merger proposal that Diacrin stockholders will vote upon at the Diacrin special meeting, see "Proposal 1 The Merger."

Recommendations of Diacrin Board

Proposal 1 The Merger

After careful consideration, the Diacrin board of directors has approved the merger, the merger agreement and the transactions contemplated by the merger agreement. Diacrin's board recommends that Diacrin stockholders vote **FOR** adoption of the merger agreement and approval of the merger.

Proposal 2 Adjourn the Special Meeting, if Necessary

Diacrin's board of directors recommends a vote **FOR** the adjournment of the special meeting to solicit additional proxies for adoption of the merger agreement.

Record Date; Voting Rights; Quorum

Only stockholders of record of shares of Diacrin's common stock at the close of business on June 26, 2003, the record date for Diacrin's special meeting, will be entitled to notice of and to vote at the Diacrin special meeting. Diacrin has one class of voting securities outstanding, which is designated as common stock, and each share of common stock is entitled to one vote upon all matters to be acted upon at the Diacrin special meeting. At the close of business on the record date, there were 18,082,449 shares of Diacrin common stock outstanding and entitled to vote. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Diacrin common stock entitled to vote is necessary to constitute a quorum for the transaction of business at the Diacrin special meeting. Abstentions and broker non-votes are counted for the purposes of determining whether a quorum exists.

Vote Required; Broker Non-Votes

The adoption of the merger agreement and approval of the merger will require the affirmative vote of a majority of the shares of Diacrin common stock outstanding on the record date. Accordingly, abstentions and broker non-votes will have the same effect as a vote against the merger.

Under applicable rules of the NASDAQ National Market, brokers who hold shares of Diacrin common stock in street name for customers, who are the beneficial owners of such shares, are prohibited from giving a proxy to vote shares held for such customers in favor of the approval of the merger without specific instructions to that effect from such customers. Accordingly, the failure of such customers to provide instructions with respect to their shares of Diacrin common stock to their broker will cause shares not to be voted on the merger proposal. Because the affirmative vote of a majority of shares of Diacrin common stock outstanding rather than the number of votes cast is required to approve the merger, an uncounted broker non-vote has the same effect as a vote against the merger.

The approval of Proposal 2 will require the affirmative vote of a majority of the total votes present in person or represented by proxy and entitled to vote on the proposal. Abstentions will have the effect of a vote against this proposal and broker non-votes will have no effect on this proposal.

Voting and Revocation Of Proxies

If the enclosed form of proxy for the Diacrin special meeting is properly executed and returned to Diacrin in time to be voted at the Diacrin special meeting, the shares of common stock represented thereby will be voted in accordance with the instructions marked thereon. Executed but unmarked proxies will be voted **FOR** adoption of the merger agreement and approval of the merger and the adjournment of the Diacrin special meeting, if necessary. The duly appointed proxies may, in their discretion, vote upon such other matters as may properly come before the Diacrin special meeting.

Any proxy may be revoked at any time before it is exercised by giving written notice of such revocation or delivering a later dated proxy to the Corporate Secretary of Diacrin, prior to the Diacrin special meeting, or by the vote of the stockholder by ballot at the special meeting.

Voting Agreements

The following individuals, Thomas H. Fraser, Ph.D., Zola P. Horovitz, Ph.D., Stelios Papadopoulos, Ph.D. and Joshua Ruch, each of whom is a director of Diacrin, and the following entities, HealthCare Ventures II, L.P., HealthCare Ventures III, L.P., HealthCare Ventures IV, L.P., Laguna

Vermogensverwaltung GmbH and Rho Management Trust II, each of which is affiliated with a director of Diacrin, have entered into voting agreements, in their capacity as stockholders and not as directors or officers, pursuant to which they have agreed (1) not to sell a specified

number of their shares until the stockholders of GenVec and Diacrin have voted in favor of the adoption of the merger agreement and approval of the merger or the merger agreement has been terminated; and (2) to vote a specified number of their shares of Diacrin common stock in favor of the adoption of the merger agreement and approval of the merger. Collectively, the shares of Diacrin common stock held by these stockholders and subject to the voting agreements represented approximately 35% of the outstanding shares of Diacrin common stock on June 26, 2003, the record date for the special meeting of Diacrin stockholders. These stockholders of Diacrin also agreed not to sell the shares of GenVec common stock that they receive in exchange for Diacrin common stock upon completion of the merger for a period of 120 days after the effective date of the merger.

Solicitation of Proxies

The cost of soliciting proxies for the Diacrin special meeting in the form enclosed will be borne by Diacrin, except that each of GenVec and Diacrin shall bear 50% of the costs associated with the printing and mailing this joint proxy statement/prospectus. In addition to the solicitation of proxies by mail, Diacrin, through its directors, officers and regular employees, may also solicit proxies personally or by telephone. Diacrin also will request persons, firms and corporations holding shares of common stock in their names or in the name of their nominees, which are beneficially owned by others, to send proxy material to and obtain proxies from the beneficial owners and will reimburse the holders for their reasonable expenses in so doing.

PROPOSAL 1 THE MERGER
(to be voted on by GenVec and Diacrin stockholders)

This section describes all material aspects of the merger. We encourage you to read the merger agreement, which is attached to this document as Appendix A, carefully and in its entirety.

Background of the Merger

GenVec

GenVec completed its initial public offering of common stock on December 12, 2000. GenVec's business strategy following the initial public offering was to advance its product candidates through clinical trials by its own efforts and enter into corporate collaborations and other strategic partnerships. With the funds raised in the initial public offering, GenVec estimated that it would have sufficient capital to implement its planned strategy for approximately two years. GenVec's board of directors and GenVec's management therefore realized it would be necessary to promptly pursue strategies to raise additional capital to extend GenVec's operating horizon to the point where GenVec could commercialize its product candidates.

Since GenVec's initial public offering, the GenVec board of directors has considered on an ongoing basis strategic alternatives to strengthen the financial condition of GenVec and improve the prospects of ultimately producing stockholder value through successful commercialization of TNFerade , BIOBYPASS® and other GenVec product candidates. To accomplish this objective, GenVec's board directed GenVec management to focus on three potential strategies:

- obtaining additional capital through public and/or private equity financing transactions in amounts sufficient to fund GenVec's product development plans;
- entering into collaborations and strategic partnerships with other companies that would generate funds to support GenVec's product development plans and manufacturing requirements; and/or
- merging with another biotechnology company with a strong cash position and products less advanced in the development process than GenVec's TNFerade and BIOBYPASS® product candidates.

During the period from the beginning of 2001 until September 2002, GenVec management focused in particular on entering into collaborations and strategic partnerships with other companies and attempting to raise funds through public or private equity issuances. In

addition, during this period GenVec management also focused on the important strategic objective of gaining access to facilities to manufacture a sufficient supply of GenVec's product candidates.

During this period GenVec held discussions with a number of potential biotechnology investors and investment bankers experienced in raising capital for biotechnology companies regarding possible private venture capital transactions and public equity transactions. GenVec met with some success in these efforts. On December 21, 2001, GenVec completed a private sale of common stock to HealthCare Ventures from which GenVec received $12.9 million in net proceeds. Notwithstanding this success, the GenVec board of directors and GenVec management continued to believe it would be prudent for GenVec to seek additional capital to fund its product development plans.

During the first three quarters of 2002, GenVec continued to hold discussions with potential investors and investment bankers concerning potential financing transactions. However, these discussions generally did not result in proposed terms for a transaction. Based on these discussions, GenVec learned that given the poor state of the market for biotechnology companies in general and GenVec's declining stock price in particular, GenVec would have a difficult time raising enough money in one transaction to extend its operating horizon for a sufficient period of time to interest potential

investors and that, even if such a transaction could be completed, it would be relatively expensive both in terms of transaction fees and dilution to existing GenVec stockholders.

During this period, GenVec also held discussions with a number of potential collaborators and strategic partners. These discussions resulted in additional revenue, including the new vaccine programs for HIV, malaria and dengue viruses, but not in significant collaboration or partnering arrangements around its lead clinical programs. Moreover, in January 2002 Pfizer, Inc. elected to discontinue co-development of BIOBYPASS® with GenVec. In addition, during this period GenVec management found few contract manufacturers that currently have the capability to produce GenVec's proposed products.

At the September 18, 2002 GenVec board of directors meeting, GenVec management updated the GenVec board of directors on the efforts that had been undertaken to secure additional financing for GenVec and to enter into collaborations and strategic partnerships to assist with funding clinical trials and manufacturing costs. At this meeting, the GenVec board of directors concluded it was important for GenVec to secure additional financing through an equity financing transaction over the relatively near term. However, because of the difficult market conditions GenVec management was encountering in its efforts to raise capital through a financing transaction, the GenVec board of directors also directed GenVec management to focus more intensively on potential merger transactions as an alternative to strengthen GenVec's financial condition and potentially address its need for manufacturing capability. The GenVec board of directors established a Finance Committee, comprised of directors Herbert J. Conrad, Wayne T. Hockmeyer, Ph.D., and Harold R. Werner, to review the status of GenVec's financing initiatives and potential merger transactions and meet regularly with GenVec's Chief Executive Officer and Chief Financial Officer to discuss such matters. Mr. Werner, who is a co-founder of HealthCare Ventures, did not participate in any Finance Committee discussions regarding a potential merger with Diacrin in view of the fact that HealthCare Ventures is a significant stockholder of both GenVec and Diacrin. HealthCare Ventures has entered into voting agreements pursuant to which it has agreed to vote certain of its shares of Diacrin and GenVec in favor of the merger.

During the period from September 18, 2002 until late February 2003, GenVec management held discussions with numerous biotechnology investors and investment bankers experienced in raising capital for biotechnology companies in an intensive effort to arrange for an equity financing transaction. In addition, GenVec management held preliminary discussions with three companies, in addition to Diacrin, regarding potential merger transactions. At the December 4, 2002 GenVec board of directors meeting, GenVec management reported to the GenVec board of directors regarding its efforts to arrange an equity financing transaction and its discussions with potential merger partners.

Until late February 2003, GenVec management continued to intensively evaluate possible financing transactions to raise additional capital as an alternative to a merger transaction. In January 2003, GenVec was successful in raising $1.9 million of net proceeds from the sale of 750,000 shares of GenVec common stock at $2.50 a share to Wellington Management Company, LLP, an existing institutional investor, in a public transaction. The shares were sold pursuant to GenVec's existing shelf registration statement. However, this amount of additional capital did not alleviate GenVec's need to complete a significant equity financing transaction. By the end of February 2003, GenVec management concluded that given the general condition of the equity markets and GenVec's then-declining stock price, GenVec could not complete a significant equity financing transaction that would be in the best interests of GenVec and its stockholders.

At the March 6, 2003 GenVec board of directors meeting, GenVec management updated the GenVec board of directors on the efforts to raise additional equity financing and the discussions that had been held regarding potential merger transactions. In particular, GenVec management briefed the GenVec board of directors regarding the progress that had been made in discussing a potential merger

with Diacrin. At this meeting, the GenVec board of directors concurred with the decision of GenVec management to cease pursuing an equity financing transaction and to attempt to negotiate a merger with Diacrin.

Diacrin

In support of Diacrin's goal to develop cell transplantation products for the treatment of human diseases that are characterized by cell dysfunction or cell death, Diacrin's board of directors has routinely evaluated potential strategic alliances and other transactions that could enhance Diacrin's ability to successfully develop its product candidates, including financing transactions that would ensure adequate funding for the development of Diacrin's product candidates; strategic partnerships that could expand Diacrin's intellectual property position, provide Diacrin with access to the partner's specialized knowledge, facilities or skills and/or provide other strategic or operational benefits that would enhance the likelihood of successfully developing Diacrin's product candidates; and potential business combinations that would strengthen Diacrin's ability to pursue its mission.

When Diacrin began operations in 1990, it focused most of its effort on developing porcine (pig) cells for transplantation. Unfortunately, however, the development of Diacrin's porcine cell product candidates experienced clinical and regulatory setbacks that ultimately led Diacrin to suspend their development. In particular, in March 2001, Diacrin announced the results of its Phase II clinical trial involving the use of fetal porcine neural cells for the treatment of Parkinson's disease, Diacrin's lead product candidate. Diacrin did not see a statistically significant difference between the treated patients and the patients in the control group and, therefore, did not meet the primary endpoint in the trial.

Following the inconclusive trial results in March 2001, and in light of its board of director's assessment that Diacrin needed a larger critical mass to be successful in the long-run, the Diacrin board of directors explored a number of strategic alternatives, including evaluating business combination transactions with two publicly held and one privately held biotechnology companies; entering into a strategic relationship with Terumo Corporation relating to the development of myoblasts for cardiac disease, the single product candidate that Diacrin is currently developing; exploring additional strategic partnering opportunities with respect to that product candidate; and evaluating the possibility of winding down Diacrin's affairs and paying a liquidating dividend to its stockholders.

In connection with its consideration of a potential transaction with GenVec, which is described in the next section, the Diacrin board of directors was aware of certain interests of its directors and officers, which are described in the section of this joint proxy statement/prospectus under the heading, "Proposal 1 The Merger Interests of Certain Persons in the Merger." In recognition of those interests, the Diacrin board adopted certain additional procedural steps in connection with its deliberations. First, John Littlechild, a director of Diacrin who is a partner of HealthCare Ventures, did not participate in any of the Diacrin board's deliberations regarding the merger. HealthCare Ventures is a significant stockholder of both Diacrin and GenVec and, in connection with the merger, has entered into voting agreements pursuant to which it has agreed to vote certain of its shares of Diacrin and GenVec in favor of the merger. Second, the remaining Diacrin directors determined that the Diacrin board would not vote on approving a transaction with GenVec until such time as Dr. Fraser and Dr. Zola P. Horovitz had each indicated his own independent approval of the merger.

GenVec and Diacrin Discussions

GenVec management became aware of Diacrin and its cell transplantation product development efforts in the area of cardiac disease through common industry contacts. Paul H. Fischer, Ph.D., Chief Executive Officer of GenVec, had previously met Thomas H. Fraser, Ph.D., President and Chief Executive Officer of Diacrin, as early as 1993 when Dr. Fischer was working for another company. In

October 2002, Dr. Fischer called Dr. Fraser to suggest that they meet to discuss how GenVec and Diacrin might collaborate together in the area of cardiac disease.

During November 2002, GenVec and Diacrin entered into a confidentiality agreement and Dr. Fischer and Dr. Fraser had a number of telephone conversations in which they exchanged information on their company's respective efforts for product development in the cardiac disease area. Also in November 2002, GenVec sent written materials regarding BIOBYPASS® to Diacrin for Diacrin to evaluate. These discussions and exchange of materials were followed up by a face-to-face meeting on December 10, 2002, at which representatives of GenVec and Diacrin discussed potential synergies to be achieved from the two companies collaborating on cardiac programs. Based on these discussions, Dr. Fraser and Dr. Fischer determined that there were potential strategic and operational benefits to combining Diacrin's cell therapy program for congestive heart failure with GenVec's BIOBYPASS® program for severe coronary artery disease.

In the middle of December 2002, Dr. Fraser contacted Dr. Fischer to indicate that Diacrin had an interest in learning more about TNFerade , GenVec's lead oncology program. Dr. Fraser subsequently invited Dr. Fisher and David Wright, GenVec's then-president and chief operating officer, to make a presentation about GenVec to Diacrin's board at its January 13, 2003 meeting. Following GenVec's presentation and a discussion of potential synergies between GenVec and Diacrin, particularly with respect to the cardiac programs, and other strategic alternatives that had recently been reviewed by Diacrin, the Diacrin board authorized management to continue due diligence with respect to GenVec.

In early February 2003, Dr. Fischer and Dr. Fraser concluded that they should evaluate whether merging GenVec and Diacrin into one company would be in the best interests of both companies and their respective stockholders. On February 11, 2003, Diacrin's board held a telephone meeting at which Dr. Fraser reported to the board on Diacrin's due diligence review of GenVec and on the potential risks and benefits of a business combination transaction between GenVec and Diacrin. Diacrin's board decided that Diacrin should continue discussions with GenVec. During the remainder of February 2003, representatives of GenVec and Diacrin participated in many discussions regarding developing a potential viable business plan for a combined company and the cultural fit of the two companies. Also during February, Diacrin retained SG Cowen to advise Diacrin with respect to a potential transaction with GenVec.

As discussed above, at the March 6, 2003 GenVec board of directors meeting, GenVec management updated the GenVec board of directors on the status of discussions with Diacrin regarding a potential merger. The GenVec board of directors authorized GenVec management to continue discussions with Diacrin. In addition, the GenVec board of directors determined that, regardless of whether GenVec would be successful in negotiating a merger with Diacrin, it would be necessary for GenVec to undertake a restructuring to reduce GenVec's operating expenses and focus resources on the development and commercialization of TNFerade . Therefore, the GenVec board of directors directed GenVec management to finalize a restructuring plan, which ultimately resulted in a 25 percent reduction in workforce that was announced on April 23, 2003, to accomplish this objective.

On March 13, 2002, GenVec retained Needham to advise it with respect to a potential transaction with Diacrin. On March 14, 2003, GenVec sent Diacrin a draft term sheet which contemplated a stock-for-stock exchange that would result in Diacrin stockholders receiving approximately 52% of the combined companies stock (on a fully-diluted basis). GenVec's draft also included an exclusivity provision from Diacrin in favor of GenVec and contemplated the execution of voting agreements by key Diacrin stockholders.

At a meeting of the Diacrin board on March 17, 2003, Dr. Fraser updated the board with respect to recent discussions Diacrin had had with GenVec and with another company concerning a potential cardiac strategic alliance (the terms of which the board decided were not attractive to Diacrin). With the assistance of representatives of SG Cowen, the Diacrin board reviewed GenVec's proposal,

including an analysis of the proposal in comparison to liquidation, and information about GenVec's business, management, financial performance and condition, ownership and stock performance. The Diacrin board authorized management, with the assistance of SG Cowen, to continue further negotiations and due diligence with GenVec.

On March 18, 2003, GenVec and Diacrin entered into a second confidentiality agreement in contemplation of undertaking further due diligence with respect to intellectual property issues. The parties, however, did not reach agreement on the draft term sheet or on an exclusivity agreement and instead agreed to proceed with due diligence without entering into any preliminary agreement.

On March 18, 19 and 20, 2003, Diacrin and its legal advisors, its accounting advisor and its financial advisor conducted on-site due diligence and management interviews at GenVec's principal executive offices in Gaithersburg, Maryland. On March 20 and 21, 2003, GenVec and its legal advisors, Arnold & Porter, its independent accountants, KPMG LLP, and its financial advisor, Needham & Company, Inc., conducted due diligence and management interviews at Diacrin's principal executive offices in Charlestown, Massachusetts.

Based on its due diligence discussions with Diacrin personnel, GenVec management concluded that Diacrin's manufacturing facilities and expertise likely could be adapted to manufacture clinical supplies of GenVec's product candidates. Thus, a merger with Diacrin would have the potential to at least partially resolve uncertainty about GenVec's access to appropriate manufacturing facilities needed for clinical supplies to support its ongoing trials.

Over the last week of March 2003 and until April 3, 2003, GenVec and Diacrin and their respective advisors conducted follow-up due diligence and evaluated due diligence materials. Also during this period, GenVec and Diacrin and their respective financial and legal advisors negotiated the terms of the merger, the definitive merger agreement and related agreements. On March 28, 2003, Diacrin's board held a telephone meeting at which management and Diacrin's legal counsel reported on the results to date of Diacrin's due diligence and the status of negotiations, including a review of the terms and conditions of the proposed agreements being negotiated.

On April 3, 2003, the parties reached an impasse in their negotiations due to the declining market price of GenVec's common stock and general market conditions, and the parties ceased discussions regarding a merger transaction.

On April 7, 2003, the Diacrin board held a meeting at which Dr. Fraser updated the Diacrin board regarding negotiations with GenVec, the impasse over terms, and the decline in market price in GenVec's common stock. Following extensive discussion, the Board requested that Dr. Fraser assess whether he continued to support a transaction with GenVec from a strategic and operational perspective and report back to the Diacrin board at a meeting scheduled for the next day.

Also on April 7, 2003, the GenVec board of directors held a meeting at which GenVec management and GenVec's financial advisor and legal counsel presented a detailed report to the GenVec board on the status of negotiations with Diacrin, the results of the due diligence review of Diacrin, and the preparation of the definitive merger agreement. Based on such reports and extensive discussion among the directors, the GenVec board of directors authorized GenVec management to resume merger discussions with Diacrin, if Diacrin would agree to parameters established by the GenVec board of directors. In addition, GenVec management also presented to the GenVec board of directors a restructuring plan to reduce GenVec's operating expenses and focus resources on the development and commercialization of TNFerade along the lines discussed by the GenVec board of directors at its March 6, 2003 meeting. The GenVec board of directors approved the restructuring plan and directed management to proceed to implement the restructuring plan regardless of whether GenVec was successful in negotiating a merger with Diacrin.

On April 7 and 8, 2003, Dr. Fraser and Dr. Fischer had several telephone conversations in which they discussed the possible parameters of a transaction.

On April 8, 2003, Dr. Fraser updated the Diacrin board with respect to his conversations with Dr. Fischer and indicated that he continued to believe that a transaction with GenVec was desirable for Diacrin. The Diacrin board determined that Diacrin should reinitiate valuation discussions with GenVec, with the goal of increasing the percentage ownership of the combined company that Diacrin stockholders would receive, and instructed SG Cowen to contact Needham to initiate such discussion.

On April 9, 2003, after consultation with, and authorization from, the Finance Committee, Dr. Fischer contacted Dr. Fraser to determine if GenVec and Diacrin would be able to agree on terms that would be acceptable to both companies. Numerous discussions were held between Dr. Fischer and Dr. Fraser between April 9 and April 11, 2003 regarding the financial and other terms of the merger. On April 11, 2003, Dr. Fischer and Dr. Fraser agreed on terms that they would recommend to their respective boards of directors, including an exchange ratio that would result in Diacrin stockholders receiving approximately 54.5% of the combined company after the merger (on a fully diluted basis), and authorized their respective financial, legal and accounting advisors to complete due diligence and negotiation of the definitive merger agreement. During the period from April 11 to April 14, 2003, both parties completed due diligence and negotiation of the definitive merger agreement and related agreements were completed.

On April 14, 2003, each of the GenVec board of directors and the Diacrin board of directors held a meeting at which the merger was approved. A joint press release announcing the proposed merger was issued on April 15, 2003.

