

**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 16, 2020 (June 15, 2020)

CELSION CORPORATION
(Exact name of registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation)	001-15911 (Commission File Number)	52-1256615 (IRS Employer Identification No.)
997 Lenox Drive, Suite 100, Lawrenceville, NJ (Address of principal executive offices)		08648-2311 (Zip Code)

(609) 896-9100
(Registrant's telephone number, including area code)

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 obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications 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 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	CLSN	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

At the Company's 2020 Annual Meeting of Stockholders held on June 15, 2020 (the "Annual Meeting"), the Company's stockholders approved an amendment to the Celsion Corporation 2018 Stock Incentive Plan (the "Stock Plan"), which amendment was approved by the Company's board of directors on February 25, 2020. Pursuant to the amendment, the aggregate number of shares of common stock that may be delivered pursuant to all awards granted under the Plan was increased by an additional 2,500,000 shares so that the new aggregate share limit for the Plan is 6,651,038 shares.

A copy of the Second Amendment to the Celsion Corporation 2018 Stock Incentive Plan is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

On June 15, 2020, the Company's board of directors adopted an amendment to the Company's Amended and Restated By-Laws effective immediately to provide for exclusive jurisdictions for certain litigation matters as follows:

Delaware Forum Provision: Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Company's Certificate of Incorporation (the "Certificate") or By-laws; (iv) any action to interpret, apply, enforce or determine the validity of the Certificate or By-laws, or (v) any action asserting a claim against the Company governed by the internal affairs doctrine. The Delaware Forum Provision will not apply to any claims arising under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended (the "Securities Act").

New Jersey Forum Provision: Unless the Company consents in writing to the selection of an alternative forum, the United States District Court for the District of New Jersey is the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act.

A copy of the Amendment to the Amended and Restated By-Laws is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 5.07 Submission of Matters to a Vote of Security Holders.

At the Annual Meeting, the following actions were taken. The proposals below are described in detail in the Company's definitive proxy statement dated April 29, 2020 for the Annual Meeting.

Proposal 1

Each of the individuals listed below was elected, by a majority of the votes cast at the Annual Meeting and entitled to vote on the election of directors, to serve on the Board of Directors until the 2022 Annual Meeting of Stockholders.

Nominee	For	Withheld	Broker Non-Votes
Dr. Augustine Chow	7,153,919	352,726	13,203,094
Dr. Andreas Voss	6,963,547	543,098	13,203,094

In addition to the directors elected above, Mr. Robert W. Hooper, Dr. Alberto R. Martinez, Dr. Donald P. Braun, Dr. Andreas Voss and Mr. Michael H Tardugno continued to serve as directors after the Annual Meeting.

Proposal 2

The proposal to approve, on an advisory basis, the 2020 compensation of the Company's named executive officers ("Say-on-Pay"), was approved based upon the following votes:

For	Against	Abstain	Broker Non-Votes
6,466,665	907,744	132,236	13,203,094

Proposal 3

The proposal to approve, on an advisory basis, the frequency by which future advisory votes on executive compensation will occur was approved for every three years based upon the following votes:

1 Year	2 Year	3 Year	Abstain	Broker Non-Votes
3,475,843	324,558	3,556,296	149,948	13,203,094

Proposal 4

The proposal, by the audit committee of the board of directors of the Company, to ratify the appointment of WithumSmith+ Brown, PC as the independent registered public accounting firm for the fiscal year ending December 31, 2020, as described in the proxy materials, was approved with approximately 94% of the shares present or represented and voting at the Annual Meeting voting for the proposal and approximately 3% voting against the proposal with 3% abstaining.

For	Against	Abstain
19,507,981	582,430	619,328

Proposal 5

The proposal to approve an amendment to the Celsion Corporation 2018 Stock Incentive Plan (the "Stock Plan") was approved based on the following votes:

For	Against	Abstain	Broker Non-Votes
5,154,020	2,281,616	71,009	13,203,094

Item 8.01 Other Events.

