

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 21, 2007

Celsion Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

000-14242
(Commission File Number)

52-1256615
(IRS Employer
Identification No.)

10220-L Old Columbia Road, Columbia, Maryland
(Address of principal executive office)

21046-2364
(Zip Code)

Registrant's telephone number, including area code: (410) 290-5390

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.135-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets.

On June 21, 2007, Celsion Corporation (the "Company") closed the previously announced sale of its Prolieve assets (the "Prolieve Assets") to Boston Scientific Corporation, a Delaware corporation ("Boston Scientific"). The sale of the Prolieve Assets was made pursuant to an Asset Purchase Agreement, dated April 17, 2007 (the "Asset Purchase Agreement"), that was previously filed as Exhibit 10.1 to Form 8-K filed by the Company on April 17, 2007. The use of the Prolieve Assets was approved by the Food and Drug Administration in 2004 for the treatment of benign prostatic hyperplasia. The Prolieve Assets were used by the Company in the manufacture, marketing, sale, distribution and research and development of products using thermal therapy. Prior to the sale of the Prolieve Assets, Boston Scientific was the Company's exclusive distributor of the Prolieve Assets. As of April 30, 2007, Boston Scientific owned 7.94% of the Company's common stock.

The Prolieve Assets were sold to Boston Scientific for an aggregate purchase price of \$60 million payable in three installments consisting of \$30 million at closing and \$15 million on each of the first and second anniversaries of the closing. In addition to the other indemnification provisions, such as indemnification for breaches of representations, warranties and covenants contained in the Asset Purchase Agreement, the Company agreed to indemnify Boston Scientific for a period of two years from the closing, in an amount up to \$15 million of incurred costs, in the event of unforeseen intellectual property claims related to the Prolieve Assets. The \$30 million payable at closing was reduced by approximately \$17 million, representing the principal and accrued interest due on promissory notes previously issued by the Company to Boston Scientific, and by the amounts of certain royalty payments to American Medical Systems, Inc. and AMS Research Corporation (together referred to as "AMS") under the Settlement and License Agreement dated as of February 7, 2007 among AMS and the Company (the "Settlement Agreement"). The Settlement Agreement was previously filed as Exhibit 10.1 to Form 10-Q filed by the Company on May 10, 2007.

The foregoing description of the Asset Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the complete terms of the Asset Purchase Agreement, a copy of which is attached to the Form 8-K filed by the Company on April 18, 2007 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(b) Financial Statements.

The following pro forma financial statements are filed as part of this Current Report on Form 8-K:

- Pro Forma Consolidated Balance Sheet as of March 31, 2007 and notes thereto
- Pro Forma Consolidated Statement of Operations as of March 31, 2007 and notes thereto
- Pro Forma Consolidated Statement of Operations for each of the years ended December 31, 2006, 2005 and 2004 and notes thereto

(c) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated June 21, 2007
10.1	Asset Purchase Agreement, dated as of April 17, 2007, by and between Celsion Corporation and Boston Scientific Corporation, incorporated herein by reference to Exhibit 10.1 to Form 8-K filed by the Company on April 17, 2007.

CELSION CORPORATION
PRO FORMA BALANCE SHEET
(UNAUDITED)

March 31, 2007

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 552,387	\$ 9,043,499 (1)	\$ 9,595,886
Short term investments	7,000,000	—	7,000,000
Accounts receivable - trade	1,113,046	(1,113,046) (2)	—
Other receivables	25,693	14,977,909 (2),(3)	15,003,602
Inventories	2,899,543	(2,899,543) (2)	—
Prepaid Expenses	422,940	(206,799) (4)	216,141
Total current assets	<u>12,013,609</u>	<u>19,802,020</u>	<u>31,815,629</u>
Property and equipment - at cost			
Furniture and office equipment	195,508	—	195,508
Computer hardware and software	319,734	—	319,734
Laboratory and shop equipment	755,482	(401,965) (2)	353,517
Leasehold improvements	132,148	—	132,148
	1,402,872	(401,965)	1,000,907
Less: Accumulated depreciation	925,144	(233,598) (2)	691,546
Net value of property and equipment	<u>477,728</u>	<u>(168,367)</u>	<u>309,361</u>
Other assets			
Advances - Celsion Canada, Ltd. transition agreement	600,782	—	600,782
Note receivable (net of discount of \$230,192)	1,119,808	—	1,119,808
Deposits	787,703	—	787,703
Patent licensing fee	1,648,062	(1,576,812)	71,250
Total other assets	<u>4,156,355</u>	<u>(1,576,812)</u>	<u>2,579,543</u>
Total assets	<u>\$16,647,692</u>	<u>\$18,056,841</u>	<u>\$34,704,533</u>