GenVec's Reasons for the Merger; Negative Factors Considered by the GenVec Board of Directors; Recommendation of the GenVec Board of Directors

The GenVec board of directors, at a meeting held on April 14, 2003, determined that the merger and the merger agreement with Diacrin are in the best interests of the GenVec stockholders. Accordingly, the GenVec board of directors recommends that you vote **FOR** adoption of the merger agreement and approval of the merger at the GenVec annual meeting. In the course of determining that the merger and the merger agreement are in the best interests of the GenVec stockholders, the GenVec board of directors consulted with management as well as its financial, accounting and legal advisors, and considered the following factors in making its determination:

- the GenVec board of directors' familiarity with, and information provided by management as to GenVec's product candidates, business, financial condition, results of operations, current business strategy and prospects;

- information provided by GenVec's management and its financial, accounting and legal advisors as to Diacrin's product candidates, business, financial condition, results of operations, current business strategy and prospects;

the potential, financial, strategic and other benefits of the merger with Diacrin, including:

- the fact that the combined company is expected to have cash and investments sufficient to fund operations through mid-2006;

- the combined company's process development and manufacturing expertise and facilities, including the opportunity to use Diacrin's existing expertise and facilities to efficiently produce clinical trial material for the combined company and to expand GenVec's existing vaccine business;

- the potential to create a combined cardiology program by adding Diacrin's cell therapy program for congestive heart failure to GenVec's BIOBYPASS® for severe coronary artery disease;

- the combined company's enhanced potential to form new strategic partnerships and collaborations to help facilitate development of its product pipeline, particularly as a result of its strong cash position and process development and manufacturing expertise and facilities; and

- the opportunity for significant cost savings at the combined company, including through a reduction in force by the combined company and savings from the consolidation of corporate and administrative infrastructures;

the GenVec board of directors' determination that the merger represented the best available opportunity to GenVec and its stockholders to strengthen GenVec's financial position and address the uncertainty regarding its future manufacturing requirements by gaining control of manufacturing facilities, in view of the facts that GenVec had been unable to obtain sufficient equity financing on acceptable terms given the poor market conditions for biotechnology companies and GenVec's declining stock price and had been relying on contract manufacturers to produce clinical supplies of GenVec's product candidates;

the fact that the combined company would benefit from the combined management expertise of the two companies through the continued involvement of Paul H. Fischer, Ph.D. as Chief Executive Officer of the combined company and of Diacrin's President and Chief Executive Officer, Thomas H. Fraser, Ph.D., as Chairman of the Board of, and a part-time consultant to, the combined company;

the fact that five of the combined company's nine directors would come from GenVec, which the GenVec board of directors believed would help ensure that the potential strategic and other benefits of the merger are realized;

the GenVec board of directors' understanding, based on negotiations between Diacrin and GenVec, that the receipt by Diacrin stockholders of 54.5% of the common stock of the combined company (on a fully diluted basis) was the lowest percentage ownership by Diacrin stockholders to which Diacrin was willing to accept;

the presentation and written opinion of Needham & Company, Inc., on April 14, 2003 that, as of April 14, 2003, and based upon and subject to the matters stated in the opinion, the exchange ratio was fair from a financial point of view to the GenVec stockholders, together with a letter from Needham & Company, dated July 14, 2003, in which it updates its opinion as of July 14, 2003. The presentation of Needham & Company involved various valuation analyses of GenVec that are described under " Opinion of GenVec's Financial Advisor" and the full text of its opinion, which sets forth assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix B to this joint proxy statement/prospectus. GenVec encourages its stockholders to read the opinion in its entirety; and

the terms of the merger agreement, including:

- the fixed exchange ratio, which was determined based on the companies' agreement that Diacrin's stockholders would receive shares representing 54.5% of the total number of shares of the combined company (determined on a fully diluted basis) and which provides certainty as to the number of shares that GenVec would be required to pay as consideration in the merger;

- the representations, warranties and covenants of Diacrin and GenVec contained in the agreement, which provisions create essentially identical rights and obligations for each of the companies;

- the ability of the GenVec board of directors, in discharge of its fiduciary duties, to withdraw, modify or change its recommendation that GenVec stockholders vote in favor of the merger; and

- the conditions to consummation of the merger, including the absence of any regulatory conditions and the likelihood that the merger would be completed.

The GenVec board of directors also considered the following potentially negative factors relating to the proposed merger:

- the possibility that the market value of GenVec common stock might increase significantly, thereby increasing the value GenVec would pay for Diacrin in the merger;

- the risk that integration of the two companies' businesses and operations might prove more difficult than anticipated, that the process of achieving significant cost savings for the combined company may prove more difficult than anticipated or that the potential benefits sought in the merger might otherwise not be realized;

- the possibility that the merger might not be consummated, or that completion might be unduly delayed, and the potential effect of the public announcement of the merger on GenVec's employees;

- the provisions of the merger agreement that may have the effect of limiting the emergence of a superior proposal, including:

  - limits on GenVec's ability to solicit or entertain other acquisition proposals;

  - the requirement to hold a stockholder meeting to vote on the merger even if the GenVec board of directors subsequently changes its recommendation regarding the merger; and

  - the provisions of the reorganization agreement that require the payment of a $1,200,000 fee if the merger agreement is terminated due to specified reasons, including a change by the GenVec board of directors of its recommendation of the merger;

- the fact that the merger would trigger certain change of control rights for GenVec employees under existing agreements, including the accelerated vesting of outstanding stock options;

the substantial costs to be incurred in connection with the merger, including transaction expenses arising from the merger and severance costs associated with expected reductions in personnel after the completion of the merger; and

various other risks associated with the merger and the businesses of GenVec, Diacrin and the combined company described in the section entitled "Risk Factors."

In addition, the GenVec board of directors was aware of the interests of some of its officers and directors described under " Interests of Certain Persons in the Merger."

The foregoing discussion addresses the material information and factors considered by the GenVec board of directors in its consideration of the merger, including factors that support the merger as well as those that may weigh against it. The GenVec board of directors concluded, that, taken as a whole, the potential benefits of the merger outweighed the potentially negative factors associated with the merger. In view of the variety of factors and the quality and amount of information considered, the GenVec board of directors did not find it practicable to and did not make specific assessments to quantify, or otherwise assign relative weights, to the specific factors considered in reaching its

determination. The determination to approve the merger was made after consideration of all of the factors in the aggregate. Individual members of the GenVec board of directors may have given different weight to different factors.

Diacrin's Reasons for the Merger; Negative Factors Considered by the Diacrin Board of Directors; Recommendation of the Diacrin Board of Directors

On April 14, 2003, the Diacrin board of directors, by unanimous vote of the directors participating in deliberations regarding a transaction with GenVec, determined that the merger and the merger agreement with GenVec are in the best interests of the Diacrin stockholders, adopted the merger agreement and approved the transactions contemplated thereby, and recommended that Diacrin's stockholders vote **FOR** adoption of the merger agreement and approval of the merger.

In connection with its consideration of whether or not to adopt the merger agreement, the Diacrin board of directors consulted with, and received input from:

Diacrin's senior management regarding the strategic and operational aspects of the merger and the results of the due diligence efforts;

representatives of SG Cowen Securities Corporation, Diacrin's financial advisor, regarding the fairness, from a financial point of view, of the exchange ratio to be received pursuant to the merger agreement to the holders of Diacrin common stock; and

representatives of Hale and Dorr LLP, Diacrin's outside legal counsel, regarding legal due diligence matters, the board's fiduciary duties and the terms of the reorganization agreement and related agreements.

In reaching its decision to adopt the merger agreement, the Diacrin board of directors considered the following factors:

historical information concerning GenVec and Diacrin, including their respective businesses, financial performance and condition, operations, intellectual property, management, stock performance and stock volatility;

Diacrin's prospects as a stand-alone company, including:

the inherent risks associated with the fact that Diacrin is currently developing a single product candidate, myoblasts for cardiac disease, which is in Phase I clinical trials;

the fact that, even assuming successful development of Diacrin's myoblasts for cardiac disease product candidate, Diacrin would not anticipate commercialization of that product candidate until at least 2007;

expected difficulties in retaining key personnel and maintaining efficient operations if Diacrin continued to focus on a single product candidate;

the fact that Diacrin's common stock has been trading at a significant discount to Diacrin's cash and cash equivalents for a prolonged period of time; and

the challenging environment facing small capitalization biotechnology companies, including the current state of capital markets and expected increases in administrative costs to comply with new and proposed SEC and NASDAQ reporting and corporate governance requirements;

the potential strategic and other benefits of the merger with GenVec, including:

the combined company's larger and more diversified product pipeline, including (1) GenVec's current lead product candidate, TNFerade , which is targeted at improving

cancer therapy by using GenVec's patented adenovector technology and is currently in Phase II clinical trials for the treatment of pancreatic and esophageal cancer, (2) a combined cardiology program comprised of GenVec's BIOBYPASS® for severe coronary artery disease and Diacrin's cell therapy program for congestive heart failure, and (3) AdPEDF, GenVec's product candidate for preventing vision loss from macular degeneration;

the combined company's process development and manufacturing expertise and facilities, including the opportunity to use Diacrin's existing expertise and facilities to produce clinical trial material for the combined company and to expand GenVec's existing vaccine business;

the fact that the combined company is expected to have cash and investments sufficient to fund operations through mid-2006;

the combined company's enhanced potential to form new strategic partnerships and collaborations to help facilitate the development of its product pipeline, particularly as a result of its strong cash position and process development and manufacturing expertise and facilities; and

the opportunity for significant cost savings at the combined company, including through a reduction in force at the combined company and savings from the consolidation of corporate and administrative infrastructures;

the fact that the combined company would benefit from the combined management expertise of the two companies through the continued involvement of GenVec's Chief Executive officer, Dr. Paul H. Fischer, as CEO of the combined company and of Diacrin's President and Chief Executive Officer, Dr. Thomas H. Fraser, as Chairman of the Board of, and a part-time consultant to, the combined company;

the fact that four of the combined company's nine directors would come from Diacrin, which the Diacrin board of directors believed would help ensure that the potential strategic and other benefits of the merger are realized;

the Diacrin board of directors' assessment of the potential value of the merger compared to various other strategic alternatives that the Diacrin board of directors has considered, including winding down the affairs of Diacrin and paying its stockholders a liquidating dividend (based on a liquidation analysis prepared by management and reviewed by the board, which is described below under the section entitled " Opinion of Diacrin's Financial Advisor"), continuing as a stand-alone company, three potential transactions with respect to which Diacrin had previously conducted due diligence since 2001, and the Diacrin board of directors' industry knowledge, based on its directors' active and extensive industry involvement;

the fact that the merger consideration of 1.5292 shares of GenVec common stock for each share of Diacrin common stock represented a premium of 94.2% over the closing price of Diacrin common stock on April 14, 2003, the business day prior to public announcement of the merger;

the opportunity for Diacrin stockholders to obtain an equity interest in, and to participate in possible future appreciation in the value of the stock of, a combined company that has greater financial resources, broader technical expertise, and a larger and more diversified product pipeline than Diacrin as a stand-alone company;

the terms of the merger agreement, including:

- the fixed exchange ratio, which was determined based on the companies' agreement that Diacrin's stockholders would receive shares representing 54.5% of the total number of shares of the combined company (determined on a fully diluted basis) and which provides

- certainty as to the number of shares of the combined company that current Diacrin stockholders would own after the merger;
- the assumption of all outstanding Diacrin stock options by GenVec;
- the representations, warranties and covenants of Diacrin and GenVec contained in the merger agreement, which provisions create essentially identical rights and obligations for each of the companies;
- the ability of Diacrin's board of directors, in accordance with its fiduciary duties, to withdraw, modify or change its recommendation that Diacrin stockholders vote in favor of the merger;
- the conditions to consummation of the merger, including the absence of any regulatory conditions and the likelihood that the merger would be completed; and
- the expected qualification of the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code resulting in the deferral of any federal income tax on the shares of GenVec common stock received by Diacrin stockholders in the merger until the subsequent sale of those shares;

the Diacrin board of directors' understanding, based on negotiations between Diacrin and GenVec, that the receipt by Diacrin stockholders of 54.5% of the common stock of the combined company (on a fully diluted basis) was the highest percentage ownership by Diacrin stockholders that GenVec was willing to agree to; and

the opinion, orally delivered on April 14, 2003 and confirmed in writing on April 15, 2003, of SG Cowen Securities Corporation as to the fairness, from a financial point of view, as of those dates, of the exchange ratio to be received pursuant to the merger agreement to the holders of Diacrin common stock, as described below under the section entitled " Opinion of Diacrin's Financial Advisor."

The Diacrin board of directors also considered the following potentially negative factors relating to the proposed merger:

the risk that integration of Diacrin's and GenVec's businesses and operations might prove more difficult than anticipated, that the process of achieving significant cost savings for the combined company may prove more difficult than anticipated or that the potential benefits sought in the merger might otherwise not be realized;

the possibility that the merger might not be completed, or that completion might be unduly delayed, and the potential effect of the public announcement of the merger on Diacrin's business partners and employees;

the risk that the combined company's lead product candidate, TNFerade , or the combined company's other development programs may fail in clinical trials or not achieve the expected results or market potential;

the possibility that the market value of the shares to be issued by GenVec might decline;

the provisions of the merger agreement that may have the effect of limiting the emergence of a superior competing proposal, including:

limits on Diacrin's ability to solicit other acquisitions;

the requirement to hold a special meeting of Diacrin stockholders to vote on the merger even if the Diacrin board of directors subsequently changes its recommendation regarding the merger;

the fact that stockholders representing approximately 35% of Diacrin's outstanding shares have entered into voting agreements requiring them to vote in favor of the merger, even if Diacrin's board of directors changes its recommendation regarding the advisability of the merger; and

the provisions of the merger agreement that require the payment of a $1,200,000 fee if the merger agreement is terminated due to specified reasons, including a change by the Diacrin board of directors of its recommendation of the merger;

the fact that the merger would trigger certain change of control rights for GenVec employees under existing agreements, including the accelerated vesting of outstanding stock options and potential payments under change in control agreements between GenVec and certain of its key executives;

the substantial costs to be incurred in connection with the merger, including transaction expenses arising from the merger and severance costs associated with expected reductions in personnel after completion of the merger; and

various other risks associated with the merger and the businesses of Diacrin, GenVec and the combined company described in the section entitled "Risk Factors."

The Diacrin board of directors concluded that, taken as a whole, the potential benefits of the merger outweighed the potentially negative factors associated with the merger. The above discussion of the factors considered by the Diacrin board of directors is not intended to be exhaustive, but is believed to set forth all of the material factors considered by the Diacrin board of directors. The Diacrin board collectively reached the conclusion to approve the merger agreement in light of the various factors described above and other factors that each member of the Diacrin board of directors felt were appropriate. In view of the wide variety of factors considered by the Diacrin board of directors, the Diacrin board of directors did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, the Diacrin board of directors made its recommendation based on the totality of the information presented to, and the investigation conducted by, it. In considering the factors described above, individual directors may have given different weights to different factors.

The Diacrin board believes that the merger is in the best interests of Diacrin and its stockholders.

Accordingly, the Diacrin board recommends that Diacrin's stockholders vote FOR adoption of the merger agreement and approval of the merger.

Opinion of GenVec's Financial Advisor

GenVec and Needham & Company, Inc. entered into an engagement letter dated as of March 13, 2003, pursuant to which GenVec retained Needham & Company to furnish financial advisory services with respect to the merger and to render an opinion to the board of directors of GenVec as to the fairness, from a financial point of view, to the stockholders of GenVec of the exchange ratio pursuant to the merger agreement. GenVec chose Needham & Company to act as its financial advisor in connection with the merger because Needham & Company is an internationally recognized investment banking firm and as part of its investment banking business, Needham & Company is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

On April 14, 2003, Needham & Company provided to the board of directors of GenVec its oral opinion (which was followed up by its written opinion dated as of April 14, 2003) to the effect that, as of that date and based upon and subject to the assumptions and other matters described in the opinion, the exchange ratio pursuant to the merger agreement of 1.5292 shares of GenVec common stock per share of Diacrin common stock is fair from a financial point of view to the stockholders of GenVec. In a letter addressed to the GenVec board of directors, Needham & Company updated its opinion as of July 14, 2003. **The Needham & Company opinion is addressed to the board of directors of GenVec, and is directed only to the financial terms of the merger agreement and does not constitute a**

recommendation to any GenVec stockholder as to how that stockholder should vote on, or take any other action relating to, the merger. The amount and form of consideration to be paid in the merger was determined through arm's length negotiations between GenVec and Diacrin and not by Needham & Company. Needham & Company expressed no opinion as to what the value of GenVec common stock will be when issued to the stockholders of Diacrin pursuant to the merger or the prices at which the GenVec common stock will actually trade at any time. In addition, Needham & Company was not asked to consider, and the Needham & Company opinion does not address, GenVec's underlying business decision to engage in the merger, the relative merits of the merger as compared to other business strategies that might exist for GenVec, or the effect of any other transaction in which GenVec might engage. Needham & Company expressed no opinion or recommendation as to whether or not stockholders of Diacrin should vote in favor of the transaction.

The complete text of the Needham & Company opinion, which sets forth the assumptions made, matters considered, limitations on and scope of the review undertaken by Needham & Company, is attached to this joint proxy statement/prospectus as Annex B and is incorporated herein by reference. The summary of the Needham & Company opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the Needham & Company opinion. **GenVec stockholders should read the Needham & Company opinion carefully and in its entirety for a description of the procedures followed, the factors considered and the assumptions made by Needham & Company.**

In arriving at its opinion, Needham & Company reviewed and considered such financial and other matters as it deemed relevant, including, among other things:

- a draft of the merger agreement received on April 14, 2003, which was identical to the final merger agreement in all material respects;

publicly available information concerning GenVec and Diacrin, such as press releases, quarterly and annual reports, schedules and other material filed with the Securities and Exchange Commission, and other relevant financial and operating data of GenVec and Diacrin furnished to Needham & Company by GenVec and Diacrin, including corporate records, material agreements and managerial and structural organization charts, and related information;

the historical stock prices and trading volumes of GenVec common stock and Diacrin common stock;

discussions with members of the managements of GenVec and Diacrin concerning their current and future business prospects and joint prospects for the combined company, including the potential cost savings and other synergies that may be achieved by the combined company;

certain financial forecasts prepared by the respective managements of GenVec and Diacrin;

the financial terms of certain other business combinations that we deemed generally relevant; and

such other studies, analyses, inquiries and investigations as deemed appropriate.

In conducting its review and arriving at its opinion, Needham & Company, with GenVec's consent, assumed and relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to it by GenVec and Diacrin, respectively, or which was publicly available. Needham & Company did not undertake any responsibility for the accuracy, completeness or reasonableness of, or to independently verify, this information. Needham & Company further relied upon the assurance of the managements of GenVec and Diacrin that they were unaware of any facts that would make the information provided to Needham & Company incomplete or misleading in any respect. Needham & Company, with GenVec's consent, assumed that the forecasts and the description of the expected synergies which Needham & Company examined were reasonably prepared by the managements of GenVec and Diacrin on bases reflecting the best currently available

estimates and good faith judgments of such managements as to the future performance of GenVec and Diacrin and that such projections, and the combined company forecasts and description of expected synergies used in Needham & Company's analyses, provide a reasonable basis for its opinion.

Needham & Company did not make or obtain any independent evaluations, valuations or appraisals of the assets or liabilities of GenVec or Diacrin, nor was Needham & Company furnished with such materials. Needham & Company's services to GenVec in connection with the merger were comprised of advising GenVec with respect to financial issues associated with the merger, participating in negotiations with Diacrin's financial advisor, assisting GenVec in financial due diligence with respect to Diacrin and rendering an opinion from a financial point of view of the exchange ratio pursuant to the merger agreement. Needham & Company's opinion was necessarily based upon economic and market conditions and other circumstances as they existed and could be evaluated by Needham & Company on the date of its opinion.

In rendering its opinion, Needham & Company assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger will be satisfied without waiver thereof. Needham & Company assumed that the final form of the merger agreement would be substantially similar to the last draft received by Needham & Company prior to rendering its opinion and Needham & Company has confirmed this assumption was accurate. Needham & Company also assumed that all governmental, regulatory and other consents and approvals contemplated by the merger agreement would be obtained and that, in the course of obtaining any of those consents, no restrictions will be imposed or waivers made that would have an adverse effect on the contemplated benefits of the merger. Needham & Company assumed that the merger will be treated as a tax-free reorganization.

The following is a summary of the principal financial analyses performed by Needham & Company to arrive at its opinion. Some of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. Needham & Company performed certain procedures, including each of the financial analyses described below, and reviewed with the management of GenVec the assumptions on which such analyses were based and other factors, including the historical and projected financial results of GenVec and Diacrin. No limitations were imposed by the GenVec board of directors with respect to the investigations made or procedures followed by Needham & Company in rendering its opinion. Since Diacrin is a clinical stage life sciences company whose products have not been commercialized and do not generate revenue nor positive earnings, Needham & Company did not perform comparable company analysis or comparable transaction analysis based on operational or financial multiples. Needham & Company concluded that an analysis based on operational or financial multiples would involve complex considerations and subjective judgments concerning Diacrin's historical and projected financial and operating characteristics. Additionally, Needham & Company did not prepare an analysis of Diacrin based on discounted present value of the projected after-tax cash flows of Diacrin because to do so would have not been meaningful. The financial forecasts of Diacrin, received from the management of Diacrin, contained negative cash flows for most of the projected years including the last year of the projected horizon.

Stock Trading History

To provide contextual data and comparative market data, Needham & Company reviewed the historical market prices of Diacrin common stock at various points over a two-year period ended April 11, 2003. Needham & Company noted that over the past 12 month period the high and low closing prices of Diacrin common stock were $1.85 and $0.96, respectively.

Historical Stock Trading Analyses

Needham & Company analyzed the closing prices of Diacrin common stock at various points over a one-year period ending April 11, 2003. The table below lists the stock prices at those points and the premium implied by the implied offer price of $2.22 in the merger.