The Company entered into a settlement agreement and release with respect to the previously announced derivative and putative class action lawsuit filed in the Superior Court of New Jersey, Mercer County Chancery Division (the "Settlement Agreement"), against the Company (as both a class action defendant and nominal defendant), and certain of its officers and directors, with the caption *O'Connor v. Braun et al.*, Docket No. MER-C-000068-19 (the "Shareholder Action"). The Shareholder Action alleged breaches of the defendants' fiduciary duty based on allegations that the defendants omitted material information and made or approved improper statements when seeking shareholder approval of the Stock Plan. The Settlement Agreement remains subject to the approval of the Superior Court of New Jersey, Mercer County Chancery Division.

Under the terms and conditions of the Settlement Agreement, the parties have agreed to dismiss the Shareholder Action with prejudice and all related claims. The Company has agreed that as soon as is practicable after the execution of the Settlement Agreement, but no later than 30 days after the settlement becomes final, the Company's board of directors shall approve the repricing of the stock options granted on February 12, 2018 to the Company's executive officers and non-employee directors who are named defendants in the Shareholder Action (the "February 2018 Grants") from \$2.22 per share to \$2.58 per share, the closing price of the Company's common stock on May 16, 2018. The Company will pay the plaintiff's counsel's attorneys' fees and expenses in the amount of \$187,500. The Company has also agreed to implement certain corporate governance measures for a period of two years following court approval of the Settlement Agreement, including: (1) retaining an independent compensation consultant every two years, (2) disclosing any equity awards in the annual proxy statement when seeking shareholder approval of a new equity plan or the amendment of an existing equity plan, if the equity awards were previously granted contingent on shareholder approval of such new equity plan or amendment, (3) granting equity awards to non-employee directors at a different board meeting than equity awards to executive officers and (4) making any final deliberations or voting on the compensation of non-employee directors at a different board meeting than any final deliberations or voting on the compensation of executive officers. In addition, each of the parties have entered into a customary mutual release of the other party.

The preceding description of the Settlement Agreement is a summary of the material terms of the agreement and does not purport to be complete. Such summary is qualified in its entirety by the copy of the Settlement Agreement, which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Pursuant to the Settlement Agreement, on June 15, 2020, the Company's board of directors approved the repricing of 1,910,000 February 2018 Grants from an exercise price of \$2.22 to an exercise price of \$2.58 per share.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
3.1	<u>Amendment, dated June 15, 2020, to Amended and Restated By-Laws</u>
10.1	<u>Second Amendment to the Celsion Corporation 2018 Stock Incentive Plan</u>
10.2	<u>Settlement Agreement and Release, by and between the plaintiff to the shareholder action captioned <i>O'Connor v. Braun, et al.</i>, N.J. Super., Dkt. No. MERC-00068-19, William J. O'Connor, derivatively on behalf of Celsion Corporation and individually on behalf of himself and all other similarly situated stockholders of Celsion Corporation and defendants.</u>

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

Dated: June 16, 2020

By: */s/ Jeffrey W. Church*

Jeffrey W. Church

Executive Vice President and Chief Financial Officer

**AMENDMENT TO THE
AMENDED AND RESTATED
BY-LAWS
OF
CELSION CORPORATION**
(the "Corporation")

ARTICLE IX of the Amended and Restated By-laws of the Corporation (the "By-laws"), is hereby amended by adding a new section 9.8 to read as follows:

SECTION 9.8. Exclusive Jurisdiction of Delaware Courts or the United States District Court for the District of New Jersey. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Certificate or By-laws, (iv) any action to interpret, apply, enforce or determine the validity of the Certificate or By-laws, or (v) any action asserting a claim against the Corporation governed by the internal affairs doctrine (the "Delaware Forum Provision"). The Delaware Forum Provision shall not apply to any claims arising under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act"). In addition, unless the Corporation consents in writing to the selection of an alternative forum, the United States District Court for the District of New Jersey shall be the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.8.

CELSION CORPORATION

SECOND AMENDMENT TO THE 2018 STOCK INCENTIVE PLAN

I. INTRODUCTION

1.1 Purposes. The purposes of the Celsion Corporation 2018 Stock Incentive Plan (this “Plan”) are (i) to align the interests of the Company’s stockholders and the recipients of awards under this Plan by increasing the proprietary interest of such recipients in the Company’s growth and success, (ii) to advance the interests of the Company by attracting and retaining Non-Employee Directors, officers, other employees, consultants, independent contractors and agents and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders.