CELSION CORPORATION
PRO FORMA BALANCE SHEET
(UNAUDITED)

	March 31, 2007		
	<u>As Reported</u>	<u>Adjustments</u>	<u>Pro Forma</u>
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY			
Current liabilities			
Accounts payable - trade	\$ 2,132,390	\$ (1,260,073) (5)	\$ 872,317
Other accrued liabilities	972,314	(675,254) (5)	297,060
Accrued non-cash compensation	4,750	—	4,750
Current portion of deferred revenue	571,428	(571,428) (6)	—
Total current liabilities	<u>3,680,882</u>	<u>(2,506,755)</u>	<u>1,174,127</u>
Long-term liabilities			
Deferred revenue - license fee	1,666,667	(1,666,667) (6)	—
Loan payable - principal	15,000,000	(15,000,000) (7)	—
Loan payable - interest	1,624,573	(1,624,573) (7)	—
Other liabilities	35,176	—	35,176
Total long-term liabilities	<u>18,326,416</u>	<u>(18,291,240)</u>	<u>35,176</u>
Total liabilities	<u>22,007,298</u>	<u>(20,797,995)</u>	<u>1,209,303</u>
Stockholders' (deficit) equity			
Common stock - \$0.01 par value (250,000,000 shares authorized; 10,770,652 shares issued and outstanding at March 31, 2007)	107,707	—	107,707
Additional paid-in capital	87,377,171	—	87,377,171
Accumulated deficit	(92,844,484)	38,854,836	(53,989,648)
Total stockholders' (deficit) equity	<u>(5,359,606)</u>	<u>38,854,836</u>	<u>33,495,230</u>
Total liabilities and stockholders' (deficit) equity	<u>\$ 16,647,692</u>	<u>\$ 18,056,841</u>	<u>\$ 34,704,533</u>

Notes to unaudited Pro Forma Balance Sheet

- (1) To record the cash received with the first installment pursuant to the sale of Prolieve
- (2) To remove the assets conveyed in the sale of Prolieve
- (3) To record the remaining receivable due on the sale of Prolieve net of a reserve for potential claims on Intellectual Property .
- (4) To write off assets that will not be realized after the sale of Prolieve.
- (5) Payables are deemed to have been settled out of the proceeds from the sale.
- (6) To remove the liabilities that will be written off at settlement.
- (7) To record the payment of the loan and interest

CELSION CORPORATION
PRO FORMA STATEMENT OF OPERATIONS
(UNAUDITED)

	Quarter Ended March 31, 2007		
	As Reported	Pro Forma Adjustments	Proforma
Revenues:			
Sales of equipment and parts	\$ 2,931,862	\$ (2,931,862) (1)	\$ —
Returns and allowances	8,897	(8,897) (2)	—
Total revenues	2,922,965	(2,922,965)	—
Cost of sales	1,536,399	(1,536,399) (3)	—
Gross profit	1,386,566	(1,386,566)	—
Operating expenses:			
Research and development	2,425,440	(654,628) (4)	1,770,812
General and administrative	1,294,169	—	1,294,169
Total operating expenses	3,719,609	(654,628)	3,064,981
Loss from operations	(2,333,043)	(731,938)	(3,064,981)
Other income (expense):			
License fee income amortization	142,857	(142,857) (5)	—
Interest income	180,779	—	180,779
Interest expense	(348,263)	—	(348,263)
Loss before income taxes	(2,357,670)	(874,795)	(3,232,465)
Income taxes	—	—	—
Net loss	<u>\$(2,357,670)</u>	<u>\$ (874,795)</u>	<u>\$ (3,232,465)</u>
Net loss per common share (basic and diluted)	<u>\$ (0.22)</u>	<u>\$ (0.08)</u>	<u>\$ (0.31)</u>
Weighted average shares outstanding	<u>10,746,869</u>	<u>10,746,869</u>	<u>10,746,869</u>

Notes to unaudited Pro Forma Statement of Operations

- (1) To remove revenues related to the Prolieve business.
- (2) To remove the returns and allowances related to the Prolieve business.
- (3) To remove the cost of sales related to the Prolieve business.
- (4) To remove research and development expenses related to the Prolieve business.
- (5) To remove license fee amortization related to the Prolieve business.