Point	Statistic	Premium Implied by Offer Price
April 11, 2003	$ 1.11	99.7%
5 Days Prior	1.11	99.7
20 Days Prior	1.02	117.4
3 Months Prior	1.09	103.6
6 Months Prior	1.01	119.5
One Year Prior	1.75	26.7
52 Week High	1.85	19.8
52 Week Low	0.96	130.9

Analysis Of Assets

Needham & Company reviewed Diacrin's Total Asset value as reported on its most recent publicly available balance sheet dated December 31, 2002, and GenVec management's estimated values of Diacrin's significant assets and noted that the values per share ranged from $2.42 to $2.91, using Diacrin's fully diluted shares outstanding based upon the treasury stock method and the acquisition price of Diacrin. Needham & Company arrived at this valuation per share by determining a range of aggregate values for Diacrin. GenVec management estimated Diacrin's cash at closing to be in the range of $36.5 million to $39.1 million based upon certain assumptions provided by Diacrin management. In addition, Needham & Company included GenVec's estimates of the value of Diacrin's manufacturing capabilities, which GenVec estimated to be $5.0 million to $10.0 million, and the value of its scientific programs, which GenVec estimated to be $2.0 million to $3.0 million. The aggregate value of $43.5 million to $52.1 million was then divided by the number of Diacrin shares outstanding (17.9 million) to arrive at the per share valuation range.

Selected Transaction Analysis/Premiums Paid

Needham & Company analyzed the premiums paid in biotechnology stock-for-stock transactions of similar size, which were announced and completed since January 2001. In examining the selected transactions, Needham & Company analyzed premiums paid to the closing stock

price of the target on one, five and 20 days prior to the announcement of the transaction. These transactions were (listed as acquiror / target):

Hyseq, Inc. (now named Nuvelo, Inc.) / Variagenics, Inc.

DeCode Genetics, Inc. / Medichem Life Sciences, Inc.

Antigenics, Inc. / Aronex Pharmaceuticals, Inc.

The following table sets forth information concerning the transaction premiums resulting from Needham & Company's analysis.

	One-Day Premium	Five-Day Premium	20-Day Premium
Mean	63.3%	96.6%	117.4%
Median	29.4	109.4	121.7
High	131.3	113.6	200.1
Low	29.2	66.7	30.4

Although the premiums paid in the selected transactions were used for comparison purposes, none of those transactions is directly comparable to the merger, and none of the companies in those transactions is directly comparable to GenVec or Diacrin. Accordingly, an analysis of the results of such a comparison is not purely mathematical, but instead involves complex considerations and judgments concerning differences in historical financial and operating characteristics of the companies involved and other factors that could affect the acquisition value of such companies or Diacrin to which they are being compared.

The summary set forth above includes a description of the procedures, methods and analyses that Needham & Company performed in connection with rendering its opinion. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analyses and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. Needham & Company did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Needham & Company believes, and has advised the GenVec board of directors, that its analyses must be considered as a whole and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Needham & Company made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of GenVec and Diacrin. These analyses performed by Needham & Company are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable. Additionally, analyses relating to the values of businesses or assets do not purport to be appraisals or necessarily reflect the prices at which businesses or assets may actually be sold. None of GenVec, Diacrin, Needham & Company or any other person assumes responsibility if future results are materially different from those projected. Needham & Company's opinion and its related analyses were only one of many factors considered by the GenVec board of directors in its evaluation of the transaction and should not be viewed as determinative of the views of the GenVec board of directors with respect to the fairness of the exchange ratio. See " GenVec's Reasons for the Merger; Negative Factors Considered by the GenVec Board of Directors; Recommendation of GenVec Board of Directors."

In the ordinary course of its business, Needham & Company and its affiliates trade the equity securities of GenVec for their own accounts and for the accounts of their customers, and, accordingly, may at any time hold a long or short position in such securities. Needham & Company and its affiliates in the ordinary course of business have from time to time provided, and in the future may continue to provide, commercial and investment banking services to GenVec, including serving as a financial advisor on potential acquisitions and as an underwriter on equity offerings, and have received and may in the future receive fees for the rendering of such services.

Pursuant to the Needham & Company engagement letter, if the transaction is consummated, Needham & Company will be entitled to receive a transaction fee of $800,000, $350,000 of which was paid in connection with the delivery of Needham & Company's opinion and the update of such

opinion. Additionally, GenVec has agreed to reimburse Needham & Company for its out-of-pocket expenses, including attorneys' fees, and has agreed to indemnify Needham & Company against certain liabilities, including liabilities under the federal securities laws. The terms of the fee arrangement with Needham & Company, which are customary in transactions of this nature, were negotiated at arm's length between GenVec and Needham & Company, and the GenVec board of directors was aware of the arrangement, including the fact that a significant portion of the fee payable to Needham & Company is contingent upon the completion of the merger.

Opinion of Diacrin's Financial Advisor

Diacrin retained SG Cowen Securities Corporation to render an opinion to the board of directors of Diacrin as to the fairness, from a financial point of view, to the stockholders of Diacrin of the exchange ratio to be received in the merger.

On April 14, 2003, SG Cowen delivered written analyses and its oral opinion to the Diacrin board, subsequently confirmed in writing on April 15, 2003, together with updated written analyses, to the effect that, and subject to the various assumptions set forth therein, as of April 14 and 15, 2003, the exchange ratio to be received in the merger was fair, from a financial point of view, to the stockholders of Diacrin.

The full text of the written opinion of SG Cowen, dated April 15, 2003, is attached as Appendix C and is incorporated by reference. Holders of Diacrin common stock are urged to read the opinion in its entirety for the assumptions made, procedures followed, other matters considered and limits of the review by SG Cowen. **The summary of the written opinion of SG Cowen set forth herein is qualified in its entirety by reference to the full text of such opinion. SG Cowen's analyses and opinion were prepared for and addressed to the Diacrin board and are directed only to the fairness, from a financial point of view, of the exchange ratio to be received in the merger, and do not constitute an opinion as to the merits of the merger or a recommendation to any stockholder as to how to vote on the proposed merger.** The exchange ratio to be received in the merger was determined through negotiations between Diacrin and GenVec and not pursuant to recommendations of SG Cowen.

In connection with its opinion, SG Cowen reviewed and considered such financial and other matters as it deemed relevant, including, among other things:

- a draft of the Agreement and Plan of Merger and the related draft Agreement and Plan of Reorganization, both dated April 12, 2003;
- certain publicly available financial and other information for Diacrin, including Diacrin's SEC filings, Diacrin's press releases, data about Diacrin's institutional stock ownership and stock trading information and certain other relevant financial and operating data furnished to SG Cowen by Diacrin management, including an analysis of a liquidation of Diacrin's assets;
- certain publicly available financial and other information for GenVec, including GenVec's SEC filings, GenVec's press releases, data about GenVec's institutional stock ownership and stock trading information and certain other relevant financial and operating data furnished to SG Cowen by GenVec management;
- certain internal financial analyses, financial forecasts, reports and other information concerning Diacrin furnished to SG Cowen by Diacrin's management (the "Diacrin Forecasts");
- certain internal financial analysis, financial forecasts, reports and other information concerning GenVec furnished to SG Cowen by GenVec's management (the "GenVec Forecasts");
- First Call (a company which provides financial forecasts for public companies to subscribers) estimates and financial projections in Wall Street analyst reports;

the amounts and timing of the cost savings and related expenses expected to result from the merger furnished to SG Cowen by the managements of Diacrin and GenVec (the "Expected Synergies");

discussions SG Cowen has had with certain members of Diacrin's and GenVec's managements concerning the historical and current business operations, financial conditions and prospects of Diacrin and GenVec, the Expected Synergies and such other matters SG Cowen deemed relevant;

certain operating results, the reported price and trading history of the shares of the common stock of Diacrin and GenVec as compared to operating results, the reported price and trading histories of certain publicly traded companies SG Cowen deemed relevant;

certain financial terms of the merger as compared to the financial terms of certain selected business combinations SG Cowen deemed relevant;

based on the GenVec Forecasts, the cash flows generated by GenVec on a stand-alone basis to determine the present value of GenVec's cash flows;

certain pro forma financial effects of the merger; and

such other information, financial studies, analyses and investigations and such other factors that SG Cowen deemed relevant for the purposes of its opinion.

In conducting its review and arriving at its opinion, SG Cowen, with Diacrin's consent, assumed and relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to it by Diacrin and GenVec or which was publicly available. SG Cowen did not undertake any responsibility for the accuracy, completeness or reasonableness of, or independently to verify, this information. In addition, it has not conducted, nor has it assumed any obligation to conduct, any physical inspection of the properties or facilities of Diacrin or GenVec. SG Cowen further relied upon the assurance of management of Diacrin that they were unaware of any facts that would make the information provided to SG Cowen incomplete or misleading in any respect. SG Cowen, with Diacrin's consent, assumed that Diacrin Forecasts, the liquidation analysis of Diacrin, the GenVec Forecasts and the Expected Synergies provided to SG Cowen were reasonably prepared by the management of Diacrin and/or GenVec, as the case may be, on bases reflecting the best currently available estimates and good faith judgments of such managements and that these financial forecasts and analyses provided a reasonable basis for its opinion.

SG Cowen did not make or obtain any independent evaluations, valuations or appraisals of the assets or liabilities of Diacrin or GenVec, nor was SG Cowen furnished with these materials. With respect to all legal matters relating to Diacrin and GenVec, SG Cowen relied on the advice of legal counsel to Diacrin. SG Cowen's services to Diacrin in connection with the merger included rendering an opinion from a financial point of view of the exchange ratio to be received in the merger. SG Cowen's opinion was necessarily based upon economic and market conditions and other circumstances as they existed and could be evaluated by SG Cowen on the date of its opinion. It should be understood that although subsequent developments may affect its opinion, SG Cowen does not have any obligation to update, revise or reaffirm its opinion and SG Cowen expressly disclaims any responsibility to do so. Additionally, SG Cowen was not authorized or requested to, and did not, solicit alternative offers for Diacrin or its assets, nor did SG Cowen investigate any other alternative transactions, other than receiving the liquidation analysis prepared by Diacrin management, that may be available to Diacrin.

For the purposes of rendering its opinion, SG Cowen assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct, that each party will perform all of the covenants and agreements required to be

performed by it under the merger agreement and that all conditions to the consummation of the merger will be satisfied without waiver thereof. SG Cowen assumed that the final form of the merger agreement would be substantially similar to the last draft received by SG Cowen prior to rendering its opinion (and the final form of the agreement was, in fact, substantially similar to the draft reviewed by SG Cowen). SG Cowen also

assumed that all governmental, regulatory and other consents and approvals contemplated by the merger agreement would be obtained and that, in the course of obtaining any of those consents, no restrictions will be imposed or waivers made that would have an adverse effect on the contemplated benefits of the merger. Diacrin informed SG Cowen, and SG Cowen assumed, that the merger will be treated as a reorganization.

SG Cowen's opinion does not constitute a recommendation to any stockholder as to how the stockholder should vote on the proposed merger. SG Cowen's opinion does not imply any conclusion as to the likely trading range for GenVec common stock following consummation of the merger or otherwise, which may vary depending on numerous factors that generally influence the price of securities. SG Cowen's opinion is limited to the fairness, from a financial point of view, of the exchange ratio to be received in the merger. SG Cowen expresses no opinion as to the underlying business reasons that may support the decision of the Diacrin board to approve Diacrin's decision to consummate the merger.

The following is a summary of the principal financial analyses performed by SG Cowen to arrive at its opinion. Some of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. SG Cowen performed certain procedures, including each of the financial analyses described below, and reviewed with the management of Diacrin the assumptions on which such analyses were based and other factors, including the historical and projected financial results of Diacrin and GenVec. No limitations were imposed by the Diacrin board with respect to the investigations made or procedures followed by SG Cowen in rendering its opinion.

Stock Trading History

To provide contextual data and comparative market data, SG Cowen reviewed the daily closing prices of Diacrin common stock for the twelve months ended April 14, 2003. SG Cowen noted that over this period of time the high and low closing prices for shares of Diacrin were $1.85 and $0.96, respectively.

SG Cowen also reviewed the daily closing prices of GenVec common stock for the twelve months ended April 14, 2003. SG Cowen noted that over this period of time the high and low closing prices for shares of GenVec common stock were $4.30 and $0.95, respectively.

Historical Stock Price Analysis

SG Cowen analyzed the spot and average closing prices for various time periods preceding April 14, 2003 and the premium implied by the offer price in the merger to the historical stock price. The table below illustrates the prices and the associated premiums:

Period	Diacrin Stock Price	Premium Implied by Exchange Ratio
Spot		
April 14, 2003	$ 1.15	94.2%
Ten days prior	1.10	103.0
One month prior	0.98	128.4
Two months prior	1.01	121.1
Three months prior	1.14	95.9
Six months prior	0.99	125.5
Twelve months prior	1.75	27.6
Average		
Ten days prior	$ 1.10	102.6%
One month prior	1.07	107.8
Two months prior	1.05	113.1
Three months prior	1.05	112.5
Six months prior	1.08	106.7
Twelve months prior	1.26	77.4

Historical Exchange Ratio Analysis

SG Cowen analyzed the ratios of the closing prices of Diacrin common stock to those of GenVec common stock over various periods ending April 14, 2003. The table below illustrates the ratios for those periods and the premium implied by the exchange ratio:

Period	Exchange Ratio	Premium Implied by Exchange Ratio
Spot		
April 14, 2003	0.7877x	94.2%
Ten days prior	0.8527	79.3
One month prior	0.5784	164.4
Two months prior	0.3797	302.8
Three months prior	0.4000	282.3
Six months prior	0.3414	348.0
Twelve months prior	0.5521	177.0
Average		
Ten days prior	0.9003x	69.9%
One month prior	0.8085	93.1
Two months prior	0.6593	136.7
Three months prior	0.5667	169.9
Six months prior	0.4606	232.0
Twelve months prior	0.4708	224.9

Analysis of Diacrin Compared to Selected Publicly Traded Companies

To provide contextual data and comparative market information, SG Cowen compared selected historical operating and financial data and ratios for Diacrin to the corresponding financial data and

ratios of certain other companies whose securities are publicly traded and which SG Cowen believes have operating, market valuation and trading valuations similar to what might be expected of Diacrin. These companies were:

Advanced Tissue Sciences, Inc.(1)

BioTransplant, Inc.(2)

BresaGen Ltd.

Geron Corp.

StemCells, Inc.

(1) Company filed for bankruptcy protection on October 10, 2002. SG Cowen analyzed market value as of one day prior to announcement of filing.

(2) Company filed for bankruptcy protection on February 27, 2003. SG Cowen analyzed market value as of one day prior to announcement of filing.

SG Cowen reviewed the equity value and the enterprise value (equity value plus total debt less cash and equivalents) of the selected companies. These analyses, which are based on the closing stock prices on April 14, 2003, indicated the values as set forth in the following table:

	High	Median	Mean	Low	Value of Diacrin Implied by Exchange Ratio
	($ in millions)				
Equity Value	$ 130.0	21.0	$ 44.6	$ 7.1	$ 40.4
Enterprise Value	81.2	19.1	32.2	(1.1)	(4.6)

Although the selected companies were used for comparison purposes, none of those companies is directly comparable to Diacrin. Accordingly, an analysis of the results of such a comparison is not purely mathematical, but instead involves complex considerations and judgments concerning differences in historical and projected financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies or Diacrin to which they are being compared.

Analysis of Selected Transactions

SG Cowen reviewed the premium of the offer price over the trading prices one trading day and one month prior to the announcement date of the following 55 transactions in the biotechnology industry (the "Biotech Transactions") announced since February 2000:

Corvas International, Inc./Dendreon Corp.*
Enzon Pharmaceuticals, Inc./NPS Pharmaceuticals, Inc.*
Cell Pathways, Inc./
OSI Pharmaceuticals, Inc.*
Scios Inc./Johnson & Johnson*
Oxford Glycosciences PLC/Cambridge
Antibody Technology Group PLC*
3-Dimensional Pharmaceuticals, Inc./
Johnson & Johnson
Triangle Pharmaceuticals, Inc./Gilead
Sciences, Inc.
Synaptic Pharmaceutical Corp./
Lundebeck A/S
OraPharma, Inc./Johnson & Johnson
Variagenics, Inc./Hyseq
Pharmaceuticals, Inc.*
Informax, Inc./Invitrogen Corp.
Biosearch Italia SpA/Versicor, Inc.*
Visible Genetics Inc./Bayer Corp.
(Diagnostics Division)
Genomic Solutions/Harvard Bioscience
Genset S.A./Serono S.A.*
Rhein Biotech NV/Berna Biotech AG*
Collateral Therapeutics, Inc./Schering AG*
Fusion Medical Technologies, Inc./Baxter
International, Inc.
Glyko Biomedical/Biomarin

Pharmaceuticals*
MediChem Life Sciences, Inc/deCODE
genetics, Inc.*
Matrix Pharmaceutical, Inc./Chiron Corp.
Immunex Corp./Amgen Inc.
Cor Therapeutics, Inc./Millennium
Pharmaceuticals, Inc.*

Aviron/MedImmune, Inc.*
Genomica Corp./Exelixis, Inc.*
Packard BioScience Co./PerkinElmer Inc.*
Duramed Pharmaceuticals, Inc./Barr Laboratories, Inc.*
Axys Pharmaceuticals, Inc./Celera Genomics Group*
Gemini Genomics plc/Sequenom, Inc.*
Rosetta Inpharmatics, Inc./Merck & Co., Inc.*
Aurora Biosciences Corp./Vertex Pharmaceuticals Inc.*
Aronex Pharmaceuticals Inc./Antigenics Inc.
ALZA Corp./Johnson & Johnson*
Cantab Pharmaceuticals plc/Xenova Group plc*
Trega Bioscience Inc./Lion Bioscience AG*
BioChem Pharma Inc./Shire Pharmaceuticals Group*
Quadrant Healthcare plc/Elan Corp., plc
Coulter Pharmaceutical Inc./Corixa Corp.
Crescendo Pharmaceuticals Corp./ALZA Corp.
Dura Pharmaceuticals, Inc./Elan Corp. plc
Agritope, Inc./Exelixis, Inc.*
Aquila Biopharmaceuticals/Antigenics, Inc.*
Pathogenesis Corp./Chiron Corp.
Catalytica, Inc./DSM NV
Oxford Asymmetry International plc/Evotec BioSystems AG*
ChiRex Inc./Rhodia
Advanced Magnetics, Inc./Cytogen Corp.*
Life Technologies, Inc./Invitrogen Corp.
LJL BioSystems, Inc./Molecular Devices Corp.*
Gliatech, Inc./Guilford Pharmaceuticals, Inc.
Cambridge Neurosciences/CeNeS Pharmaceuticals*
Biomatrix, Inc./Genzyme Corp.
Liposome Company, Inc./Elan Corp. plc*
Phoenix International Life Sciences Inc./ MDS Inc.
Spiros Development Corp. II/Dura Pharmaceuticals, Inc.

* Denotes transaction consideration was 100% stock.

The following table presents the premium of the offer prices over the trading prices one day and one month prior to the announcement date for selected Biotech Transactions and the premiums implied for Diacrin, based on the exchange ratio to be received pursuant to the merger agreement. The information in the tables is based on the closing stock price of Diacrin and GenVec stock on April 14, 2003.

	Biotech Transactions				
Premiums Paid to Stock Price	**High**	**Median**	**Mean**	**Low**	**Premium Implied by Exchange Ratio**
One Day Prior to Announcement	143.3%	29.7%	40.1%	(21.7)%	94.2%
One Month Prior to Announcement	205.5	47.9	56.4	(40.7)	128.4

Additionally, SG Cowen reviewed the premium of the offer price over the trading prices one trading day and one month prior to the announcement date of the 32 Biotech Transactions listed above in which 100% of the consideration was the stock of the acquiring company.

Premiums Paid to Stock Price	Biotech Transactions High	Median	Mean	Low	Premium Implied by Exchange Ratio
One Day Prior to Announcement	143.3%	35.3%	45.5%	(1.9)%	94.2%
One Month Prior to Announcement	205.5	50.4	63.0	(10.0)	128.4

SG Cowen also reviewed the market capitalization, enterprise value, and premium of the offer price over the trading prices one trading day and one month prior to the announcement date of the following 22 Biotech Transactions in which the target company was characterized as a non-commercial, early stage clinical development company:

Maxia Pharmaceuticals, Inc./Incyte Genomics, Inc.
Visible Genetics Inc./Bayer Corp. (Diagnostics Div.)
Collateral Therapeutics, Inc./Schering AG
Matrix Pharmaceutical, Inc./Chiron Corp.
Gilead Sciences, Inc. (Oncology Assets)/OSI Pharmaceuticals, Inc.
Novazyme Pharmaceuticals, Inc./Genzyme Corp.
Avicenna Medica Inc./K.S. Biomedix Holdings plc
Axys Pharmaceuticals, Inc./Celera Genomics Group
Aronex Pharmaceuticals Inc./Antigenics Inc.
Proteome Inc./Incyte Genomics, Inc.
NeuroVir Therapeutics, Inc./MediGene
Kinetix Pharmaceuticals, Inc./Amgen Inc.
DJ Pharma Inc./Biovail Corp.
Crescendo Pharmaceuticals Corp./ALZA Corp.
Prolifaron, Inc./Alexion Pharmaceuticals, Inc.
Principia Pharmaceutical Corp./Human Genome Sciences Inc.
Aquila Biopharmaceuticals/Antigenics, Inc.
Genovo, Inc./Targeted Genetics Corp.
Advanced Magnetics, Inc./Cytogen Corp.
Signal Pharmaceuticals, Inc./Celgene Corp.
Cytovia, Inc./Maxim Pharmaceuticals, Inc.
Ontogeny, Inc./Creative BioMolecules, Inc.