1.2 Certain Definitions.

“Affiliate” shall mean any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own directly or indirectly not less than fifty percent (50%) of such entity.

“Agreement” shall mean the written or electronic agreement evidencing an award hereunder between the Company and the recipient of such award.

“Board” shall mean the Board of Directors of the Company.

“Change in Control” shall have the meaning set forth in Section 5.8(b).

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Committee” shall mean the Compensation Committee of the Board, or a subcommittee thereof, or such other committee designated by the Board, in each case, consisting of two or more members of the Board, each of whom is intended to be (i) a “Non-Employee Director” within the meaning of Rule 16b-3 under the Exchange Act and (ii) “independent” within the meaning of the rules of the Nasdaq Capital Market or, if the Common Stock is not listed on the Nasdaq Capital Market, within the meaning of the rules of the principal stock exchange on which the Common Stock is then traded.

“Common Stock” shall mean the common stock, par value \$0.01 per share, of the Company, and all rights appurtenant thereto.

“Company” shall mean Celsion Corporation, a corporation organized under the laws of the State of Delaware, or any successor thereto.

“Effective Date” shall have the meaning set forth in Section 5.1.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Fair Market Value” shall mean the closing transaction price of a share of Common Stock as reported on the Nasdaq Capital Market on the date as of which such value is being determined or, if the Common Stock is not listed on the Nasdaq Capital Market, the closing transaction price of a share of Common Stock on the principal national stock exchange on which the Common Stock is traded on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if the Common Stock is not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and in compliance with Section 409A of the Code.

“Free-Standing SAR” shall mean an SAR which is not granted in tandem with, or by reference to, an option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock) or, to the extent set forth in the applicable Agreement, cash or a combination thereof, with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

“Incentive Stock Option” shall mean an option to purchase shares of Common Stock that meets the requirements of Section 422 of the Code, or any successor provision, which is intended by the Committee to constitute an Incentive Stock Option.

“Incumbent Board” shall have the meaning set forth in Section 5.8(b).

“Non-Employee Director” shall mean any director of the Company who is not an officer or employee of the Company or any Affiliate or Subsidiary.

“Nonqualified Stock Option” shall mean an option to purchase shares of Common Stock which is not an Incentive Stock Option.

“Other Stock Award” shall mean an award granted pursuant to Section 3.4 of the Plan.

“Performance Award” shall mean a right to receive an amount of cash, Common Stock, or a combination of both, contingent upon the attainment of specified Performance Measures within a specified Performance Period.

“Performance Measures” shall mean the criteria and objectives, established by the Committee, which shall be satisfied or met (i) as a condition to the grant or exercisability of all or a portion of an option or SAR or (ii) during the applicable Restriction Period or Performance Period as a condition to the vesting of the holder’s interest, in the case of a Restricted Stock Award, of the shares of Common Stock subject to such award, or, in the case of a Restricted Stock Unit Award, Other Stock Award or Performance Award, to the holder’s receipt of the shares of Common Stock subject to such award or of payment with respect to such award.

“Performance Period” shall mean any period designated by the Committee during which (i) the Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

“Prior Plan” shall mean the Celsion Corporation 2007 Stock Incentive Plan and each other equity plan maintained by the Company under which awards are outstanding as of the effective date of this Plan.

“Restricted Stock” shall mean shares of Common Stock which are subject to a Restriction Period and which may, in addition thereto, be subject to the attainment of specified Performance Measures within a specified Performance Period.

“Restricted Stock Award” shall mean an award of Restricted Stock under this Plan.

“Restricted Stock Unit” shall mean a right to receive one share of Common Stock or, in lieu thereof and to the extent set forth in the applicable Agreement, the Fair Market Value of such share of Common Stock in cash, which shall be contingent upon the expiration of a specified Restriction Period and which may, in addition thereto, be contingent upon the attainment of specified Performance Measures within a specified Performance Period.