CELSION CORPORATION
PRO FORMA STATEMENT OF OPERATIONS
(UNAUDITED)

	Year Ended December 31, 2006		
	As Reported	Pro Forma Adjustments	Proforma
Revenues:			
Sales of equipment and parts	\$ 11,624,676	\$(11,624,676) (1)	\$ —
Returns and allowances	373,859	(373,859) (2)	—
Total revenues	11,250,817	(11,250,817)	—
Cost of sales	6,669,075	(6,669,075) (3)	—
Gross profit	4,581,742	(4,581,742)	—
Operating expenses:			
Research and development	9,345,381	(2,914,200) (4)	6,431,181
General and administrative	3,722,991		3,722,991
Total operating expenses	13,068,372	(2,914,200)	10,154,172
Loss from operations	(8,486,630)	(1,667,542)	(10,154,172)
Other income (expense):			
Gain on the sale of Celsion (Canada) Ltd.	1,011,923	—	1,011,923
License fee income amortization	571,429	(571,429) (5)	—
Other expense, net	(213,869)	—	(213,869)
Interest income	636,561	—	636,561
Interest expense	(1,103,644)	—	(1,103,644)
Loss before income taxes	(7,584,230)	(2,238,971)	(9,823,201)
Income taxes	—	—	—
Net loss	\$ (7,584,230)	\$ (2,238,971)	\$ (9,823,201)
Net loss per common share (basic and diluted)	\$ (0.71)	\$ (0.21)	\$ (0.92)
Weighted average shares outstanding	10,728,435	10,728,435	10,728,435

Notes to unaudited Pro Forma Statement of Operations

- (1) To remove revenues related to the Prolieve business.
- (2) To remove the returns and allowances related to the Prolieve business.
- (3) To remove the cost of sales related to the Prolieve business.
- (4) To remove research and development expenses related to the Prolieve business.
- (5) To remove license fee amortization related to the Prolieve business.

CELSION CORPORATION
PRO FORMA STATEMENT OF OPERATIONS
(UNAUDITED)

	Year Ended December 31, 2005		
	As Reported	Pro Forma Adjustments	Proforma
Revenues:			
Sales of equipment and parts	\$12,458,863	\$(12,458,863) (1)	\$ —
Returns and allowances	138,722	(138,722) (2)	—
Total revenues	12,320,141	(12,320,141)	—
Cost of sales	8,112,760	(8,112,760) (3)	—
Gross profit	4,207,381	(4,207,381)	—
Operating expenses:			
Research and development	10,081,483	(3,114,175) (4)	6,967,308
General and administrative	3,405,409	—	3,405,409
Total operating expenses	13,486,892	(3,114,175)	10,372,717
Loss from operations	(9,279,511)	(1,093,206)	(10,372,717)
Other income (expense):			
Gain on the sale of Celsion (Canada) Ltd.	—	—	—
License fee income amortization	571,429	(571,429) (5)	—
Other expense, net	(96,891)	—	(96,891)
Interest income	299,245	—	299,245
Interest expense	(179,591)	—	(179,591)
Loss before income taxes	(8,685,319)	(1,664,635)	(10,349,954)
Income taxes	—	—	—
Net loss	<u>\$ (8,685,319)</u>	<u>\$ (1,664,635)</u>	<u>\$ (10,349,954)</u>
Net loss per common share (basic and diluted)	<u>\$ (0.81)</u>	<u>\$ (0.16)</u>	<u>\$ (0.97)</u>
Weighted average shares outstanding	<u>10,725,091</u>	<u>10,725,091</u>	<u>10,725,091</u>

Notes to unaudited Pro Forma Statement of Operations

- (1) To remove revenues related to the Prolieve business.
- (2) To remove the returns and allowances related to the Prolieve business.
- (3) To remove the cost of sales related to the Prolieve business.
- (4) To remove research and development expenses related to the Prolieve business.
- (5) To remove license fee amortization related to the Prolieve business.