	Biotech Transactions High	Median	Mean	Low	Premium Implied by Exchange Ratio
One Day Prior to Announcement	121.0%	29.4%	36.1%	(14.7)%	94.2%
One Month Prior to Announcement	164.7	51.7	43.4	(40.7)	128.4
Equity Value	$ 286.8	$ 77.6	$ 101.0	$ 28.0	$ 40.4
Enterprise Value	286.8	77.2	93.4	(9.9)	(4.6)

Diacrin Discounted Cash Flow Analysis

SG Cowen did not prepare an analysis based upon the discounted present value of the projected after-tax cash flows of Diacrin because to do so would not have been meaningful. Diacrin's projections during the forecast period did not include the introduction of any product that could be sold. Cash flow during the forecast period was break-even or marginally negative. Hence, there was no meaningful way to establish a terminal value, which is one of the components of a valuation based on a discounted cash flow analysis

Review of Liquidation Analysis

SG Cowen reviewed a liquidation analysis of Diacrin's assets to calculate the potential net proceeds available for distribution upon liquidation of Diacrin, based on projections made by Diacrin's management relating to, among other things, the potential amount of expenses associated with a liquidation. SG Cowen noted that, based on such projections, the net proceeds available upon liquidation at June 30, 2003 would be $2.26 per share of Diacrin common stock. This analysis does not take into account the extended time that it would typically take to complete a liquidation. Furthermore, SG Cowen has been advised that in a liquidation the entire $2.26 per share would not be initially distributed as Diacrin would be required to hold back a portion of the liquidation proceeds for a certain period of time. Diacrin management advised SG Cowen that proceeds distributed to stockholders in the event of a liquidation would be subject to taxes whereas the proposed merger with GenVec would be a tax-free reorganization. Based on the closing price of GenVec's common stock on April 14, 2003, the exchange ratio values Diacrin at $2.23 per share.

Analysis of GenVec Compared to Selected Publicly Traded Companies

To provide contextual data and comparative market information, SG Cowen compared selected historical operating and financial data and ratios for GenVec to the corresponding financial data and ratios of certain other companies whose securities are publicly traded and which SG Cowen believes have operating, market valuation and trading valuations similar to what might be expected of GenVec. These companies were:

Avigen, Inc

CorAutus Genetics, Inc.

Introgen Therapeutics, Inc.

Targeted Genetics Corp.

Valentis, Inc.

SG Cowen reviewed the equity value and the enterprise value of GenVec and the comparable companies. For purposes of these analyses, equity value was based on closing stock price on April 14, 2003 and enterprise value was calculated by subtracting net cash from equity value. These analyses indicated the values as set forth in the following table:

	High	Median	Mean	Low	GenVec Value
	($ in millions)				
Equity Value	$ 57.6	$ 37.8	$ 39.1	$ 15.8	$ 33.7
Enterprise Value	46.7	10.9	2.5	(53.9)	20.8

Although the selected companies were used for comparison purposes, none of those companies is directly comparable to GenVec. Accordingly, an analysis of the results of such a comparison is not purely mathematical, but instead involves complex considerations and judgments concerning differences in historical and projected financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies or GenVec to which they are being compared.

GenVec Discounted Cash Flow Analysis

SG Cowen estimated a range of equity values for GenVec based upon the discounted present value of the projected cash flows of GenVec described in the GenVec Forecasts for the fiscal years ended December 31, 2003 through December 31, 2009, and of the terminal value of GenVec at December 31, 2009, based upon multiples of revenue. This analysis was based upon certain assumptions described by, projections supplied by and discussions held with the management of GenVec. In performing this analysis, SG Cowen utilized discount rates ranging from 30% to 40%, which were selected based on the estimated weighted average cost of capital for companies in the biotechnology industry with

similar clinical and operating characteristics as GenVec. SG Cowen utilized terminal multiples of revenue ranging from 2.0 times to 4.0 times, these multiples representing the general range of multiples of revenues for similar biotechnology companies.

Utilizing this methodology, the per share equity value of GenVec ranged from $1.20 to $3.49 per share.

Contribution Analysis

SG Cowen analyzed the respective contributions of projected revenues; selling, general and administrative expenses; research and development expenses; earnings before interest and taxes ("EBIT"); and net income of Diacrin and GenVec to the combined company, based upon the projected financial results of Diacrin and GenVec (based upon the stand-alone financial projections prepared by Diacrin and GenVec managements). The results of the EBIT and net income contribution were not meaningful, therefore they were excluded from the following table:

	% of Combined Company	
For the Year Ended December 31,	**GenVec Contribution**	**Diacrin Contribution**
Expected 2003 Revenue	97.9%	2.1%
Projected 2004 Revenue	66.6	33.4
Projected 2005 Revenue	70.9	29.1
Projected 2006 Revenue	68.1	31.9
Projected 2007 Revenue	82.3	17.7
Expected 2003 SG&A	90.3%	9.7%
Projected 2004 SG&A	89.1	10.9
Projected 2005 SG&A	88.5	11.5
Projected 2006 SG&A	88.8	11.2
Projected 2007 SG&A	89.2	10.8
Expected 2003 Research & Development	73.2%	26.8%
Projected 2004 Research & Development	62.6	37.4
Projected 2005 Research & Development	60.3	39.7
Projected 2006 Research & Development	63.4	36.6
Projected 2007 Research & Development	64.6	35.4
Pro Forma Ownership Implied by Exchange Ratio	45.5%	54.5%

SG Cowen also noted that Diacrin would be contributing a substantial amount of cash to GenVec as a result of the merger. As of December 31, 2002, cash, cash equivalents, and short-term investments of Diacrin and GenVec were approximately $45 million and $20 million, respectively.

The summary set forth above does not purport to be a complete description of all the analyses performed by SG Cowen. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analyses and the application of these methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. SG Cowen did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, notwithstanding the separate factors summarized above, SG Cowen believes, and has advised the Diacrin board, that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all analyses and factors, could create an incomplete view of the process underlying its opinion. In performing its analyses, SG Cowen made numerous assumptions with respect to industry performance, business and economic conditions and other matters, many of which are beyond the control of Diacrin and GenVec. These analyses performed by SG Cowen are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses or securities may actually be sold. Accordingly, such analyses and estimates are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors. None of Diacrin, GenVec, SG Cowen or any other person assumes

responsibility if future results are materially different from those projected. The analyses supplied by SG Cowen and its opinion were among several factors taken into consideration by the Diacrin in making its decision to enter into the merger agreement and should not be considered as determinative of such decision. See " Diacrin's Reasons for the Merger; Negative Factors Considered by the Diacrin Board of Directors; Recommendation of the Diacrin Board of Directors."

SG Cowen was selected by the Diacrin board to render an opinion to the Diacrin board because SG Cowen is a nationally recognized investment banking firm and because, as part of its investment banking business, SG Cowen is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. SG Cowen is providing financial services for Diacrin for which it will receive customary fees. In addition, in the ordinary course of its business, SG Cowen and its affiliates may trade the equity securities of Diacrin and GenVec for their own account and for the accounts of their customers, and, accordingly, may at any time hold a long or short position in such securities. In addition, Dr. Stelios Papadopoulos, a Managing Director of SG Cowen, is a member of Diacrin's board and owns Diacrin common stock and stock options as described under "Information about Diacrin Security Ownership of Certain Beneficial Owners and Management." Dr. Papadopoulos was not involved in the preparation of the fairness opinion or the analyses underlying the opinion.

Pursuant to the SG Cowen engagement letter, if the merger is consummated, SG Cowen will be entitled to receive a transaction fee of $900,000. Diacrin also agreed to pay a fee of $500,000 to SG Cowen for rendering its opinion, which fee shall be credited against any transaction fee paid. Additionally, Diacrin has agreed to reimburse SG Cowen for its out-of-pocket expenses, including attorneys' fees, and has agreed to indemnify SG Cowen against certain liabilities, including liabilities arising under the federal securities laws. The terms of the fee arrangement with SG Cowen, which are customary in transactions of this nature, were negotiated at arm's length between Diacrin and SG Cowen, and the Diacrin board was aware of the arrangement, including the fact that a portion of the fee payable to SG Cowen is contingent upon the completion of the merger.

Terms of the Merger

Under the terms of the merger agreement and applicable Delaware law, GenVec will acquire Diacrin through the merger of Diacrin with and into GenVec. The separate existence of Diacrin will cease, and GenVec will continue as the surviving entity.

Neither holders of Diacrin common stock nor holders of GenVec common stock will be entitled to statutory dissenters' appraisal rights in connection with the merger.

The following summary describes the material terms and conditions of the merger agreement, but is not intended to be an exhaustive discussion of the merger agreement. The rights and obligations of the parties are governed by the express terms and conditions of the merger agreement, and not this summary or any other information contained in this proxy statement/prospectus. This summary is qualified in its entirety by reference to the merger agreement, and you are urged to read the entire merger agreement as well as this joint proxy statement/prospectus before making any decisions regarding the merger. A copy of the merger agreement is attached as Appendix A to this joint proxy statement/prospectus and is incorporated by this reference.

Consideration to be Received by Diacrin Stockholders; Exchange Ratio

When the merger becomes effective, each share of Diacrin common stock issued and outstanding immediately prior to the effective date of the merger will automatically be cancelled and converted into 1.5292 shares of GenVec common stock, together with the related preferred share purchase rights (the "exchange ratio") and cash instead of fractional shares. Under the terms of the merger agreement, the

exchange ratio is fixed at 1.5292 and will not be changed to reflect fluctuations in the market price of the common stock of either company.

Based on the number of shares of Diacrin common stock and GenVec common stock outstanding as of June 26, 2003 and the exchange ratio, approximately 27.7 million shares of GenVec common stock will be issuable pursuant to the merger agreement, representing approximately 54.5% of the GenVec common stock outstanding on a fully-diluted basis immediately after the merger.

No adjustment in the exchange ratio will be made for changes in the relative market prices of GenVec or Diacrin common stock. However, the exchange ratio that Diacrin stockholders will receive in the merger will be appropriately adjusted for any stock splits, combinations and other similar events that occur between the date of the merger agreement and the completion of the merger.

Because the market prices of GenVec and Diacrin common stock will fluctuate prior to and following the completion of the merger, the value of the shares of GenVec common stock issued to Diacrin's stockholders on the effective date of the merger may be more or less than the value of the shares of Diacrin common stock immediately prior to the effective date. No assurance can be given as to what the market price of GenVec common stock will be if and when the merger is completed, and Diacrin stockholders are advised to obtain current market quotations for GenVec common stock and Diacrin common stock.

On July 16, 2003, the last reported sale price of Diacrin common stock was $3.12 and the last reported sale price of GenVec common stock was $2.20. Based upon such GenVec common stock closing price, the value of GenVec common stock to be received for each share of Diacrin common stock would have been $3.36. On April 14, 2003, the last day before the announcement of the merger, the last reported sale price of Diacrin common stock was $1.15 and the last reported sale price of GenVec common stock was $1.46. Based upon such GenVec common stock closing price, the value of GenVec common stock to be received for each share of Diacrin common stock would have been $2.23.

Treatment of Diacrin Options

GenVec has agreed to assume each option, vested or unvested, granted by Diacrin to purchase shares of Diacrin common stock that is outstanding immediately prior to the effective date of the merger. Each Diacrin option assumed by GenVec will continue to have, and to be subject to, the same terms and conditions set forth in the Diacrin option or option plan under which the option was granted and as in existence immediately prior to the effective date, except that (i) the option will be exercisable (when vested) for that number of whole shares of GenVec common stock equal to the product of the number of shares of Diacrin common stock covered by the option multiplied by the fixed exchange ratio, provided that any fractional shares of GenVec common stock resulting from this multiplication will be rounded down to the nearest share; and (ii) the exercise price per share of GenVec common stock will be equal to the exercise price per share of Diacrin common stock divided by the fixed exchange ratio, provided that such exercise price will be rounded up to the nearest cent. The terms under which the Diacrin options will be assumed are subject to adjustment to reflect, among other things, increases or decreases in the number of outstanding shares of GenVec common stock due to recapitalizations, reclassifications, stock dividends, stock splits or other like changes in GenVec's capitalization.

Based on the 1,356,187 shares of Diacrin common stock subject to outstanding stock options as of the record date for the Diacrin special meeting and the fixed exchange ratio, options to purchase approximately 2,073,881 million additional shares of GenVec common stock will be assumed by GenVec in the merger. This assumes that none of the Diacrin stock options are exercised between the record date and the effective date. GenVec will not grant any additional options under the assumed Diacrin stock option plans following the merger.

Fractional Shares

Each holder of shares of Diacrin common stock who would otherwise have been entitled to receive a fraction of a share of GenVec common stock (after taking into account all shares of Diacrin common stock owned by such holder) will receive, instead of GenVec common stock, cash (minus any applicable withholding tax) in an amount equal to the value of such fractional share based on the closing price of GenVec common stock multiplied by the average of the closing prices of a share of GenVec common stock at 4:00 p.m., Eastern time, end of regular trading hours on the NASDAQ National Market for the five trading days prior to the effective date of the merger. The exchange agent in the merger will, as promptly as practicable after the determination of the amount of cash, if any, to be paid to holders of fractional interests, notify GenVec of such amount, and GenVec will deposit such amount with the exchange agent and will cause the exchange agent to forward payments to the owners of fractional interests.

Exchange of Certificates; Surrender of Stock Certificates

As soon as practicable after the merger occurs, the exchange agent, American Stock Transfer and Trust Company, will mail to Diacrin stockholders a form of transmittal letter. The form of transmittal letter will contain detailed instructions regarding how Diacrin stockholders may exchange their old Diacrin certificates for new GenVec certificates representing the shares of GenVec common stock that they hold as a result of the merger. After the closing, the exchange agent will send new certificates representing GenVec common stock and a check for cash for any fractional share interests or dividends or distributions that each such Diacrin stockholder is entitled to receive pursuant to the merger agreement to former Diacrin stockholders who have delivered to the exchange agent (1) properly completed letters of transmittal, and (2) to the extent shares of Diacrin common stock are evidenced by certificates, the Diacrin stock certificates evidencing such shares.

Please do not return Diacrin common stock certificates with the enclosed proxy and do not forward your certificates to the exchange agent unless and until you receive a letter of transmittal following the merger.

Listing on the NASDAQ National Market of GenVec Common Stock to be Issued in the Merger

GenVec common stock currently is listed on the NASDAQ National Market under the symbol "GNVC." GenVec has agreed to cause the shares of GenVec common stock to be issued to Diacrin stockholders in connection with the merger to be listed on the NASDAQ National Market.

Representations and Warranties

The merger agreement contains representations and warranties by GenVec and Diacrin regarding various legal, financial, business and regulatory matters. The representations and warranties will not survive after the merger. These representations and warranties of GenVec and Diacrin relate to, among other things:

proper organization and good standing of each party and its respective subsidiaries;

their capital structure;

the corporate authorization and enforceability of the merger agreement;

the filing and accuracy of their SEC reports and the preparation and accuracy of financial statements;

information supplied in this joint proxy statement/prospectus;

board approval;

the stockholder vote required to complete the merger;

environmental matters;

litigation and compliance with laws;

intellectual property matters;

employee benefit matters;

effect of the merger on certain provision in contracts that GenVec or Diacrin may have with third parties;

taxes;

affiliate transactions;

the opinions of financial advisors; and

the absence of a material adverse effect.

"Material adverse effect" means, with respect to GenVec or Diacrin, as the case may be, any material adverse change, event, circumstance or development with respect to, or material adverse effect on (1) the condition (financial or otherwise), results of operations, business, assets, liabilities or capitalization of GenVec, Diacrin or Diacrin's subsidiary, taken as a whole or (2) on the ability of GenVec or Diacrin to complete the merger.

Material adverse effect does not include (1) the impact of changes in laws, regulations, accounting rules or interpretations thereof after April 14, 2003, (2) the impact of changes in general economic and/or general financial market conditions, (3) expenses incurred in connection with the merger, (4) actions or omissions of GenVec or Diacrin taken with the prior written consent of the other party in contemplation of the merger and (5) changes resulting from the announcement and performance of the merger; provided, that variations in operating results from internal projections and continued incurrence of losses in the ordinary course of business shall not by themselves constitute a material adverse effect.

Covenants; Conduct of Business Pending the Merger

Under the terms of the merger agreement, GenVec and Diacrin have agreed to use commercially reasonable efforts to obtain as soon as practicable all consents and approvals of any persons necessary or desirable for the consummation of the merger including obtaining the requisite approvals of GenVec's or Diacrin's respective stockholders. Neither of GenVec nor Diacrin may take any action that would substantially impair the prospects of completing, or would materially delay, the merger or that would adversely affect the desired income tax consequences of the merger.

The merger agreement provides that each of GenVec and Diacrin will use commercially reasonable efforts to preserve its properties, business and relationships with customers, employees and others and to carry on its respective business in the usual, regular and ordinary course. In addition, neither GenVec nor Diacrin may, without the prior written consent of the other party, except as otherwise provided in the merger agreement, take the following actions:

issue any shares of its capital stock, other than in connection with the exercise of outstanding options and warrants;

incur additional indebtedness;

sell or otherwise dispose of any material assets, acquire any materials assets or make capital expenditures in excess of $25,000 on any instance or $100,000 in the aggregate;

increase the compensation or fringe benefits of its directors, officers or employees except in a manner consistent with past practice; or

declare or pay any dividends or other distributions on capital stock.

No Solicitation

The merger agreement provides that neither GenVec nor Diacrin will authorize or permit any of its officers, directors, employees or agents to, directly or indirectly, solicit, initiate or encourage any inquiries relating to, or the making of, any proposal which constitutes a "takeover

proposal" (as defined below) or, except to the extent required for the discharge of fiduciary duties, recommend or endorse any takeover proposal, participate in any discussions or negotiations, provide third parties with any non-public information relating to any such inquiry or proposal or otherwise facilitate any effort to make or implement a takeover proposal with respect to GenVec or Diacrin. The boards of directors of each of GenVec and Diacrin, however, are permitted to communicate information about any takeover proposal to its stockholders if, in the judgment of the boards of directors (after consultation with outside counsel), such communication is required under applicable law.

A "takeover proposal" is any tender or exchange offer, proposal for merger, consolidation or other business combination involving GenVec or Diacrin or its subsidiary or any proposal or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the assets of, GenVec or Diacrin or its subsidiary, other than the transactions contemplated or permitted by the merger agreement.

The merger agreement requires GenVec and Diacrin to immediately notify the other party if any such inquiries or takeover proposals are received by, or any such information is requested from, or any such negotiations are sought to be initiated or continued with, either Diacrin or GenVec, respectively, such party will promptly notify the other party in writing of the relevant details of the takeover proposal.

Conditions to Completing the Merger; Waiver

The obligations of GenVec and Diacrin to complete the merger are subject to the satisfaction of each of the conditions described below, which may not be waived by GenVec or Diacrin:

- adoption of the merger agreement and approval of the merger by the stockholders of GenVec at its annual meeting and by the stockholders of Diacrin at its special meeting;
- receipt of all applicable regulatory approvals in connection with the merger;
- the effectiveness of the registration statement, of which this document forms a part, and the absence of any stop order or threatened or pending proceeding by the Securities and Exchange Commission to suspend the effectiveness of the registration statement;
- receipt of all applicable state securities or "Blue Sky" authorizations; and
- the absence of any court or agency order prohibiting the merger.

Unless waived by Diacrin, its obligation to complete the merger is subject to the satisfaction of the following additional conditions:

- GenVec's representations and warranties being true and correct both as of the date of the merger agreement, except to the extent that the representations and warranties are made as of a particular date, in which case they will be true and correct as of such date, and as of the effective date of the merger, except (a) to the extent that the representations and warranties are made as of a particular date, in which case they will be true and correct as of such date, (b) for changes contemplated by the merger agreement and (c) where the failure to be correct

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- individually or in the aggregate has not had, and is not reasonably likely to have, a material adverse effect on GenVec;
- GenVec's performance in all material respects of all of its obligations under the merger agreement;
- GenVec's having obtained all consents set forth in the merger agreement and any other consents from third parties related to the consummation of the merger, where the failure to obtain such a consent would reasonably be expected to have a material adverse effect on GenVec;

Diacrin's receipt of a certificate from GenVec certifying the accuracy of its representations and warranties, performance of its obligations under the merger agreement and the receipt of all material consents from third parties; and

Diacrin's having received the tax opinion described in "Summary of Material Federal Income Tax Consequences."

Unless waived by GenVec, its obligation to complete the merger is subject to the satisfaction of the following additional conditions:

Diacrin's representations and warranties being true and correct both as of the date of the merger agreement, except to the extent that the representations and warranties are made as of a particular date, in which case they will be true and correct as of such date, and as of the effective date of the merger, except (a) to the extent that the representations and warranties are made as of a particular date, in which case they will be true and correct as of such date, (b) for changes contemplated by the merger agreement and (c) where the failure to be correct individually or in the aggregate has not had, and is not reasonably likely to have, a material adverse effect on Diacrin;

Diacrin's performance in all material respects of all of its obligations under the merger agreement;

Diacrin's having obtained all consents set forth in the merger agreement and any other consents from third parties related to the consummation of the merger, where the failure to obtain such a consent would reasonably be expected to have a material adverse effect on Diacrin;

GenVec's receipt of a certificate from Diacrin certifying the accuracy of its representations and warranties, performance of its obligations under the merger agreement and the receipt of all material consents from third parties; and

GenVec's having received the tax opinion described in "Summary of Material Federal Income Tax Consequences."

Except with respect to any required stockholder approval, GenVec and Diacrin, respectively, may at any time, whether before or after approval of the merger agreement by the stockholders of Diacrin or GenVec, extend the time for the performance of any of the obligations or other acts of Diacrin, on the one hand, or GenVec, on the other hand, and may waive any inaccuracies in the representations or warranties made by the other party, compliance with any of the covenants, undertakings or agreements of such party, or satisfaction of any of the conditions precedent to its obligations, or the performance by such other party of any of its obligations set out in the merger agreement. No waiver executed after approval of the stockholders of Diacrin or GenVec may change the number of shares of GenVec common stock into which shares of Diacrin common stock will be converted pursuant to the merger. Certain conditions to the consumption of the merger cannot be waived as a matter of law, including the existence of an effective registration statement, the absence of a government order enjoining or prohibiting consummation of the merger or any other transaction contemplated by the merger agreement and the receipt of any required "Blue Sky" permits or other authorizations.

Termination of Merger Agreement

The merger agreement may be terminated, either before or after approval by the stockholders of GenVec and Diacrin, in the following circumstances:

by mutual consent in writing of GenVec and Diacrin;

by either party if the other party has breached any covenant or agreement or representation or warranty contained in the merger agreement, such breach has not been cured as permitted by the merger agreement and the merger agreement entitles

the non-breaching party to refuse to consummate the merger as a result of the breach;

by either party if a court or agency has issued a final, nonappealable order prohibiting the merger;

by either party if the stockholders of GenVec or Diacrin do not approve the merger, so long as the terminating party is not itself in breach under the merger agreement;

by either party if the closing has not occurred by September 30, 2003, so long as the failure to close is not due to the failure of the terminating party to comply with its covenants and agreements in the merger agreement;

by either party if the board of directors of the other party withdraws or modifies its recommendation of the merger or resolves to do so;

by either party if the board of directors of the other party recommends or enters into an agreement to accept a competing takeover proposal;

by either party if the other party does not include the board of directors' recommendation in favor of the merger in the joint proxy statement/prospectus;

by either party if the board of directors of the other party fails to reaffirm in writing its recommendation in favor of the merger within five days after a request has been made by such party;

by either party if the notice calling for the stockholders' meeting of the other party has not been mailed by September 2, 2003;

by either party if the other party has intentionally breached its "no-shop" obligation; or

by either party if a tender or exchange offer for 25% or more of the other party's outstanding capital stock is commenced and the board of directors fails to recommend against the acceptance of such offer.