“Restricted Stock Unit Award” shall mean an award of Restricted Stock Units under this Plan.

“Restriction Period” shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award, or (ii) the conditions to vesting applicable to a Restricted Stock Unit Award or Other Stock Award shall remain in effect.

“SAR” shall mean a stock appreciation right which may be a Free-Standing SAR or a Tandem SAR.

“Stock Award” shall mean a Restricted Stock Award, Restricted Stock Unit Award or Other Stock Award.

“Subsidiary” and “Subsidiaries” shall mean only a company or companies, whether now or hereafter existing, within the meaning of the definition of “subsidiary company” provided in Section 424(f) of the Code, or any successor thereto of similar import.

“Substitute Award” shall mean an award granted under this Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, including a merger, combination, consolidation or acquisition of property or stock; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an option or SAR.

“Tandem SAR” shall mean an SAR which is granted in tandem with, or by reference to, an option (including a Nonqualified Stock Option granted prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such option, shares of Common Stock (which may be Restricted Stock) or, to the extent set forth in the applicable Agreement, cash or a combination thereof, with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such option, or portion thereof, which is surrendered.

“Tax Date” shall have the meaning set forth in Section 5.5.

“Ten Percent Holder” shall have the meaning set forth in Section 2.1(a).

1.3 Administration. This Plan shall be administered by the Committee except to the extent the Board elects to administer the Plan, in which case references herein to the “Committee” shall be deemed to include references to the “Board.” Any one or a combination of the following awards may be made under this Plan to eligible persons: (i) options to purchase shares of Common Stock in the form of Incentive Stock Options or Nonqualified Stock Options; (ii) SARs in the form of Tandem SARs or Free-Standing SARs; (iii) Stock Awards in the form of Restricted Stock, Restricted Stock Units or Other Stock Awards; and (iv) Performance Awards. The Committee shall, subject to the terms of this Plan, select eligible persons for participation in this Plan and determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of Common Stock subject to an award, the number of SARs, the number of Restricted Stock Units, the dollar value subject to a Performance Award, the purchase price or base price associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, take action such that (i) any or all outstanding options and SARs shall become exercisable in part or in full, (ii) all or a portion of the Restriction Period applicable to any outstanding awards shall lapse, (iii) all or a portion of the Performance Period applicable to any outstanding awards shall lapse and (iv) the Performance Measures (if any) applicable to any outstanding awards shall be deemed to be satisfied at the target, maximum or any other level. The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities. All such interpretations, rules, regulations and conditions shall be conclusive and binding on all parties.

The Committee may delegate some or all of its power and authority hereunder to the Board (or any members thereof) or, subject to applicable law, to a subcommittee of the Board, a member of the Board, the Chief Executive Officer or other executive officer of the Company as the Committee deems appropriate; provided, however, that the Committee may not delegate its power and authority to a member of the Board, the Chief Executive Officer or other executive officer of the Company with regard to the selection for participation in this Plan of an officer, director or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an award to such an officer, director or other person.

No member of the Board or Committee, and neither the Chief Executive Officer nor any other executive officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Committee and the Chief Executive Officer or other executive officer shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys’ fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company’s Certificate of Incorporation and/or By-laws) and under any directors’ and officers’ liability insurance that may be in effect from time to time.

1.4 Eligibility. Participants in this Plan shall consist of such officers, other employees, Non-Employee Directors, consultants, independent contractors, agents, and persons expected to become officers, other employees, Non-Employee Directors, consultants, independent contractors and agents of the Company and its Affiliates and Subsidiaries as the Committee in its sole discretion may select from time to time. The Committee’s selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. Except as otherwise provided for in an Agreement, for purposes of this Plan, references to employment by the Company shall also mean employment by an Affiliate or Subsidiary, and references to employment shall include service as a Non-Employee Director, consultant, independent contractor or agent. The Committee shall determine, in its sole discretion, the extent to which a participant shall be considered employed during an approved leave of absence.