CELSION CORPORATION
PRO FORMA STATEMENT OF OPERATIONS
(UNAUDITED)

	Year Ended December 31, 2004		
	As Reported	Pro Forma Adjustments	Proforma
Revenues:			
Sales of equipment and parts	\$ 2,506,228	\$ (2,506,228) (1)	\$ —
Returns and allowances	—	—	—
Total revenues	2,506,228	(2,506,228)	—
Cost of sales	2,100,888	(2,100,888) (2)	—
Gross profit	405,340	(405,340)	—
Operating expenses:			
Research and development	11,533,421	(3,671,538) (3)	7,861,883
General and administrative	3,470,869	—	3,470,869
Total operating expenses	15,004,290	(3,671,538)	11,332,752
Loss from operations	(14,598,950)	3,266,198	(11,332,752)
Other income (expense):			
Gain on the sale of Celsion (Canada) Ltd.	—	—	—
License fee income amortization	476,191	(476,191) (4)	—
Other expense, net	(92,203)	—	(92,203)
Interest income	229,914	—	229,914
Interest expense	—	—	—
Loss before income taxes	(13,985,048)	2,790,007	(11,195,041)
Income taxes	—	—	—
Net loss	<u>\$(13,985,048)</u>	<u>\$ 2,790,007</u>	<u>\$(11,195,041)</u>
Net loss per common share (basic and diluted)	<u>\$ (1.32)</u>	<u>\$ 0.26</u>	<u>\$ (1.06)</u>
Weighted average shares outstanding	<u>10,583,772</u>	<u>10,583,772</u>	<u>10,583,772</u>

Notes to unaudited Pro Forma Statement of Operations

- (1) To remove revenues related to the Prolieve business.
- (2) To remove the cost of sales related to the Prolieve business.
- (3) To remove research and development expenses related to the Prolieve business.
- (4) To remove license fee amortization related to the Prolieve business.

SIGNATURES

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

CELSION CORPORATION

Date: June 27, 2007

By: /s/ Anthony P. Deasey

Anthony P. Deasey

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated June 21, 2007
10.1	Asset Purchase Agreement, dated as of April 17, 2007, by and between Celsion Corporation and Boston Scientific Corporation, incorporated herein by reference to Exhibit 10.1 to Form 8-K filed by the Company on April 17, 2007.

NEWSRELEASE**CELSION**TM

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CELSION COMPLETES SALE OF PROLIEVE ASSETS**BOSTON SCIENTIFIC PURCHASES PROLIEVE ASSETS FOR \$60 MILLION**

COLUMBIA, MD (June 21, 2007)—**CELSION CORPORATION (AMEX: CLN)** today announced the closing of the previously announced sale of its Prolieve assets to Boston Scientific. Boston Scientific will pay Celsion \$60 million for the Prolieve assets in three installments, \$30 million at closing and \$15 million to be paid on each of the first and second anniversaries of the closing. Celsion repaid the principal and accrued interest on a \$15 million promissory note due to Boston Scientific at closing.

“The proceeds of the sale of the Prolieve assets will underwrite the development of our first drug, ThermoDox[®], for the treatment of primary liver cancer through filing an NDA. They will also enable us to initiate our Phase II studies for recurrent breast cancer on the chest wall,” said Michael H. Tardugno, Celsion’s President and Chief Executive Officer. “This transaction completes Celsion’s transition to an oncology drug company and will enable us to focus all of our resources on the development of ThermoDox. The recently announced indication of clinical activity in recurrent breast cancer on the chest wall, notably the complete response achieved in one patient at a relatively low dose, reaffirms our strategic direction and our excitement for the promise of our heat sensitive liposome platform technology.”

About Celsion: Celsion is dedicated to the development and commercialization of oncology drugs including tumor-targeting treatments using focused heat energy in combination with heat activated drug delivery systems.

For more information on Celsion, visit our website: <http://www.celsion.com>.

Celsion wishes to inform readers that forward-looking statements in this release are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements involve risks and uncertainties including, without limitation, unforeseen changes in the course of research and development activities and in clinical trials by others; possible acquisitions of other technologies, assets or businesses; possible actions by customers, suppliers, competitors, regulatory authorities; and other risks detailed from time to time in the Company’s periodic reports filed with the Securities and Exchange Commission.