Expenses; Termination Fee

Whether or not the merger is consummated, expenses incurred in connection with the merger agreement and the merger will be paid by the party incurring those expenses, except that each of GenVec and Diacrin will bear 50% of the costs associated with the printing and mailing of this joint proxy statement/prospectus. Nevertheless, if either party intentionally breaches any representation, warranty, covenant or agreement in the merger agreement in any material respect and the non-breaching party terminates the merger agreement, the breaching party will bear all of the costs and expenses of the other party so long as the other party is not also in material breach of its representations, warranties, covenants and agreements.

Diacrin will be required to pay GenVec the termination fee in the amount of $1,200,000 if GenVec terminates the merger agreement for any of the following reasons:

the Diacrin board of directors withdraws, modifies or changes its recommendation of the merger or resolves to do so;

the Diacrin board of directors recommends a competing takeover proposal or resolves to do so or enters into a letter of intent to accept any competing takeover proposal;

Diacrin does not include the board of directors' recommendation in favor of adoption of the merger agreement and approval of the merger in this joint proxy statement/prospectus;

the Diacrin board of directors does not reaffirm its recommendation in favor of adoption of the merger agreement and approval of the merger within five days of a request by GenVec;

Diacrin's stockholders' meeting is not called by September 2, 2003;

Diacrin has intentionally breached its "no-shop" obligation; or

a tender offer or exchange offer for 25% or more of Diacrin's outstanding capital stock is commenced and the Diacrin board of directors fails to recommend against the acceptance of such tender offer.

In addition, Diacrin will be required to pay to GenVec the termination fee of $1,200,000 if either GenVec or Diacrin terminates the merger agreement under the following circumstances:

the stockholders of Diacrin do not adopt the merger agreement and approve the merger at their special meeting;

prior to the Diacrin special meeting, a competing takeover proposal with respect to Diacrin shall have been announced publicly; and

the transaction that is the subject of the competing takeover proposal is completed within 12 months after the termination of the merger agreement or an agreement with respect to such takeover proposal is entered into within 12 months and the transaction is completed within 18 months after termination of the merger agreement.

GenVec will be required to pay Diacrin the termination fee of $1,200,000 if Diacrin terminates the merger agreement for any of the following reasons:

the GenVec board of directors withdraws, modifies or changes its recommendation of the merger or resolves to do so;

the GenVec board of directors recommends a competing takeover proposal or resolves to do so or enters into a letter of intent to accept any competing takeover proposal;

GenVec does not include the board of directors' recommendation in favor of adoption of the merger agreement and approval of the merger in this joint proxy statement/prospectus;

the GenVec board of directors does not reaffirm its recommendation in favor of adoption of the merger agreement and approval of the merger within five days of a request by Diacrin;

GenVec's stockholders' meeting is not called by September 2, 2003;

GenVec has intentionally breached its "no-shop" obligation; or

a tender offer or exchange offer for 25% or more of GenVec's outstanding capital stock is commenced and the GenVec board of directors fails to recommend against the acceptance of such tender offer.

In addition, GenVec will be required to pay Diacrin the termination fee $1,200,000 if either GenVec or Diacrin terminates the merger agreement under the following circumstances:

the stockholders of GenVec do not adopt the merger agreement and approve the merger at their annual meeting;

prior to the GenVec annual meeting, a competing takeover proposal with respect to GenVec shall have been announced publicly; and

the transaction that is the subject of the competing takeover proposal is completed within 12 months after the termination of the merger agreement or an agreement with respect to such takeover proposal is entered into within 12 months and the transaction is completed within 18 months after termination of the merger agreement.

Amendment of Merger Agreement

The merger agreement may be amended by the parties at any time before or after GenVec and Diacrin stockholders adopt the merger agreement and approve the merger prior to the effective date of the merger. Any amendment must be approved by the respective boards of directors or other authorized officers of GenVec and Diacrin.

Once the stockholders of GenVec and Diacrin have approved the merger, however, the parties may not amend the merger agreement in a manner that would change the number of shares of GenVec common stock Diacrin's stockholders will be entitled to receive upon conversion of their common stock on the effective date.

Restrictions on Resales by Affiliates; Registration Rights

GenVec has registered under the Securities Act the shares of GenVec common stock issuable to Diacrin stockholders upon completion of the merger. Consequently, these shares of GenVec common stock may be traded freely and without restriction by those Diacrin stockholders who are not affiliates of Diacrin, as that term is defined under the Securities Act. An affiliate of Diacrin is a person who controls, is controlled by, or is under common control with, Diacrin.

Any post-merger sale of shares received in the merger by a Diacrin affiliate will require:

the further registration under the Securities Act of the GenVec common stock to be transferred;

compliance with the resale provisions of Rule 145(d) under the Securities Act; or

the availability of another exemption from registration under the Securities Act.

GenVec and Diacrin expect these restrictions to apply to the directors and officers of Diacrin, as well as certain holders of 10% or more of Diacrin's outstanding common stock immediately prior to the effective date of the merger.

GenVec has agreed that it will file and use its best efforts to have declared effective a resale shelf registration statement permitting each Diacrin affiliate who would hold more than 1% of the outstanding capital stock of GenVec immediately upon completion of the merger to publicly resell their shares of GenVec common stock without regard to the restrictions imposed by Rule 145 under the Securities Act. GenVec has agreed to maintain effective such shelf registration statement until the restrictions imposed by Rule 145 no longer apply to such Diacrin affiliates.

Effective Date of the Merger

The closing of the merger will take place (a) on the business day after all conditions to the merger set forth in the merger agreement are fulfilled or validly waived, or (b) at such other time as GenVec and Diacrin may agree in writing. The parties currently expect to complete the merger during the third quarter of 2003. A certificate of merger will be filed with the Secretary of State of the State of Delaware on the closing date, at which time the merger will become effective.

Board of Directors, Management and Operations After the Merger

Board of Directors

Under the terms of the merger agreement, GenVec has agreed to take such actions as may be necessary to cause the number of directors comprising the full GenVec board immediately prior to or at the effective date of the merger to be nine. Upon completion of the merger, GenVec's board of directors will be comprised of Paul H. Fischer, Ph.D., Barbara Hackman Franklin, Wayne T. Hockmeyer, Ph.D., William N. Kelley, M.D., and Harold R. Werner, who are currently directors of GenVec, and Thomas H. Fraser, Ph.D., Zola P. Horovitz, Ph.D., Stelios Papadopoulos, Ph.D., and Joshua Ruch, who are currently directors of Diacrin. These directors will be divided into the following classes:

Term Expiring 2004	Term Expiring 2005	Term Expiring 2006
Zola P. Horovitz, Ph.D.	Barbara Hackman Franklin	Paul H. Fischer, Ph.D.
William N. Kelley, M.D.	Stelios Papadopoulos, Ph.D.	Thomas H. Fraser, Ph.D.
Harold R. Werner	Joshua Ruch	Wayne T. Hockmeyer, Ph.D.

A vote by GenVec's stockholders **FOR** the adoption of the merger agreement, approval of the merger and the transactions contemplated by the merger agreement is a vote to elect the directors for the terms described above. For more information about these individuals, see "Information About GenVec Executive Officers of GenVec" and "Information About Diacrin Directors and Executive Officers of Diacrin."

If, prior to the completion of the merger, any of the current GenVec directors set forth above is unable or unwilling to serve as a director of the combined company, GenVec will be entitled to designate a replacement to serve in his or her place, provided such individual is reasonably acceptable to Diacrin. If, prior to the completion of the merger, any of the current Diacrin directors set forth above is unable or unwilling to serve as a director of the combined company, Diacrin will be entitled to designate a replacement to serve in his place, provided such individual is reasonably acceptable to GenVec.

For a period of three years following the effective date of the merger,

- if a vacancy occurs with respect to any position previously held by a director designated by GenVec, the remaining directors designated by GenVec will be entitled to designate a replacement to serve in his or her place;
- if a vacancy occurs with respect to any position previously held by a director designated by Diacrin, the remaining directors designated by Diacrin will be entitled to designate a replacement to serve in his or her place;
- when the term of office of any director designated by GenVec expires, the remaining directors designated by GenVec then in office will be entitled to designate the individual to be nominated for election to fill his or her vacancy; and

when the term of office of any director designated by Diacrin expires, the remaining directors designated by Diacrin then in office will be entitled to designate the individual to be nominated for election to fill his or her vacancy.

GenVec's board of directors has approved and adopted an amendment to GenVec's amended and restated by-laws, to be effective when the merger is completed, to implement these terms.

The merger agreement also provides that, upon completion of the merger, GenVec will enter into a consulting agreement with Dr. Fraser providing for Dr. Fraser to serve as Chairman of GenVec's board of directors. Under the terms of the consulting agreement, Dr. Fraser will devote approximately 20% of his working time to the business and affairs of GenVec (including time spent in his capacity as

a director of GenVec). For his services, Dr. Fraser will be paid an annual consulting fee of $30,000 plus customary compensation for his services as a director and as Chairman of GenVec's board of directors. During 2002, the fee paid by GenVec to its Chairman of the Board consisted of $4,000 for each board meeting attended, $1,000 for each committee meeting attended, $6,000 per quarter as a retainer and an option to purchase 22,500 shares of GenVec common stock.

Management

Dr. Fischer will continue to serve as Chief Executive Officer of GenVec following completion of the merger. The other executive officers of GenVec will continue in their respective positions following completion of the merger.

Operations

GenVec and Diacrin believe that the merger will allow the combined company to develop and ultimately commercialize innovative therapeutic products intended to treat serious and life-threatening diseases by combining GenVec's current product pipeline, process development and growing vaccine development program with Diacrin's current product pipeline and technology, manufacturing expertise and facilities and financial resources. GenVec and Diacrin believe that the combined company's larger and more diversified product pipeline, including (1) GenVec's current lead product candidate, TNFerade , which is currently in Phase II clinical trials for pancreatic and esophageal cancer, (2) a combined cardiology program comprised of GenVec's BIOBYPASS® for severe coronary artery disease and Diacrin's cell therapy program for cardiac disease, and (3) AdPEDF, GenVec's product candidate for preventing vision loss from macular degeneration, currently in Phase I clinical trials, coupled with the combined company's significant cash resources, will attract partners in the development of these and new therapeutic products.

GenVec and Diacrin expect that the combined company's anticipated cash and investment position of approximately $45 million at December 31, 2003, which is expected to be sufficient to fund its operations through mid-2006, will enable the combined company to complete Phase II trials and initiate Phase III testing of its lead oncology product candidate, TNFerade , continue the growth of GenVec's vaccine program and help to facilitate the continued development of the combined company's other product candidates through new strategic partnerships and collaborations.

GenVec and Diacrin believe that the combined company will be able to utilize Diacrin's existing manufacturing expertise and facilities to produce clinical trial material for the combined company, enabling it to expand GenVec's existing vaccine business and resulting in greater efficiency and control over the development and production of its product and vaccine candidates.

Interests of Certain Persons in the Merger

General

In considering the recommendations of the GenVec board and the Diacrin board, you should be aware that some of GenVec's and Diacrin's executive officers and directors have interests in the merger that are or may be considered different from, or in addition to, the interests of their stockholders generally. These interests are more fully described below.

Each of the GenVec board and the Diacrin board was aware of and considered these interests when it approved the merger agreement and the merger. We summarize below the material interests of GenVec's and Diacrin's directors and executive officers in the merger.

Existing GenVec Change in Control Agreements

On October 15, 2002, GenVec entered into change in control agreements with certain of its senior executive officers. The merger will constitute a "change of control" for purposes of all of the change in control agreements. The material terms of all of these agreements are described below.

The terms of the change in control agreement with Paul H. Fischer provide that, if he is terminated other than for cause or due to his death or disability or resigns for good reason in connection with a change of control of GenVec, he is entitled to (i) a severance payment based on 24 months salary and bonus; (ii) an additional pro rata payment based on his highest annual salary in the past year and his highest bonus amount in the past three years; (iii) a bonus applicable to the preceding fiscal year, if not yet paid; and (iv) continuation of life and health insurance benefits for a period of 24 months. Dr. Fischer has waived his right to receive these benefits if he resigns within one year after the merger has been completed solely on the basis that he believes he can no longer effectively carry out his duties. If Dr. Fischer otherwise terminates his employment with GenVec for "good reason" or GenVec terminates his employment without cause within 24 months of the completion of the merger, Dr. Fischer would be entitled to receive these benefits. GenVec is also obligated to provide a "gross-up payment" in connection with taxes due on such benefits. If Dr. Fischer should die while entitled to any payments or benefits under this agreement, such payments and benefits are payable to Dr. Fischer's heirs or estate.

The terms of GenVec's change in control agreement with Jeffrey W. Church, Chief Financial Officer of GenVec, are identical to the terms of the agreement GenVec entered into with Dr. Fischer, as described above, except that under Mr. Church's change in control agreement his severance payment is based on, and he is entitled to continuation of health and life insurance benefits for, 18 months instead of 24 months. Mr. Church has also waived his right to receive these benefits if he resigns within one year after the merger has been completed solely on the basis that he believes he can no longer effectively carry out his duties. If Mr. Church otherwise terminates his employment with GenVec for "good reason" or GenVec terminates his employment without cause within 24 months of the completion of the merger, Mr. Church would be entitled to receive his change of control agreement benefits. GenVec is also obligated to provide a "gross-up payment" in connection with taxes due on such benefits.

Interests in GenVec Common Stock and Common Stock Options

As of the record date for GenVec's annual meeting, GenVec's executive officers, directors and affiliates beneficially owned an aggregate of approximately 4.2 million shares of GenVec common stock, entitling them to exercise approximately 18.1% of the voting power of GenVec common stock entitled to vote at the GenVec annual meeting. The closing of the merger is conditioned upon the affirmative vote of at least a majority of the outstanding shares of GenVec common stock voting to adopt the merger agreement and approve the merger.

As of July 16, 2003, the following directors and officers of GenVec held vested and unvested options to acquire GenVec common stock under the GenVec Amended and Restated 1993 Stock Incentive Plan, the 2002 Stock Incentive Plan and the 2000 Director Option Plan. Consummation of the merger will cause unvested options issued under the Amended and Restated 1993 Stock Incentive Plan and the 2000 Director Option Plan to fully accelerate. In addition, unvested options issued to directors under the 2002 Stock Incentive Plan will fully accelerate upon completion of the merger.

The table below sets forth the number of shares of GenVec common stock that are subject to outstanding options held by its executive officers and directors that will be accelerated as a result of the merger and the value those options would have upon completion of the merger if the market price of

GenVec common stock were $2.20, the last reported sale price of GenVec common stock on July 16, 2003.

Name and Position	Number of Option Shares(1)(2)(3)	Value of Unvested Options(3)(4)
Paul H. Fischer, Chief Executive Officer and Director	46,668	$ -0-
Jeffrey W. Church, Chief Financial Officer, Treasurer and Corporate Secretary	13,003	-0-

Name and Position	Number of Option Shares(1)(2)(3)	Value of Unvested Options(3)(4)
C. Richter King, Ph.D., Vice President, Research	17,383	-0-
David W. Robinson, Vice President, Commercial Development	-0-	-0-
Robert S. Tenerowicz, Vice President, Process Development and Clinical Supplies	13,562	-0-
Herbert J. Conrad, Chairman of the Board of Directors	20,000	-0-
Barbara Hackman Franklin, Director	20,000	-0-
Wayne T. Hockmeyer, Ph.D., Director	11,500	-0-
William N. Kelley, M.D., Director	15,000	-0-
John H. Landon, Director	15,000	3,000
Louis M. Sherwood, M.D., Director	15,000	-0-
Harold R. Werner, Director	-0-	-0-
Wendell Wierenga, Ph.D., Director	16,250	-0-
David P. Wright, Director	-0-	-0-

(1) Includes number of shares subject to unvested stock options that will accelerate if the merger is completed.

(2) Excludes shares subject to unvested stock options issued to GenVec executives under the 2002 Stock Incentive Plan which will not accelerate immediately upon completion of the merger. These options will, however, accelerate in the event that the executive is terminated without cause or resigns for good reason within two years after the merger is completed.

(3) Value of unvested options is based on the closing price of $2.20 of GenVec common stock on the NASDAQ National Market on July 16, 2003.

(4) The aggregate value of unvested options held by GenVec officers and directors to be accelerated upon completion of the merger will be $3,000.

Diacrin Severance Arrangements

Pursuant to an offer letter, dated February 6, 1990, between Diacrin and Thomas H. Fraser, Ph.D., Diacrin agreed to pay Dr. Fraser six months severance in the event of the involuntary termination of Dr. Fraser's employment with Diacrin. Upon consummation of the merger, at which point Dr. Fraser will cease to be an employee of Diacrin, Dr. Fraser will receive a payment of approximately $175,000 pursuant to this agreement.

Pursuant to Diacrin's base severance policy for all employees, which was adopted in March 2003, Mr. Egan and Mr. Kerrigan are entitled to receive severance benefits if their employment is terminated without cause by Diacrin. The severance payment would be equal to one week of pay for each year of service, with a minimum of two weeks and a maximum of 12 weeks of pay, plus an additional three months of severance pay. These payments would amount to $95,000 in the case of Mr. Egan and $36,000 in the case of Mr. Kerrigan.

Section 16b-3 Exemption

Certain officers and directors of Diacrin will, upon consummation of the merger, become executive officers and/or directors of GenVec and, accordingly will be "reporting persons" of GenVec for the purposes of Section 16 of the Exchange Act. Accordingly, the board of directors of GenVec has passed a resolution exempting, under Rule 16b-3 promulgated under the Exchange Act, GenVec's issuance of GenVec common stock and assumption of outstanding options to purchase Diacrin common stock in connection with the merger.

Interests in Diacrin Common Stock and Common Stock Options

As of the record date for Diacrin's special meeting, Diacrin's executive officers, directors and affiliates beneficially owned an aggregate of approximately 7.0 million shares of Diacrin common stock, entitling them to exercise approximately 39.6% of the voting power of Diacrin common stock entitled to vote at the Diacrin special meeting. The closing of the merger is conditioned upon at least a majority of the outstanding shares of Diacrin common stock voting to adopt the merger agreement and approve the merger.

HealthCare Ventures II, L.P., HealthCare Ventures III, L.P., HealthCare Ventures IV, L.P., Thomas H. Fraser, Ph.D., Zola P. Horovitz, Ph.D., Stelios Papadopoulos, Ph.D., Joshua Ruch, Laguna Vermogensverwaltung GmbH and Rho Management Trust II, in their capacity as stockholders and not directors, have entered into voting agreements pursuant to which they have agreed (1) not to sell a specified number of their shares of Diacrin common stock until the stockholders of GenVec and Diacrin have voted in favor of the adoption of the merger agreement and approval of the merger or the merger agreement has been terminated and (2) to vote a specified number of their shares of Diacrin common stock in favor of the adoption of the merger agreement and approval of the merger. Collectively, the shares of Diacrin common stock held by these stockholders and subject to the voting agreements represented approximately 35% of the outstanding shares of Diacrin common stock on June 26, 2003, the record date for the special meeting of Diacrin stockholders. These officers, directors and significant stockholders of Diacrin also agreed not to sell their shares of GenVec common stock (including shares delivered in exchange for Diacrin common stock upon completion of the merger) for a period of 120 days after the effective date of the merger.

As of June 26, 2003, executive officers and directors of Diacrin held options to purchase a total of 735,000 shares of Diacrin common stock, at exercise prices ranging from $1.06 to $12.00 per share, of which 243,000 are unvested. GenVec will assume all Diacrin options outstanding at the effective date of the merger. The merger, if completed, will not cause acceleration of any outstanding Diacrin options.

Registration Rights Granted to Affiliates

GenVec has agreed to file and use its best efforts to have declared effective a resale registration statement permitting each Diacrin affiliate who will hold more than 1% of the outstanding capital stock of GenVec immediately upon completion of the merger to publicly resell shares of GenVec common stock without regard to the restrictions imposed by Rule 145 under the Securities Act. GenVec has also agreed to keep such resale registration statement effective until the restrictions imposed by Rule 145 no longer apply to such Diacrin affiliates. These Diacrin affiliates include the following executive officers and directors of Diacrin: John W. Littlechild, Joshua Ruch and Thomas H. Fraser. In the aggregate, GenVec has agreed to register 10,357,209 shares of GenVec common stock for resale by these Diacrin affiliates. Of the 10,357,209 shares of GenVec common stock that GenVec proposed to register for resale, in the aggregate a total of 6,854,462 shares of GenVec common stock will be owned by HealthCare Ventures funds after completion of the proposed merger. Specifically, HealthCare Ventures II, L.P. will own 4,887,911 shares of GenVec common stock, HealthCare Ventures III, L.P. will own 1,520,144 shares of GenVec common stock and HealthCare Ventures IV, L.P. will own 446,407 shares of GenVec common stock.

Indemnification and Insurance

GenVec and Diacrin have agreed that, to the fullest extent permitted under applicable law, following the merger, GenVec will indemnify and hold harmless each present and former director and officer of Diacrin and its subsidiary against any costs or expenses (including advancing reasonable attorneys' fees and expenses), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation based on, arising out of or pertaining to matters existing or occurring on or prior to the effective date of the merger. Persons eligible for indemnification are referred to in this document as the "indemnified parties."

GenVec has agreed that, for a period of up to six years after the effective date of the merger, it will cause directors and officers of Diacrin on or before the effective date of the merger to be covered by GenVec's existing directors' and officers' liability insurance policy or a substitute policy having at least the same coverage and containing terms and conditions that are not materially less favorable than Diacrin's existing directors' and officers' liability insurance policy. GenVec will not, however, be required to pay annual premiums in excess of $500,000 for such coverage.