1.5 Shares Available. Subject to adjustment as provided in Section 5.7 and to all other limits set forth in this Plan, the number of shares of Common Stock available for all awards under this Plan, other than Substitute Awards, shall equal 6,651,038 which is the sum of (i) 4,151,038 shares of Common Stock subject to outstanding awards and (ii) the 2,524,152 shares of Common Stock that remain available for future grants under this Plan and the Celsion Corporation 2007 Stock Incentive Plan as of the Effective Date. All of the shares available under the Plan may be issued under the Plan in connection with Incentive Stock Options. To the extent the Company grants an award under the Plan, the number of shares of Common Stock that remain available for future grants under the Plan shall be reduced by an amount equal to the number of shares subject to such award.

To the extent that shares of Common Stock subject to an outstanding option, SAR, Stock Award or Performance Award granted under the Plan or a similar type of award granted under the Prior Plan, other than Substitute Awards, are not issued or delivered by reason of (i) the expiration, termination, cancellation or forfeiture of such award (excluding shares subject to an option cancelled upon settlement in shares of a related Tandem SAR or shares subject to a Tandem SAR cancelled upon exercise of a related option) or (ii) the settlement of such award in cash, then such shares of Common Stock shall again be available under this Plan; provided, however, that shares of Common Stock subject to an award under this Plan or a Prior Plan shall not again be available for issuance under this Plan if such shares are (x) shares that were subject to an option or stock-settled SAR and were not issued or delivered upon the net settlement or net exercise of such option or SAR, (y) shares delivered to or withheld by the Company to pay the purchase price or the withholding taxes related to an outstanding award or (z) shares repurchased by the Company on the open market with the proceeds of an option exercise.

The number of shares of Common Stock available for awards under this Plan shall not be reduced by (i) the number of shares of Common Stock subject to Substitute Awards or (ii) available shares under a stockholder approved plan of a company or other entity which was a party to a corporate transaction with the Company (as appropriately adjusted to reflect such corporate transaction) which become subject to awards granted under this Plan (subject to applicable stock exchange requirements).

Shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

II. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 Stock Options. The Committee may, in its discretion, grant options to purchase shares of Common Stock to such eligible persons as may be selected by the Committee. Each option, or portion thereof, that is not an Incentive Stock Option, shall be a Nonqualified Stock Option. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which options designated as Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under this Plan or any other plan of the Company, or any parent or Subsidiary) exceeds the amount (currently \$100,000) established by the Code, such options shall constitute Nonqualified Stock Options.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of Shares and Purchase Price. The number of shares of Common Stock subject to an option and the purchase price per share of Common Stock purchasable upon exercise of the option shall be determined by the Committee; provided, however, that the purchase price per share of Common Stock purchasable upon exercise of an option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such option; provided further, that if an Incentive Stock Option shall be granted to any person who, at the time such option is granted, owns capital stock possessing more than 10 percent of the total combined voting power of all classes of capital stock of the Company (or of any parent or Subsidiary) (a “Ten Percent Holder”), the purchase price per share of Common Stock shall not be less than the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

Notwithstanding the foregoing, in the case of an option that is a Substitute Award, the purchase price per share of the shares subject to such option may be less than 100% of the Fair Market Value per share on the date of grant, provided, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate purchase price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate purchase price of such shares.

(b) Option Period and Exercisability. The period during which an option may be exercised shall be determined by the Committee; provided, however, that no option shall be exercised later than ten years after its date of grant; provided further, that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an option or to the exercisability of all or a portion of an option. The Committee shall determine whether an option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable option, or portion thereof, may be exercised only with respect to whole shares of Common Stock.

(c) Method of Exercise. An option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanying such notice with payment therefor in full (or arrangement made for such payment to the Company’s satisfaction) either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) of shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, (D) in cash by a broker-dealer acceptable to the Company to whom the participant has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the option, (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by the participant. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 5.5, have been paid (or arrangement made for such payment to the Company’s satisfaction).

2.2 Stock Appreciation Rights. The Committee may, in its discretion, grant SARs to such eligible persons as may be selected by the Committee. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR.

SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) **Number of SARs and Base Price.** The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related option. The base price of a Free-Standing SAR shall be determined by the Committee; provided, however, that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR (or, if earlier, the date of grant of the option for which the SAR is exchanged or substituted).