Dr. Fraser Consulting Agreement

GenVec has agreed that, upon completion of the merger, it will enter into a consulting agreement with Dr. Thomas H. Fraser providing for Dr. Fraser to serve as Chairman of GenVec's Board of Directors and as a part-time consultant to GenVec. Under the terms of the consulting agreement, Dr. Fraser will devote approximately 20% of his working time to the business and affairs of GenVec (including time spent in his capacity as a director of GenVec). For his services, Dr. Fraser will be paid an annual consulting fee of $30,000 plus customary compensation for his services as a director and as Chairman of GenVec's Board of Directors. During 2002, the fee paid by GenVec to its current Chairman of the Board of Directors consisted of $4,000 for each board meeting attended, $1,000 for each committee meeting attended, $6,000 per quarter as a retainer and an option to purchase 22,500 shares of GenVec common stock.

New GenVec Directors

Following completion of the merger, current Diacrin directors Zola P. Horovitz, Stelios Papadopoulos and Joshua Ruch will serve on the GenVec board of directors. During 2002, each GenVec non-employee director received $2,000 per board meeting attended, $1,000 per committee meeting attended after April 19, 2002 and $3,000 per quarter as a retainer.

Managing Director of Financial Advisor

Dr. Stelios Papadopoulos, a member of the Diacrin board of directors, is a Managing Director of SG Cowen Securities Corporation, which served as Diacrin's financial advisor in connection with the merger. If the merger is completed, Diacrin has agreed to pay SG Cowen Securities Corporation a transaction fee of $900,000. Diacrin has already paid SG Cowen a $500,000 fee for rendering its opinion, which will be credited against the $900,000 transaction fee. In addition, Diacrin agreed to reimburse SG Cowen Securities Corporation for all out-of-pocket expenses, including legal fees, incurred in connection with the services it provides to Diacrin in connection with the merger and has agreed to indemnify SG Cowen Securities Corporation against certain liabilities, including liabilities arising under federal securities laws. Dr. Papadopoulos participated in Diacrin's board deliberations regarding the merger. Dr. Papadopoulos was not involved in the preparation of SG Cowen's fairness opinion.

HealthCare Ventures Stock Ownership

HealthCare Ventures LLC, and its affiliated entities, are significant stockholders in both GenVec and Diacrin. As of March 31, 2003, HealthCare Ventures, and its affiliated entities, owned 3,582,000

shares of GenVec common stock (or approximately 16% of GenVec's outstanding common stock) and 4,482,385 shares of Diacrin common stock (or approximately 25% of Diacrin's outstanding common stock). For additional information, see "Information about Diacrin Security Ownership of Certain Beneficial Owners and Management."

Mr. Harold R. Werner, a member of GenVec's board of directors, is a cofounder of HealthCare Ventures and a general partner of several HealthCare Venture funds. Mr. Werner did not participate in any GenVec board of directors or finance committee discussions regarding a potential merger of GenVec and Diacrin. Mr. John W. Littlechild, a member of Diacrin's board of directors and a general partner of several HealthCare Venture funds, recused himself from all deliberations of the board of directors of Diacrin regarding the merger.

Rho Management Trust II, which owned 8.9% of Diacrin's outstanding capital stock as of March 31, 2003, is a limited partner of various HealthCare Venture funds. As of March 31, 2003, Rho also held approximately 18.7% and 53.7% of the outstanding limited partnership interests of each of HealthCare Ventures IV, L.P. and HealthCare Ventures III, L.P., respectively, each of which own shares of Diacrin common stock and approximately 9.6% and 1.3% of the outstanding limited partnership interests of HealthCare Ventures V and HealthCare Ventures VI, respectively, each of which own shares of GenVec Common Stock. Joshua Ruch, a member of Diacrin's board of directors, is a controlling person of Rho.

Delisting and Deregistration of Diacrin Common Stock after the Merger

If the merger is completed, Diacrin common stock will be delisted from the NASDAQ National Market and will be deregistered under the Securities Exchange Act of 1934.

Accounting Treatment of the Merger

GenVec intends to account for the merger under the purchase method of accounting for business combinations.

For purposes of preparing the combined company's consolidated financial statements, the combined company will establish a new accounting basis for Diacrin's assets and liabilities based upon their fair values as of the effective date of the merger, the merger consideration and the costs of the merger. The results of the preliminary determination indicate an excess of fair value of net tangible and identifiable intangible assets of Diacrin over the cost, thus creating negative goodwill. In accordance with Statement of Financial Accounting Standards No. 141 (referred to as SFAS No. 141), this negative goodwill has been recognized as an extraordinary gain. Pursuant to SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill will no longer be subject to amortization over

its estimated useful life. Rather, goodwill will be subject to at least annual assessment for impairment based on a fair value test. Identifiable intangible assets with finite lives will be amortized over those lives. A final determination of the intangible asset values and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. The combined company will determine the fair value of Diacrin's assets and liabilities and will make appropriate business combination accounting adjustments. However, for purposes of disclosing pro forma information in this joint proxy statement/prospectus, the combined company has made a preliminary determination of the purchase price allocation, based upon current estimates and assumptions, which is subject to revision upon consummation of the merger.

SUMMARY OF MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the merger to a holder of Diacrin common stock. This discussion is based on laws, regulations, rulings and judicial decisions as they exist on the date of this document. These authorities are all subject to change and any such change may be made with retroactive effect.

The federal income tax laws are complex and the tax consequences of the merger can vary depending upon each stockholder's individual circumstances or tax status. This discussion is not a complete description of the United States federal income tax consequences of the merger. Moreover, some stockholders such as foreign persons, traders in securities, financial institutions, tax-exempt organizations, insurance companies, persons who hold shares of Diacrin common stock in an individual retirement account or similar tax-favored account, persons who acquired shares of Diacrin common stock pursuant to the exercise of employee stock options or rights or otherwise as compensation, persons subject to the alternative minimum tax provisions of the Internal Revenue Code, and persons who acquired Diacrin common stock as part of a hedge, straddle, conversion or other risk reduction or constructive sale transaction, may be subject to special rules. In addition, this discussion does not address any of the state, local or foreign tax consequences of the merger.

Because of the complexities of the tax laws, each Diacrin stockholder is urged to consult a tax advisor regarding the federal, state, local, foreign and other tax consequences of the merger in light of the particular circumstances of such stockholder.

Tax Opinions

In connection with the filing with the Securities and Exchange Commission of the registration statement of which this document is a part, Arnold & Porter, special counsel to GenVec, and Hale and Dorr LLP, special counsel to Diacrin, have delivered opinions to their respective clients to the effect that, based on facts and representations provided to such counsel and assumptions stated in the opinions, the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The obligations of the parties to consummate the merger are conditional upon the receipt by GenVec and Diacrin of additional opinions of Arnold & Porter and Hale and Dorr LLP, respectively, each dated as of the effective date of the merger, to the same effect; namely, that, based on facts and representations provided to such counsel and assumptions stated in the opinions, the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. No ruling will be requested from the Internal Revenue Service regarding the tax consequences of the merger.

These tax opinions are and will be based on the representations made in letters that have been (and, in the case of the tax opinions to be rendered effective as of the date of the merger, will be) provided by GenVec and Diacrin to Arnold & Porter and Hale and Dorr LLP, the accuracy of which is critical to the conclusions stated in the tax opinions. Moreover, these tax opinions are not binding on the Internal Revenue Service, and none of these opinions would prevent the Internal Revenue Service from challenging the United States federal income tax treatment of the merger.

Federal Income Tax Consequences to Diacrin Stockholders

The consequences of the merger being treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code are that, for federal income tax purposes:

- No gain or loss will be recognized by stockholders of Diacrin upon the exchange of their Diacrin common stock solely for shares of GenVec common stock pursuant to the merger (except with respect to cash received instead of a fractional share interest in GenVec common stock).

Cash proceeds received by a stockholder of Diacrin instead of a fractional interest in GenVec common stock will be treated as though the fractional share had been received and then redeemed for cash. A stockholder of Diacrin who receives cash instead of a fractional share of GenVec common stock will recognize gain or loss equal to the difference between the cash received and the portion of the basis of the stockholder's shares of Diacrin common stock allocable to that fractional interest. This gain or loss generally will be capital gain or loss provided the Diacrin common stock was held by the stockholder as a capital asset, and generally will be long-term capital gain or loss if the holding period of the Diacrin common stock exchanged for a fractional share was more than one year as of the effective date of the merger. If however, the cash received has the effect of the distribution of a dividend with respect to a holder, part or all of the cash received may be treated as a dividend and as ordinary income.

The aggregate tax basis of the shares of GenVec common stock received by a Diacrin stockholder in the merger (including fractional shares deemed received and redeemed as described above) will be the same as the aggregate tax basis of the shares of Diacrin common stock surrendered by such stockholder for the GenVec common stock.

The holding period of the GenVec common stock received in the merger (including any fractional shares deemed received and redeemed as described above) by a former Diacrin stockholder will include the holding period of the Diacrin common stock surrendered by that stockholder in the merger for the GenVec common stock, provided the Diacrin common stock is held by that stockholder as a capital asset on the effective date of the merger.

Diacrin stockholders will be required to attach a statement to their tax returns for the year of the merger that contains the information listed in Treasury Regulation Section 1.368-3(b). Such statement must include the stockholder's tax basis in the stockholder's Diacrin stock and a description of the GenVec stock received therefor. **Diacrin stockholders are urged to consult their tax advisors with respect to this statement and any other tax reporting requirements.**

Federal Income Tax Consequences to GenVec and GenVec Stockholders

The consequence of the merger being treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code is that, for federal income tax purposes, neither GenVec nor those persons who are GenVec stockholders immediately prior to the merger will recognize gain or loss as a result of the merger.

DESCRIPTION OF GENVEC CAPITAL STOCK

The following is a description of the material terms of GenVec capital stock. For the complete terms of GenVec's capital stock, please refer to GenVec's amended and restated certificate of incorporation and rights agreement.

Authorized and Outstanding Common Stock

As of June 26, 2003, GenVec had 60,000,000 shares of common stock authorized, of which 22,938,639 shares were issued and outstanding. As of that date, 3,462,532 shares of GenVec common stock were subject to outstanding options and 577,646 shares of GenVec common stock were subject to outstanding warrants.

Listing

GenVec's common stock is quoted on the NASDAQ National Market and traded under the symbol "GNVC."

Dividends

GenVec's board of directors may authorize, and GenVec may make, distributions to GenVec's common stockholders, subject to any restriction in GenVec's amended and restated certificate of incorporation and to those limitations prescribed in GenVec's amended and restated by-laws. However, GenVec has never paid cash dividends on its common stock or any other securities. GenVec anticipates that it will retain all of its future earnings, if any, for use in the expansion and operation of its business and does not anticipate paying cash dividends in the foreseeable future.

Fully Paid and Non-Assessable

All shares of GenVec's outstanding common stock are fully paid and non-assessable. Any additional shares of common stock that GenVec issues, including the shares issued in connection with the merger, will be fully paid and non-assessable.

Voting Rights

Each share of GenVec's common stock is entitled to one vote in each matter submitted to a vote of stockholders. Stockholders are not entitled to cumulative voting in the election for directors. GenVec's stockholders may vote either in person or by proxy.

Preemptive, Liquidation and Other Rights

Except as described below, holders of GenVec's common stock have no preemptive rights and have no other rights to subscribe for additional GenVec securities. The common stock does not have any conversion rights or rights of redemption. Upon a liquidation or dissolution of GenVec, all holders of GenVec's common stock are entitled to participate pro rata in GenVec's assets available for distribution, subject to the rights of any class of preferred stock then outstanding.

The holders of shares of GenVec's common stock sold initially to HealthCare Ventures V, L.P. and HealthCare Ventures VI, L.P. in December 2001 have contractual preemptive rights with respect to securities issued by GenVec in certain offerings, including shares of GenVec's common stock and preferred stock, and warrants to purchase GenVec's common and preferred stock. HealthCare Ventures V and VI may transfer their preemptive rights in whole or in part to certain related parties, including their corporate parents, subsidiaries, general or limited partners or affiliates.

HealthCare Ventures V and VI are not permitted to exercise their preemptive rights with regard to certain issuances of GenVec common stock, GenVec preferred stock and warrants to purchase GenVec common stock and preferred stock. Specifically, the issuance of shares of GenVec common stock to Diacrin's stockholders upon completion of the merger is not subject to such preemptive rights. Also, HealthCare Ventures V and VI may not exercise their preemptive rights with respect to issuances of GenVec common stock in connection with the compensation of GenVec employees and directors, public offerings and in connection with any stock split, stock dividend or recapitalization by GenVec. Further, HealthCare Ventures V and VI may not exercise their preemptive rights with respect to issuances of GenVec common stock and GenVec preferred stock and warrants to purchase GenVec common stock and preferred stock in connection with any equipment leasing arrangement or debt financing from a bank or similar financial institution, strategic transactions involving GenVec and other entities, including (i) joint ventures, manufacturing, marketing or distribution arrangements or (ii) technology transfer or development arrangements.

Stockholder Action by Written Consent; Meetings

GenVec's amended and restated certificate of incorporation prohibits stockholder action by written consent in lieu of a stockholder meeting unless expressly permitted in a resolution of the GenVec board of directors providing for the issuance of preferred stock.

GenVec's amended and restated by-laws provide that GenVec must hold an annual meeting of stockholders. Special meetings of GenVec's stockholders may be called at any time only by GenVec's board of directors or president.

Staggered Board of Directors

GenVec's board of directors is divided into three classes, the members of each of which serve for staggered three-year terms. GenVec's stockholders may elect only one-third of the directors each year. The classification of the GenVec board of directors could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, control of GenVec.

Transfer Agent and Registrar

American Stock Transfer & Trust Company is GenVec's transfer agent and registrar.

Rights Agreement

On September 7, 2001, GenVec entered into a rights agreement with American Stock Transfer & Trust Company, pursuant to which the board of directors declared a dividend distribution of one "right" for each outstanding share of GenVec's common stock. The rights trade with, and are inseparable from, GenVec common stock until a distribution date occurs. Once the rights become exercisable, each right will allow its holder to purchase from GenVec one one-hundredth of a share of Series A Junior Participating Preferred Stock, at a purchase price of $50.00. This portion of a preferred share will give the stockholder approximately the same dividend, voting and liquidation rights as would one share of GenVec common stock. Prior to exercise, the rights do not give their holders any dividend, voting or liquidation rights.

The rights only become exercisable on the earlier of: (a) the tenth day following a public announcement that a person or group of affiliated or associated persons, with certain exceptions, has become an acquiring person by beneficially owning 20% or more of the outstanding common stock of GenVec, or (b) the tenth business day after the date of a person's or group's commencement of a tender or exchange offer the consummation of which would result in that person or group becoming an acquiring person.

Once a person or group becomes an acquiring person, the rights have the following "flip-in" and "flip-over" features:

Flip-In: If a person or group becomes an acquiring person, all holders of rights except the acquiring person may, for $50.00 per right, purchase shares of GenVec common stock with a market value of $100.00, based on the market price of the GenVec common stock prior to the acquisition.

Flip-Over: If GenVec is later acquired in a merger or similar transaction after a distribution date has occurred, all holders of rights except the acquiring person may, for $50.00 per right, purchase shares of the acquiring corporation with a market value of $100.00, based on the market price of the acquiring corporation's stock prior to such merger.

Each one one-hundredth of a preferred share, once issued:

will not be redeemable;

will entitle holders to quarterly dividend payments of $0.01, or an amount equal to the dividend paid on one share of GenVec common stock, whichever is greater;

will entitle holders upon liquidation either to receive $1.00 plus accrued and unpaid dividends, or an amount equal to the payment made on one share of GenVec common stock, whichever is greater;

will have the same voting power as one share of GenVec common stock; and

if shares of GenVec common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a payment equal to the payment made on one share of GenVec common stock.

The value of one one-hundredth of a preferred share should approximate the value of one share of GenVec common stock.

GenVec may redeem the rights in whole, but not in part, at any time prior to the earlier of (a) the close of business on the tenth business day following the first date of public announcement by GenVec or an acquiring person that an acquiring person has become such, or (b) September 7, 2011, at a price of $0.01 per right. After the redemption period has expired, GenVec's right of redemption may be reinstated if an acquiring person reduces his beneficial ownership to less than 20% of the outstanding shares of GenVec common stock in a transaction or series of transactions not involving GenVec and there are no other acquiring persons.

The terms of the rights agreement may be amended by the board of directors without the consent of the rights holders with the exception of certain economic terms of the rights. After a distribution date has occurred, the board of directors may not amend the rights agreement in any way that adversely affects the holders of the rights. In connection with the proposed merger with Diacrin, HealthCare Ventures is expected to acquire greater than 20% of the outstanding shares of GenVec common stock. To prevent HealthCare Ventures' and its affiliates' acquisition of GenVec common stock from triggering the rights agreement, GenVec's board approved an amendment to the rights agreement that would allow the merger to occur without triggering any distribution date or other adverse event under the rights agreement.

Description of Preferred Stock

GenVec's amended and restated certificate of incorporation authorizes GenVec's board of directors, without further stockholder action, to provide for the issuance of up to 5,000,000 shares of preferred stock, in one or more classes or series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of

redemption, redemption prices, liquidation preferences and the number of shares constituting any series of the designation of such series. GenVec may, from time to time, amend its amended and restated certificate of incorporation to increase the number of authorized shares of preferred stock. Any such amendment would require the approval of the holders of both a majority of the members of the board of directors then in office and a majority of the voting power of all of the shares of capital stock entitled to vote for directors, without a separate vote of the holders of preferred stock or any series thereof unless a separate vote of any such holder is otherwise required pursuant to the certificate or certificates of designations establishing a series of preferred stock.

As of the date of this joint proxy statement/prospectus, GenVec has 5,000,000 shares of preferred shares authorized, but no shares of preferred stock outstanding. 600,000 shares of GenVec's authorized preferred stock have been designated as Series A Junior Participating Preferred Stock, which may be issued upon the occurrence of a triggering event under GenVec's rights agreement. If Proposal 2 relating the amendment to GenVec's amended and restated certificate of incorporation is approved by GenVec's stockholders at the GenVec annual meeting, the GenVec board of directors will increase GenVec's authorized preferred stock designated as Series A Junior Participating Preferred Stock to 1,000,000 shares.

COMPARISON OF RIGHTS OF HOLDERS OF GENVEC COMMON STOCK AND DIACRIN COMMON STOCK

The rights of GenVec and Diacrin stockholders are currently governed by the Delaware General Corporation Law, and the respective charters and by-laws of GenVec and Diacrin. Upon completion of the merger, Diacrin stockholders will become stockholders of GenVec and, as such, their rights will be governed by the Delaware General Corporation Law and GenVec's amended and restated certificate of incorporation and by-laws.

The following description summarizes the material provisions and material differences that may affect the rights of stockholders of GenVec and stockholders of Diacrin. Diacrin stockholders are encouraged to review the full text of each of the GenVec certificate of incorporation, the GenVec by-laws, the Diacrin certificate of incorporation and the Diacrin by-laws.

Diacrin stockholders should note that there are several provisions of GenVec's amended and restated certificate of incorporation and bylaws that are much more restrictive than the comparable provisions of Diacrin's current certificate of incorporation and bylaws with respect to stockholders' ability to change the composition of the board of directors and approve transactions the stockholders may believe are in their interests. In particular:

- Diacrin stockholders are entitled to vote for all directors each year, and, thus, could change the entire board of directors in a single election of directors; GenVec has a classified board providing that only one-third of the GenVec board of directors is elected in any one year, and, thus, it would take three elections of directors for stockholders to change the entire board of directors and two elections of directors to change a majority of the board of directors. See " Classified Board of Directors."

- Diacrin directors may be removed, with or without cause, by a simple majority of outstanding capital stock entitled to vote in the election of directors; GenVec directors may only be removed for cause, by a vote of 80% of the outstanding capital stock entitled to vote in the election of directors. See " Removal of Directors."

- Diacrin stockholders holding a majority of the outstanding capital stock entitled to vote in the election of directors may call a special stockholders' meeting; GenVec stockholders are not entitled to call a special stockholders' meeting. See " Special Stockholder Meetings." Thus, while Diacrin stockholders could call a special stockholders' meeting for purposes of removing directors or bringing a proposal to the other stockholders for a vote, GenVec stockholders do not have this power.

- Diacrin stockholders are permitted to act by written consent in lieu of a meeting; GenVec stockholders may not act by written consent in lieu of a meeting. See " Stockholder Action by Written Consent." Thus, while Diacrin stockholders could act by written consent to remove directors or approve a transaction, GenVec stockholders do not have this power.

- Diacrin's certificate of incorporation and bylaws may generally be amended by a vote of a majority of the outstanding capital stock entitled to vote in the election of directors; with respect to provisions providing for the classified board, removal of directors, and other matters related to the board of directors, GenVec's certificate of incorporation and bylaws may be amended only by an 80% vote of the outstanding capital stock entitled to vote in the election of directors. See " Amendments to Certificate of Incorporation" and " Amendments to Bylaws."

In addition, unlike Diacrin, GenVec has a stockholder rights plan (a so-called "poison pill"). See " Rights Agreement."

GenVec's amended and restated certificate of incorporation and bylaws provisions described above and the GenVec poison pill may have the effect of deterring unsolicited takeovers of GenVec or preventing changes in control of GenVec's board of directors and management, including transactions

in which GenVec's stockholders might otherwise receive a premium for their shares over the then-market price. In addition, these provisions may limit the ability of GenVec stockholders to approve transactions that they may deem to be in their best interest.

Authorized Common Stock

Under its amended and restated certificate of incorporation, GenVec is authorized to issue 60,000,000 shares of GenVec common stock, par value $0.001 per share, 22,938,639 shares of which were issued and outstanding and 70,950 shares of which were held in treasury as of June 26, 2003. In connection with the merger, GenVec will, subject to stockholder approval, amend its amended and restated certificate of incorporation to provide for the authority to issue up to 100,000,000 shares of its common stock.

Diacrin is authorized by its amended and restated certificate of incorporation to issue 30,000,000 shares of Diacrin common stock, par value $0.01 per share, 18,082,449 shares of which were issued and outstanding as of June 26, 2003.

Authorized Preferred Stock

Under its amended and restated certificate of incorporation, GenVec is authorized to issue, without stockholder approval, up to 5,000,000 shares of preferred stock, par value $0.001 per share, in one or more series, none of which is issued or outstanding. As of June 26, 2003, 600,000 shares of GenVec's authorized preferred stock have been designated as Series A Junior Participating Preferred Stock, which may be issued upon the occurrence of a triggering event under GenVec's rights agreement. For more information on GenVec's rights agreement, see "Description of GenVec Capital Stock Rights Agreement."

Under its amended and restated certificate of incorporation, Diacrin is authorized to issue, without stockholder approval, up to 5,000,000 shares of preferred stock, par value $0.01 per share, in one or more series, none of which is designated, issued or outstanding.

Voting Stock

Each holder of GenVec common stock is entitled to one vote for each share held on all matters submitted to a vote of GenVec stockholders. GenVec's amended and restated certificate of incorporation prohibits cumulative voting.

Each holder of Diacrin common stock is entitled to one vote for each share held on all matters submitted to a vote of Diacrin stockholders. Diacrin's amended and restated certificate of incorporation and its amended and restated by-laws prohibit cumulative voting.

Number of Directors

The GenVec amended and restated by-laws provide that the GenVec board of directors shall consist of a number of directors fixed by the board, which number shall not be less than one. The GenVec board currently consists of ten directors. Pursuant to the merger agreement, GenVec has agreed, upon completion of the merger, to cause its board of directors to consist of nine directors, of which five members will be current GenVec directors and four members will be current Diacrin directors. For more information regarding the composition of GenVec's board of directors following the merger, see "Proposal 1 The Merger Board of Directors, Management and Operations After the Merger Board of Directors; Management."

Diacrin's amended and restated by-laws provide that the Diacrin board of directors shall consist of three directors or such other number as the Diacrin board of directors may fix. The Diacrin board currently consists of five directors.

Classified Board of Directors

GenVec's amended and restated certificate of incorporation provides for three classes of directors, with the classes being as nearly equal in number as reasonably possible. Directors serve for a period of three years, and one class is elected at each annual meeting.

Neither Diacrin's amended and restated certificate of incorporation nor its by-laws provides for a classified board.

Quorum for Meetings of Directors

GenVec's amended and restated by-laws provide that a majority of the total number of directors fixed in accordance with the provisions of the GenVec by-laws shall constitute a quorum at all meetings of the board of directors.

Diacrin's amended and restated by-laws provide that a majority of the total number of directors present in person at any meeting of the board of directors shall constitute a quorum for the transaction of business. If one or more Diacrin directors are disqualified, then the quorum

will be reduced by the number of disqualified directors; however, in no case shall less than one-third of the total number of directors constitute a quorum.

Removal of Directors

GenVec's amended and restated certificate of incorporation provides that directors may be removed for cause by the affirmative vote of 80% of the voting power of all shares of capital stock entitled to vote at an election of directors, except as provided in a resolution of the board of directors providing for preferred stock with respect to directors elected by the holders of such preferred stock.

Diacrin's amended and restated by-laws provide that directors may be removed with or without cause, at any time, by the holders of a majority of the shares then entitled to vote at an election of directors or by written consent of the stockholders.

Amendments to Certificate of Incorporation

GenVec's amended and restated certificate of incorporation may be amended in any manner provided for by law. Except as provided in a resolution of the board of directors providing for preferred stock, any amendment, alteration or repeal of any provision of GenVec's amended and restated certificate of incorporation requires the affirmative vote of both a majority of the directors then in office and a majority of the voting power of all shares of capital stock entitled to vote generally in the election of directors, except that any amendment, alteration or repeal of Articles V (Stockholder Actions), VI (Board of Directors), XI (Amendment of By-laws), XII (Amendment of Certificate of Incorporation) and XIII (Severability) requires the affirmative vote of at least 80% of the voting power of all shares of capital stock entitled to vote generally in the election of directors.

Diacrin's amended and restated certificate of incorporation may be amended in any manner provided for by law.

Filling Vacancies on the Board of Directors

GenVec's amended and restated certificate of incorporation and amended and restated by-laws provide that any vacancies in the board may be filled by a majority of the remaining directors then in office, or by a sole director, even if less than a quorum. The amended and restated certificate of incorporation and amended and restated by-laws further provide that any director appointed in this manner shall hold office until the next election of the class for which such director has been chosen and until his successor has been elected and qualified.

Diacrin's amended and restated by-laws provide that vacancies in the board may be filled by vote of the stockholders or by their written consent, or by a vote of a majority of directors remaining in office or unanimous written consent of the directors remaining in office, in each case even if less than a quorum. Diacrin's amended and restated by-laws further provide that directors elected to fill vacancies shall hold office until the next annual meeting of stockholders and their successors have been elected and qualified.

Amendments to By-Laws

GenVec's amended and restated certificate of incorporation and amended and restated by-laws provide that the by-laws may be altered or repealed by: (a) the affirmative vote of at least a majority of the board of directors then in office, or (b) the affirmative vote of a majority of the voting power of all shares of capital stock entitled to vote generally on the election of directors, except that any amendment, alteration or repeal that is inconsistent with Sections 2.3 (Special Meetings of Stockholders), 2.9 (Action of Stockholders by Written Consent), 2.11 (Stockholder Proposals and Nominations), 3.2 (Number of Directors, Term, Resignation) or 3.3 (Removal of Directors) or Article VIII (Amendment) requires the affirmative vote of at least 80% of the voting power of all shares of capital stock entitled to vote generally on the election of directors.

Diacrin's amended and restated by-laws authorize amendment, adoption or repeal of the by-laws by: (a) a vote or written consent of a majority of shares then entitled to vote at an election of directors or (b) a vote or written consent of the board of directors.

Rights Agreement

GenVec has a Rights Agreement in place pursuant to which each share of GenVec common stock is accompanied by the right, under certain specified circumstances, to purchase one one-hundredth of a share of GenVec Series A Junior Participating Preferred Stock at an initial price of $50.00. This Rights Agreement is described more fully in the section entitled, "Description of GenVec Capital Stock." The Rights Agreement has been amended to prevent it from being triggered by the acquisition of GenVec common stock by HealthCare Ventures LLC in the merger.

Diacrin has not adopted a rights agreement.

Special Stockholder Meetings

GenVec's amended and restated certificate of incorporation and amended and restated by-laws provide that special meetings of stockholders may be called only by the president of GenVec or by resolution adopted by a majority of the board of directors.

Diacrin's amended and restated by-laws provide that a special meeting of stockholders may be called by the board of directors, the chairman of the board, the president, the secretary or the holders of record of at least a majority of the shares of Diacrin stock issued and outstanding and entitled to vote at such meeting.

Stockholder Action by Written Consent

GenVec's amended and restated certificate of incorporation does not permit for written consent to be taken in lieu of a stockholder meeting, unless expressly permitted in a resolution of the board of directors providing for the issuance of preferred stock.

Diacrin's amended and restated by-laws provide that any action required or permitted to be taken at an annual or special meeting by Delaware law may be effected by written consent in lieu of a stockholder meeting.

Limitation of Personal Liability of Directors and Indemnification

GenVec's amended and restated certificate of incorporation and by-laws provide that a director shall, to the extent permitted by the laws of Delaware, have no personal liability to the corporation or to its stockholders for monetary damages for a breach of fiduciary duty as a director.

GenVec's amended and restated certificate of incorporation further provides that each person made a party or threatened to be made a party or otherwise involved in any action, suit or proceeding by reason of the fact: (a) that he or she is or was a director or officer of GenVec, or (b) that he or she, being at the time a director or officer of GenVec, is or was serving at the request of GenVec as a director, trustee, officer, employee or agent of another corporation, partnership, joint venture or other enterprise, will be indemnified by GenVec, to the fullest extent permitted by the Delaware General Corporation Law against all expense, liability and loss incurred or suffered by such person as a result of such service. GenVec's amended and restated certificate of incorporation further provides that GenVec, as authorized by its board of directors, may grant indemnification rights to any employee or agent of GenVec. Any modification or repeal of indemnification rights by stockholders will not adversely affect any rights to indemnification existing at the time of such modification or repeal.

Diacrin's amended and restated certificate of incorporation provides that a director, to the extent permitted by the laws of Delaware, will not be personally liable to Diacrin or its stockholders for monetary damages for breach of fiduciary duty as a director, except for (a) a breach of the duty of loyalty to the corporation or its stockholders, (b) acts or omissions not in good faith or which involve intentional misconduct or knowing violations of the law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director received an improper personal benefit. Diacrin's amended and restated certificate of incorporation further provides that any repeal or modification of the limitation of director's personal liability by the stockholders will not adversely affect any right or protection existing at the time of such repeal or modification.

Diacrin's amended and restated certificate of incorporation provides that a person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of Diacrin or is or was serving, or has agreed to serve, at the request of Diacrin as a director, officer or trustee of another corporation, partnership, joint venture or other enterprise or by reason of any action alleged to have been taken or omitted in such capacity, will be indemnified against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her as a result of such service, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of Diacrin and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. Further, Diacrin will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was, or has agreed to become, a director or officer of Diacrin or is or was serving, or has agreed to serve, at the request of the corporation as a director, officer or trustee of another corporation, partnership, joint venture, or other enterprise or by reason of any action alleged to have been taken or omitted in such capacity. Diacrin will indemnify any such person against all expenses (including attorneys' fees), and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such action, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of Diacrin, except that Diacrin will not indemnify any person for any matter as to which such person has been adjudged liable to Diacrin.

Dividends

GenVec's amended and restated by-laws provide that, subject to its amended and restated certificate of incorporation, the board of directors may declare dividends at any regular or special meeting.

Diacrin's amended and restated certificate of incorporation provides that dividends may be declared and paid on the common stock from funds lawfully available therefor as and when determined by the board of directors.

SUPERVISION AND REGULATION OF GENVEC AND DIACRIN

Regulation by governmental authorities in the United States, the European Union member states and other foreign countries is and will be a significant factor in the development, manufacture and marketing of GenVec's and Diacrin's product candidates and in GenVec's and Diacrin's ongoing research and product development activities. All of GenVec's and Diacrin's products will require regulatory approval by governmental agencies prior to commercialization. In particular, human therapeutic products are subject to rigorous testing and approval procedures by the FDA and similar authorities in foreign countries. Various statutes and regulations govern the preclinical and clinical testing, manufacturing, labeling, storage, distribution, advertising and sale of these products. In the United States, new drugs are subject to extensive regulation under the Federal Food, Drug and Cosmetic Act, commonly referred to as the FFDCA, and biological products are subject to regulation both under provisions of the FFDCA and under the Public Health Service Act. The process of obtaining these approvals and the subsequent requirement to maintain ongoing compliance with applicable statutes and regulations necessitate the expenditure of substantial time and financial and other resources.

Generally, the steps required before GenVec's and Diacrin's proposed products may be marketed in the United States or in foreign countries include:

Preclinical animal and *in vitro* laboratory testing;

Governmental authorization to conduct clinical trials in human volunteers;

Adequate and well-controlled human clinical trials establishing the safety and efficacy of the drug or biologic for its intended use;

Submission of a marketing application to the relevant governmental authorities; and

Governmental approval of the marketing application.

Preclinical testing

Preclinical testing includes animal and *in vitro* laboratory studies to evaluate the safety and potential efficacy of a proposed product. In the United States, the results of these studies are submitted to the FDA as part of an Investigational New Drug application, or IND, which must receive FDA clearance before human clinical testing can begin. Preclinical studies may take several years to complete and there is no guarantee that the FDA will consider the preclinical results sufficient to permit clinical testing to begin under an IND.

Human clinical trials

Clinical trials generally take two to five years to complete and are typically conducted in three phases, which may overlap. Generally, in Phase I, clinical trials are conducted with a small number of healthy human subjects to determine the early safety profile. In Phase II, clinical trials are conducted with groups of patients afflicted with the specific disease in order to determine preliminary efficacy, optimal treatment regimens and expanded evidence of safety. Where a product candidate is found to have an effect at an optimal dose and to have an acceptable safety profile in Phase I, larger scale, multi-center, randomized and blinded Phase III clinical trials are conducted with patients afflicted with the target disease. The Phase III studies are designed to assess further the product's safety and clinical effectiveness and to obtain additional information for labeling. In addition, the FDA may request post-marketing (Phase IV) monitoring of the approved product, during which clinical data are collected on selected groups of patients to monitor longer-term safety.

Submission and review of marketing application

After the completion of Phase III testing, if the data indicate that the drug or biologic product is safe and effective for its intended use, an application containing the preclinical and clinical data may be filed with the FDA to approve the marketing and commercial shipment of the drug. Marketing applications for biological products are submitted to the FDA's Center for Biologic Evaluation and Research, commonly referred to as the CBER, in the form of a Biologics License Application, commonly referred to as a BLA. Marketing applications for drug products are submitted to the FDA's Center for Drug Evaluation and Research, commonly referred to as CDER, in the form of a New Drug Application, commonly referred to as an NDA. The FDA may refuse to accept the BLA or NDA for filing if certain basic standards and requirements are not met. If the BLA or NDA is accepted for filing, the FDA will review the application and grant marketing approval, request additional information, or deny the application if the agency determines that the application does not satisfy the regulatory approval criteria. The FDA review and approval process takes substantial time and effort. FDA approval of a BLA or NDA may take up to two years and may take longer if substantial questions about the filing arise.

GenVec and Diacrin may seek to take advantage of available regulatory pathways that may provide expedited review of their products and allow limited cost recovery during the clinical research phase. These include: (1) expedited review for products that offer improvements over existing therapies for serious and life-threatening conditions, commonly referred to as "fast track" review, and (2) approval for limited cost recovery during clinical testing under "treatment IND" status.

In the Food and Drug Administration Modernization Act of 1997, Congress established a new statutory program to facilitate and expedite FDA's approval of "fast track" products. A fast track product is defined as a new drug intended for the treatment of a serious or life-threatening condition that demonstrates the potential to address an unmet medical need. A product may address an unmet medical need by offering an advantage over existing products such as improved effectiveness, safety, or tolerability. Under the fast track program, the sponsor of a new drug may request the FDA to designate the drug as a fast track product at the time of the IND submission or thereafter. Among other benefits to expedite a fast track product's review and approval, the statute permits FDA to initiate review of sections of a BLA or NDA for a fast track product before the sponsor submits a complete application to the agency.

Several indications being pursued in the clinical development of TNFerade , namely, pancreatic cancer and esophageal cancer, may offer improvements over existing therapies for serious and life threatening conditions. While none of GenVec's product candidates have received fast track review designation, GenVec may request that the FDA designate TNFerade as a fast track product at the conclusion of ongoing dose-escalating trials for esophageal and/or pancreatic cancer.

The Treatment IND is a mechanism that FDA established in 1987 to allow companies to distribute promising investigational therapies to patients outside of established clinical trials and to charge a reasonable fee for such therapies. The disease for which the drug or biological is intended must be serious or life-threatening and there must not be satisfactory alternative treatments. Treatment IND status has been applied to a variety of diseases including cancer, AIDS, Parkinson's disease, Alzheimer's disease and multiple sclerosis and to several anti-infectives for renal transplant patients.

Manufacturing regulations

In addition to obtaining FDA approval for each product, each domestic manufacturing establishment must be registered with the FDA and must comply with current Good Manufacturing Practice regulations, commonly referred to as GMP or cGMP. The FDA periodically inspects each registered manufacturing establishment for GMP compliance. In addition, to supply products for use in the United States, including clinical trials, non-U.S. manufacturing establishments, including third-party

facilities, must comply with cGMP. Such foreign establishments must register with the FDA and are subject to periodic GMP inspection by the FDA or by corresponding regulatory agencies in their home country under reciprocal agreements with the FDA.

Marketing and advertising

The nature of the marketing claims GenVec and Diacrin will be permitted to make for labeling and advertising will be limited to those allowed in the BLA or NDA approval. Claims beyond those approved would constitute a violation of the FFDCA. Noncompliance with the provisions of the FFDCA or the Public Health Service Act can result in, among other things, loss of BLA or NDA approval, product recall, product seizure, fines, injunctions, and civil or criminal penalties. GenVec's and Diacrin's advertising and marketing activities are also subject to regulation by the Federal Trade Commission under the Federal Trade Commission Act, which prohibits unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce. Violation can result in a variety of enforcement actions including fines, injunctions and other remedies.

Foreign approvals

In the European Union member states and other foreign countries, GenVec's and Diacrin's ability to market a product is contingent upon receiving marketing authorization from the appropriate regulatory authorities. The requirements governing the conduct of clinical trials, marketing authorization, pricing and reimbursement vary from country to country. Generally, GenVec and Diacrin intend to apply for foreign marketing authorizations at a national level. However, within the European Union, centralized procedures are available to companies wishing to market certain products in one or all European Union member states. This centralized process is conducted through the European Medicines Evaluation Agency, commonly referred to as the EMEA. The EMEA coordinates the regulatory process, while a body of experts drawn from member states undertakes the scientific assessment of the product and recommends whether a product satisfies the criteria of safety, quality and efficacy for approval. If the authorities are satisfied that adequate evidence of safety, quality and efficacy has been presented, a marketing authorization will be granted. This foreign regulatory approval process includes all of the risks associated with FDA approval set forth above. GenVec and Diacrin may rely on licensees to obtain regulatory approval for marketing certain of their products in certain European Union member states or other foreign countries.

Other regulations

GenVec and Diacrin are subject to regulation under various state and federal labor and environmental laws and regulations, including the Occupational Safety and Health Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, and regulations promulgated thereunder. These and other laws govern GenVec's and Diacrin's use, handling, transportation, and disposal of various biological, chemical, and radioactive materials and substances, including recombinant DNA materials and infectious disease agents. GenVec and Diacrin are not aware of any costs or liabilities in connection with any labor and environmental laws that are reasonably likely to have a material adverse effect on their business or financial condition.

INFORMATION ABOUT GENVEC

Business of GenVec

Overview

GenVec is a clinical-stage biopharmaceutical company developing and working to commercialize innovative therapeutic proteins to treat serious and life-threatening diseases, including cancer and heart disease. GenVec was incorporated in Delaware in 1992. GenVec's principal executive offices are located at 65 West Watkins Mill Road, Gaithersburg, Maryland, 20878, and GenVec's telephone number at that location is (240) 632-0740. GenVec's lead product candidates address significant markets for which no products are currently available or where the current standard of care can be significantly improved. GenVec's most advanced product candidates are:

- TNFerade , which is currently in Phase II trials for the treatment of locally advanced pancreatic cancer and for the treatment of non-metastatic esophageal cancer;
- BIOBYPASS®, which has completed a Phase II trial in 71 patients with severe heart disease who have no treatment options; and
- AdPEDF, which is currently in a Phase I trial for the treatment of wet age-related macular degeneration, a leading cause of blindness in individuals over the age of 50.

GenVec's product candidates are based on GenVec's proprietary technology that uses a vehicle, commonly called a vector, to deliver genes that produce proteins at the site of disease. Each of the genes that is delivered to the site of the disease has been licensed to GenVec for the purpose of researching and developing GenVec's product candidates. Proteins are widely used in the practice of medicine, and have already become medically beneficial FDA-approved products. The medical use of many proteins, however, has historically been limited by the inability to maintain sufficient concentrations of the protein at the site of the disease for a period of time long enough to provide a benefit, while minimizing side effects caused by the protein's presence in other, non-target tissues. GenVec believes that its technology addresses these key hurdles and may have many advantages when compared with other protein therapy approaches including:

- The efficient production of therapeutic proteins at the site of disease;
- Better toleration as described in completed Phase I trials, by localized administration to the diseased tissue thereby avoiding toxicity associated with systemic administration of proteins; and
- More cost-effective development since each of GenVec's product candidates shares common production and scale-up, purification, quality assessment and formulation technologies.

GenVec uses adenovectors to deliver protein-coded genes to cells. Adenovectors are modified adenoviruses, which are naturally occurring viruses that cause ailments like a common cold. GenVec's adenovectors lack the ability to replicate and cannot reproduce themselves inside the body. GenVec's vectors also do not invade or integrate with the DNA of the patients. In essence, the insertion of the gene coded for the therapeutic protein is not permanent. The vector carrying the gene is delivered to the site of disease, produces the therapeutic protein for the desired period of time, and is then eliminated from the body.

GenVec has generated positive data, and its product candidates have been well tolerated in hundreds of patients, in multiple human clinical trials using GenVec's proprietary protein delivery approach. GenVec believes these results support the broad applicability and commercial potential of its product candidates. In addition to its internally developed disease treatment programs, GenVec is

working with its collaborators and customers to develop second-generation vectors and new applications, such as vaccines, for its technology. GenVec's current projects include:

National Institutes of Allergy and Infectious Diseases (NIAID) of the National Institutes of Health (NIH). On January 28, 2002, GenVec signed an initial contract with the Vaccine Research Center (VRC) at NIAID of the NIH under which GenVec will use GenVec's proprietary adenovector technology for developing and producing clinical grade preventative AIDS vaccine candidates. This contract, a cost-plus fixed fee contract, has an initial term of up to three years, a base year plus two option years. Revenue recognized under this contract in the base year amounted to $4.0 million. The first option period covering the year 2003 has been exercised and revenue amounting to $2.4 million has been recognized through March 31, 2003. On April 24, 2003, GenVec announced that it had amended its existing agreement with the VRC/NIAID/NIH to begin development of a clinical grade vaccine candidate against SARS. Under the contract amendment, GenVec may receive up to $420,000. In addition, GenVec has had a Cooperative Research and Development Agreement (CRADA), in place with NIAID since October of 2001 related to the AIDS vaccine development and on April 28, 2003 signed a Letter of Intent to put in place a CRADA related to SARS vaccine development. These CRADA's govern preclinical collaborations to evaluate and develop adenoviral vectors expressing modified HIV-1 and SARS genes, respectively, for vaccine purposes. The CRADA's include an option to exclusively license new technology developed under the preclinical research project, but does not include any additional funding for GenVec.

U.S. Naval Medical Research Center (NMRC). On January 8, 2003, GenVec signed an initial contract with NMRC allowing NMRC to use GenVec's proprietary adenovector technology for the development of vaccines against malaria and dengue virus. Under the two-year, fixed fee contract, GenVec will receive $1.9 million and will be responsible for constructing and producing adenovector-based vaccine candidates using GenVec's proprietary cell line and second-generation adenovector technology. Revenue of $294,000 has been recognized through March 31, 2003 under this contract. In addition, GenVec signed a CRADA with NMRC on March 24, 2003. This CRADA governs a preclinical collaboration to evaluate and develop adenoviral vectors expressing modified malaria and dengue virus genes, for vaccine purposes. The CRADA includes an option to exclusively license new technology developed under the preclinical research project, but does not include any additional funding for GenVec.

FUSO Pharmaceuticals Industries, Ltd. In December 2002, GenVec announced a new, three-year $4.5 million ($1.5 million per year) funded research agreement with FUSO Pharmaceuticals. This follows the conclusion of a former collaboration, which ran from 1997 to 2002. GenVec established the new collaboration to identify a targeted cancer therapy candidate designed to treat not only a primary tumor, but also cancer that has spread, or metastasized, to distant sites in the body. The intended targeted cancer therapy is expected to incorporate the gene TNF-alpha. Under the terms of the agreement, GenVec has worldwide rights, excluding Japan, to develop and commercialize product candidates arising from the collaboration. FUSO has development and commercialization rights in Japan, and an option to commercialize in Korea and Taiwan. These rights will be returned to GenVec if the agreement is terminated within two years of the effective date. In addition to the research funding, the agreement includes development milestone payments and royalties on commercial sales by FUSO of any products arising from the collaboration. Each party will be responsible for development and commercialization costs in its respective territories.

GenVec's Product Candidates

Product Candidate:	Disease Indication:	Therapeutic Protein:	Status:
TNFerade	Pancreatic Cancer	TNF-alpha	Phase II
	Esophageal Cancer	TNF-alpha	Phase II
BIOBYPASS®	Coronary Artery Disease	$VEGF_{121}$	Phase II
AdPEDF	Wet Age-Related Macular Degeneration	PEDF	Phase I

TNFerade for cancer. TNFerade , GenVec's lead product candidate, is designed for the treatment of cancer in conjunction with radiation and chemotherapy. Cancer is the second leading cause of death in the United States and approximately 60% of all cancer patients in the United States receive radiation therapy as part of their standard treatment. TNFerade produces tumor necrosis factor-alpha (TNF-alpha), a protein with a well-documented anticancer effect, directly at the site of disease through an injection into the tumor. The production of the TNF-alpha protein in the tumor is increased by therapies such as radiation and chemotherapy. Using its proprietary technology, GenVec delivers the TNF-alpha protein using an adenovector that is designed to produce the greatest amount of protein when exposed to radiation therapy. GenVec's approach is intended to enable the controlled production over a specific period of time of the TNF-alpha protein inside the tumor while avoiding unwanted exposure to healthy tissue.

GenVec initiated the dose escalation portion of two separate Phase II clinical trials in patients with locally advanced inoperable pancreatic cancer in July 2002 and in patients with non-metastatic esophageal cancer in November 2002. Interim results from the pancreatic cancer study were presented at the American Society of Clinical Oncology (ASCO) annual meeting in early June 2003 indicating that TNFerade, when used in combination with standard chemotherapy and radiation, was well tolerated at the two dose levels evaluated to date. In addition, local control or stabilization of the treated tumors was seen in 11 of the 17 evaluable patients (65%) as reported by an independent radiology laboratory. Following treatment, two patients with previously inoperable tumors were able to have their cancers removed surgically with no evidence of cancer in the surrounding tissue. Subject to a review of the emerging Phase II clinical data with the FDA, GenVec plans to initiate a randomized, controlled Phase II trial of TNFerade for the treatment of either pancreatic cancer or non-metastatic esophageal cancer as early as the end of 2003. In two separate Phase I trials (one in solid tumors and one in soft tissue sarcomas), TNFerade in conjunction with radiation therapy was shown to be well tolerated and a dose-related 25% or greater reduction in tumor size was observed in more than 70% of patients with cancers including melanoma, pancreatic, small cell lung, rectal, breast and sarcoma.

BIOBYPASS® for severe heart disease. BIOBYPASS® is designed for the treatment of coronary artery disease. As a result of blocked arteries in the heart, patients with severe coronary artery disease typically experience severe, often immobilizing, pain from minimum physical activity such as walking. This pain is known as hypoxic pain because it results from a lack of oxygen to the tissues. BIOBYPASS® is intended to restore blood flow to areas of the heart with insufficient blood flow through the formation of new blood vessels, a process known as angiogenesis. BIOBYPASS® produces the therapeutic protein, vascular endothelial growth factor ($VEGF_{121}$) that stimulates the growth of new blood vessels in heart tissue and restores blood flow to areas of the heart with poor blood flow. GenVec's approach of directly injecting BIOBYPASS® into the heart wall through a minimally invasive catheter approach enables the sustained, controlled production of the $VEGF_{121}$ protein in the area of the heart with poor blood flow.

In May 2002, GenVec completed a randomized, controlled study of 71 patients with severe coronary artery disease and no treatment options. In November 2002, GenVec presented statistically significant, positive results from this proof-of-principle study at the American Heart Association annual

meeting showing that these "no option" patients benefited when they received BIOBYPASS®. Patients treated with BIOBYPASS® showed a greater ability to exercise, less chest pain, less need for medication for angina pain and an improved quality of life compared to patients receiving the current standard of care. There were no drug-related serious adverse events or dose limiting toxicities. Also in 2002, GenVec completed a clinical study designed to demonstrate the feasibility of using an injection catheter to deliver BIOBYPASS® directly to the heart muscle. This study is of importance since GenVec anticipates that the commercialized version of BIOBYPASS® will be delivered by a non-surgical injection catheter such as that used in GenVec's feasibility study. Results of this study were presented at the American College of Cardiology meeting in March 2003, indicating that the catheter delivery approach was feasible. Subject to finding an appropriate strategic partner, GenVec plans to initiate a randomized, placebo-controlled Phase II/III trial using BIOBYPASS® delivered by an injection catheter.

On January 7, 2003, GenVec announced that its 107-patient, randomized, placebo-controlled Phase II clinical trial of BIOBYPASS® for the treatment of a separate indication, peripheral vascular disease, failed to meet its clinical endpoints due primarily to an unexpectedly large placebo response. GenVec believes that this will not affect its continued clinical development of BIOBYPASS® for coronary artery disease because it has achieved statistically significant, positive results in its BIOBYPASS® Phase II trials relating to coronary artery disease.

AdPEDF for treatment of vision loss. GenVec's third product candidate, AdPEDF, is designed for the treatment of wet age-related macular degeneration. Macular degeneration is a progressive eye disease in which new capillaries grow behind the retina. In wet age-related macular degeneration, the new capillaries leak blood or a fluid into a portion of the eye, which damages vision cells. According to the Macular Degeneration Network, and others, there are approximately 200,000 new cases of wet age-related macular degeneration diagnosed each year in the United States and it is a leading cause of blindness in individuals over the age of 50. AdPEDF uses GenVec's proprietary technology to produce the pigment epithelium-derived factor (PEDF) protein, a natural inhibitor of angiogenesis, in the eye.

During 2002, GenVec initiated a Phase I clinical trial of AdPEDF and expects enrollment to be completed by the first half of 2004. In preclinical studies in animal models, AdPEDF inhibited the growth of new, unwanted blood vessels in the eye and caused established abnormal blood vessels to regress. GenVec presented preclinical findings for its AdPEDF product candidate at the Association for Research in Vision and Ophthalmology (ARVO) meeting in May 2003.

GenVec's Strategy

GenVec's primary objective is to develop and commercialize products that are safer and more effective for major medical needs. GenVec intends to pursue this objective through the following strategies:

Develop and commercialize GenVec's lead product candidate, TNFerade , for the treatment of cancer. GenVec has chosen locally advanced pancreatic cancer and non-metastatic esophageal cancer as lead indications for TNFerade because current therapy for these cancers is poor and local control of the tumor can lead to improved survival. GenVec believes that TNFerade for these indications offers GenVec's most rapid path to commercialization of a product candidate because:

- GenVec expects to initiate a randomized, controlled trial of TNFerade as early as the end of 2003;
- The development process for cancer drugs, particularly those where the current therapy is poor, can typically be accomplished in a relatively cost-effective manner and short time period;

- GenVec believes that it has or will have the ability to commercialize and market TNFerade itself because it expects the marketing of TNFerade will require a relatively small sales force; and
- GenVec will seek to retain significant commercial rights to TNFerade in North America and it is currently seeking relationships to lead the registration and commercialization efforts in Europe and the Pacific Rim and to help fund clinical development of TNFerade in North America.

Develop and commercialize BIOBYPASS® and AdPEDF through corporate alliances. GenVec intends to form strategic alliances with other companies to develop and commercialize BIOBYPASS® for patients with severe heart disease and AdPEDF for patients with wet age-related macular degeneration. GenVec anticipates that it will share the risks and costs of development by partnering these programs before completion of pivotal trials, which it expects may require granting commercialization rights to its collaborators. These relationships will allow GenVec to further the development of BIOBYPASS® and AdPEDF while it focuses its internal efforts on the development and commercialization of its lead product candidate, TNFerade .

Expand GenVec's product candidate pipeline and enhance its technology base. GenVec will continue to seek to enhance its gene delivery capabilities through internal research, external collaborations and acquisitions. GenVec has received funding for research collaborations to develop vaccines against HIV, malaria, dengue and SARS viruses and to develop a second-generation TNFerade product candidate. GenVec expects improvements in its core technology to enhance its drug discovery efforts and lead to additional product candidates. GenVec intends to further strengthen its technologies relating to process development, formulation and manufacturing. GenVec also intends to supplement its own development efforts through the acquisition of products and technologies that complement its general product development strategy.

Drug Discovery and Development Platform

GenVec has focused on developing technology to effectively and selectively deliver genes to cause the production of proteins at the location needed to treat disease. Using its technology, GenVec believes it can: rapidly put genes into vectors to evaluate gene function and usefulness in therapy; deliver its product candidates locally to specific organs or cell types to avoid systemic exposure; achieve highly efficient gene delivery to target cells with lower dosages; control the rate and duration of gene expression directed by its product candidates to allow flexibility in treating different diseases; and produce commercial quantities of its product candidates in a stable, easy-to-use form.

In constructing its product candidates, GenVec combines a gene with a vector. GenVec derives its vectors from a naturally occurring virus, called an adenovirus. In humans, adenoviruses reproduce in certain tissues, spread and can cause a form of the common cold. GenVec designs its vectors so that they cannot reproduce themselves or cause a cold. GenVec does this to limit toxicity, including unwanted effects on target cells and the surrounding tissue, and to reduce any immune response to its vectors. GenVec has multiple versions of vectors that cannot reproduce themselves. GenVec's intellectual property extends to cover the production of stocks of vectors that do not contain any virus that can reproduce itself. These are known as replication-deficient adenovector stocks.

When administered to tissues, GenVec's vectors enter target cells and the protein encoded by the inserted gene is produced by the target cell. These vectors can be used for functional genomics purposes to help determine the function of a specific gene and its potential use as a therapy, as well as to create product candidates. The benefits of vectors can be increased measurably for both functional genomics and product development purposes if the vector's ability to enter desired cells and tissues is broadened or specified. Unlike most other vector systems, adenovectors have the potential to be readily

re-engineered to alter their performance characteristics, including their ability to efficiently deliver genes to a wide range of tissues or to only select cells in the targeted tissue.

GenVec believes that adenoviruses are an excellent starting point for generating vectors because they are highly efficient methods for delivering genes, can be readily modified and have the following safety characteristics:

- adenoviruses do not integrate into the DNA of the target cell, thereby minimizing the potential for mutations that can occur with other vector systems;
- adenoviruses are naturally eliminated from cells and tissues; and
- vectors derived from adenoviruses have been well tolerated in clinical testing when administered locally. Thousands of patients have been treated, with very few serious adverse events related to the vector.

Technology for Local Delivery And Expression of Genes

Use of delivery devices. To achieve local production of proteins, GenVec administers its product candidates directly to the site of disease using standard medical devices, such as injection catheters or syringes. Direct administration of its products into diseased tissue allows GenVec to increase effectiveness by achieving high concentrations of the protein at disease sites while improving safety by significantly avoiding exposure throughout the body. For example, GenVec is using needle-injection catheters so that the interventional cardiologist can administer BIOBYPASS® angiogen directly into the diseased areas of the heart.

Delivering genes to cells. Adenoviruses enter cells by binding to receptors on the surface of the cells. In its BioBYPASS® program, GenVec has taken advantage of its adenovector's natural binding to the muscle cells found in the heart. By modifying the molecular interactions that specify how vectors derived from adenoviruses bind to cells, GenVec has developed technology to direct the binding of its vectors to different target receptors to enable a broad range of therapies.

GenVec can alter its adenovectors by adding new binding specificities thereby creating next generation adenovectors with new binding sites to deliver therapeutic genes to specified target cells.

DART Vectors. GenVec has developed Directed And Restricted Tropism, or DART, vectors that enable it to create product candidates that deliver genes only to specific cells. In order to achieve selective delivery to target cells, GenVec removes the ability of the vector to bind to the cell surface receptors. GenVec then inserts new binding sites into the vector that bind to specific receptors found on the surfaces of target cells. GenVec has a broad proprietary position covering DART vectors, including special cell lines required for their production.

UTV Technology. GenVec's proprietary Universal Transduction Vector, or UTV, technology allows it to create product candidates that deliver genes to essentially all cell types, including those types that do not contain the adenovirus receptor on their surface. GenVec has engineered its vectors to contain a new binding site that allows binding to all cells that it has tested to date.

GenVec currently uses both UTV technology and DART vectors in its drug discovery process and GenVec may incorporate these technologies into its next generation product candidates.

Control of gene expression. GenVec's technology also allows it to control the location, duration and rate of therapeutic gene expression. GenVec controls gene expression by inserting a sequence of DNA, called a promoter, into its vectors adjacent to the therapeutic gene. For some diseases, long-term expression of the therapeutic gene is required to achieve a clinical benefit. Using its technology, GenVec has been able to achieve therapeutic gene expression for several months. In TNFerade , GenVec intends to achieve local production of the TNF-alpha protein in cancerous

tissue undergoing radiation treatment by inserting a specific promoter that will increase protein production after radiation, enhancing protein concentration in the cancer tissue receiving radiation, thereby increasing effectiveness and decreasing the potential for toxicity. GenVec has broad proprietary technology for the use of radiation-induced gene expression in TNFerade .

Technology for Production, Purification, Quality Assessment and Formulation

GenVec believes its proprietary production technology and know-how facilitates the production, purification, quality assessment and formulation of GenVec's product candidates. The structure of GenVec's core vectors and the procedures for their production and purification enables it to minimize the presence of contaminants. GenVec has an issued U.S. patent broadly covering stocks of adenovectors that cannot reproduce themselves. GenVec believes its proprietary positions in these areas provide a competitive advantage. GenVec expects to use substantially similar methods to produce, purify, assay and formulate many of its adenovector products. This allows GenVec to accelerate product development in a cost effective manner. GenVec has developed production and quality assessment technology suitable for late-stage clinical testing. GenVec currently relies on third-party manufacturers for production of its product candidates for clinical purposes.

Production and Scale Up. GenVec produces its adenovectors using cell lines grown under standardized and controlled conditions. GenVec has developed specialized cell lines for production of its vectors. GenVec has designed its production processes for commercial scale production and to reduce the potential for contamination.

Purification. GenVec has proprietary methods for the purification of its vectors that GenVec believes are suitable for commercial scale as well as for small scale use in discovery and testing of new product candidates.

Quality Assessment. GenVec has established proprietary methods to assess and confirm the quality and purity of vectors for research purposes and clinical testing. GenVec uses advanced techniques to determine the molecular weight of its product candidates as a means to establish product consistency and purity. GenVec has an issued U.S. patent covering this technology. GenVec believes these methods are also suitable for quality assessment of commercial production.

Formulation. GenVec has developed novel product formulations that improve the stability of GenVec's vectors and are covered by an allowed U.S. patent application. GenVec's formulation allows products to be conveniently stored, shipped and used. For research purposes, GenVec's formulation enhances the ease and reproducibility of testing.

Collaborative Relationships

GenVec has received funding or research collaborations to develop vaccines against HIV, malaria, dengue virus and SARS and to develop a second-generation TNFerade product candidate. These funded collaborations help to offset GenVec's development costs and enhance its ability to discover, evaluate, develop and seek to commercialize multiple product candidates.

Fuso Pharmaceuticals Industries, Ltd. In December 2002, GenVec announced a new, three-year $4.5 million funded research agreement with Fuso Pharmaceuticals. This follows the successful conclusion of a former collaboration, which ran from 1997 to 2002. GenVec established the new collaboration to identify a targeted cancer therapy product candidate designed to treat not only a primary tumor, but also cancer that has spread, or metastasized, to distant sites in the body. The intended targeted cancer therapy is expected to incorporate the gene for TNF-alpha. Under the terms of the agreement, GenVec has worldwide rights, excluding Japan, to develop and commercialize product candidates arising from the collaboration. Fuso has development and commercialization rights in Japan, and an option to commercialize in Korea and Taiwan. In

addition to the research funding, the agreement includes development milestone payments and royalties on commercial sales by Fuso of any products arising from the collaboration. Each party will be responsible for development and commercialization costs in its respective territories.

GenVec also is working with selected U.S. government institutions to develop new applications, such as vaccines, for its proprietary platform technology. These collaborations include:

National Institute of Allergy and Infectious Diseases (NIAID) of The National Institutes of Health (NIH). On January 28, 2002, GenVec signed an initial contract with the Vaccine Research Center at the National Institute of Allergy and Infectious Diseases (NIAID) of the National Institutes of Health (NIH) under which GenVec will use its proprietary adenovector technology for the development and manufacture of clinical grade preventative AIDS vaccine candidates. This cost plus fixed fee contract has an initial term of up to three years (a base year plus two option years). The base year portion of the contract has been completed and the first option period covering the year 2003 has been exercised. On April 24, 2003, GenVec announced that it had amended its existing agreement with the Vaccine Research Center at the National Institute of Allergy and Infectious Diseases of The National Institutes of Health to begin development of a clinical grade vaccine against SARS.

U.S. Naval Medical Research Center. On January 8, 2003, GenVec signed an initial contract with the U.S. Naval Medical Research Center (NMRC) allowing the NMRC to use GenVec's proprietary adenovector technology for the development of vaccines against malaria and dengue virus. Under the two-year fixed fee contract, GenVec will receive $1.9 million and will be responsible for constructing and producing adenovector-based vaccine candidates using GenVec's proprietary cell line and second-generation adenovector technology. The NMRC will test the vaccine candidates in preclinical models to assess safety and effectiveness. Clinical trials in humans could commence following successful preclinical testing results and would be funded by the NMRC.

GenVec also sponsors research at leading academic institutions to enhance its ability to discover, evaluate and develop new product candidates. On April 1, 2002, GenVec signed a sponsored research agreement with Cornell University, which extends GenVec's sponsorship of Cornell University's preclinical research in the field of gene therapy. Under the two-year contract, GenVec will pay Cornell University a total of $1,320,000. In connection with the research conducted pursuant to GenVec's sponsored research agreement with Cornell University, GenVec has entered into an exclusive license agreement with Cornell Research Foundation, as amended and restated on March 18, 2002. Under the license agreement, the Cornell Research Foundation has granted to GenVec exclusive licenses in certain intellectual property rights held by Cornell Research Foundation.

Licenses for Therapeutic Genes

To create its product candidates, GenVec combined its vectors with genes intended to produce proteins with therapeutic potential. GenVec has secured licenses to many genes for this purpose. GenVec often seeks to obtain exclusivity, consistent with its business needs, when securing such licenses. In return for the rights GenVec received under its gene licenses, GenVec typically is required to pay royalties based on any commercial sales of the applicable product during a specified time period,

as well as provide additional compensation, including up-front license fees and product development-related milestone payments. GenVec's gene licenses include:

SOURCE	GENE	NATURE OF LICENSE
Asahi Chemical Industry Co., Ltd.	TNF-alpha	United States, non-exclusive, for all gene therapy applications
Scios, Inc	$VEGF_{121}$	Worldwide, exclusive for all gene therapy products
Public Health Service and Northwestern University	PEDF	Worldwide, exclusive for all ocular gene therapy applications

Any of GenVec's licenses may be terminated by the licensor if GenVec is in breach of a term or condition of the license agreement, or if GenVec becomes insolvent. In addition, some of its licenses require GenVec to achieve specific milestones.

Patents, Licenses and Proprietary Rights

GenVec generally seeks patent protection for its technology and product candidates in the United States and abroad. GenVec has submitted patent applications that are pending in the United States and other countries. The patent position of biotechnology firms generally is highly uncertain and involves complex legal and factual questions. GenVec's success will depend, in part, on whether it can:

- obtain patents to protect its own products;
- obtain licenses to use the technologies of third parties, which may be protected by patents;
- protect its trade secrets and know-how; and
- operate without infringing the intellectual property and proprietary rights of others.

Patent rights; licenses. GenVec and its licensors have patents and GenVec continues to seek patent protection for technologies that relate to its product candidates, as well as technologies that may prove useful for future product candidates. As of February 28, 2003, GenVec held or had licenses to 289 issued, allowed or pending patents worldwide, of which 63 are issued or allowed in the U.S. These patents and patent applications pertain to genes that encode therapeutic proteins, expression control elements that regulate the production of the therapeutic proteins by such genes, vectors into which GenVec incorporated such genes and expression control elements to create its product candidates, cell lines used to manufacture its product candidates, targeting technology for adding specificity to its product candidates, methods of constructing, producing (including purification, quality control and assay techniques), storing, and shipping its product candidates, methods of administering its product candidates, and methods of treating disease using its product candidates.

TNFerade . GenVec has a nonexclusive license under the U.S. patent, expiring in 2006, relating to the TNF-alpha gene, which GenVec inserted into an adenovector to create TNFerade . In addition, GenVec has issued patents and pending patent applications pertaining to such adenovectors, the expression control elements used in TNFerade to cause production of the TNF-alpha protein by the TNF-alpha gene, and methods of using TNFerade for treating disease. In particular, GenVec has an issued U.S. patent, expiring in 2014, covering the use of a spacer sequence positioned in a particular location in certain adenovectors for improving the production of the adenovectors, including TNFerade . GenVec has an exclusive license to issued U.S. patents expiring between 2010 and 2015 pertaining to radiation-induced gene expression and a radiation-inducible promoter enabling controlled production of therapeutic proteins from gene therapy products, including TNFerade . GenVec is aware, however, of pending patent applications of third

parties pertaining to adenovectors contemplated for use with TNFerade . It could be alleged that TNFerade conflicts with patents that may issue on