Notwithstanding the foregoing, in the case of an SAR that is a Substitute Award, the base price per share of the shares subject to such SAR may be less than 100% of the Fair Market Value per share on the date of grant, provided, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate base price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor company or other entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate base price of such shares.

(b) **Exercise Period and Exercisability.** The period for the exercise of an SAR shall be determined by the Committee; provided, however, that (i) no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related option and (ii) no Free-Standing SAR shall be exercised later than ten years after its date of grant. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free-Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c), or such shares shall be transferred to the holder in book entry form with restrictions on the shares duly noted, and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the exercise of a stock-settled SAR, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c) **Method of Exercise.** A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents as the Company may reasonably request. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until any withholding taxes thereon, as described in Section 5.5, have been paid (or arrangement made for such payment to the Company's satisfaction).

2.3 Termination of Employment or Service. All of the terms relating to the exercise, cancellation or other disposition of an option or SAR (i) upon a termination of employment with or service to the Company of the holder of such option or SAR, as the case may be, whether by reason of disability, retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable award Agreement.

2.4 No Repricing. The Committee shall not, without the approval of the stockholders of the Company, (i) reduce the purchase price or base price of any previously granted option or SAR, (ii) cancel any previously granted option or SAR in exchange for another option or SAR with a lower purchase price or base price or (iii) cancel any previously granted option or SAR in exchange for cash or another award if the purchase price of such option or the base price of such SAR exceeds the Fair Market Value of a share of Common Stock on the date of such cancellation, in each case, other than in connection with a Change in Control or the adjustment provisions set forth in Section 5.7.

2.5 No Dividend Equivalents. Notwithstanding anything in an Agreement to the contrary, the holder of an option or SAR shall not be entitled to receive dividend equivalents with respect to the number of shares of Common Stock subject to such option or SAR.

III. STOCK AWARDS

3.1 Stock Awards. The Committee may, in its discretion, grant Stock Awards to such eligible persons as may be selected by the Committee. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Restricted Stock Award, a Restricted Stock Unit Award or, in the case of an Other Stock Award, the type of award being granted.

3.2 Terms of Restricted Stock Awards. Restricted Stock Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) **Number of Shares and Other Terms.** The number of shares of Common Stock subject to a Restricted Stock Award and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Award shall be determined by the Committee.

(b) **Vesting and Forfeiture.** The Agreement relating to a Restricted Stock Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of the shares of Common Stock subject to such award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period.

(c) **Stock Issuance.** During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 5.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), subject to the Company's right to require payment of any taxes in accordance with Section 5.5, the restrictions shall be removed from the requisite number of any shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d) **Rights with Respect to Restricted Stock Awards.** Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that a distribution or dividend with respect to shares of Common Stock, including a regular cash dividend, shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution or dividend was made.

3.3 Terms of Restricted Stock Unit Awards. Restricted Stock Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) **Number of Shares and Other Terms.** The number of shares of Common Stock subject to a Restricted Stock Unit Award, including the number of shares that are earned upon the attainment of any specified Performance Measures, and the Restriction Period, Performance Period (if any) and Performance Measures (if any) applicable to a Restricted Stock Unit Award shall be determined by the Committee.

(b) **Vesting and Forfeiture.** The Agreement relating to a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Restricted Stock Unit Award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) if specified Performance Measures (if any) are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) if specified Performance Measures (if any) are not satisfied or met during a specified Performance Period.

(c) Settlement of Vested Restricted Stock Unit Awards. The Agreement relating to a Restricted Stock Unit Award shall specify (i) whether such award may be settled in shares of Common Stock or cash or a combination thereof and (ii) whether the holder thereof shall be entitled to receive, on a deferred basis, dividend equivalents, and, if determined by the Committee, interest on, or the deemed reinvestment of, any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. Any dividend equivalents with respect to Restricted Stock Units that are subject to vesting conditions shall be subject to the same restrictions as such Restricted Stock Units. Prior to the settlement of a Restricted Stock Unit Award, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award.

3.4 Other Stock Awards. Subject to the limitations set forth in the Plan, the Committee is authorized to grant other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock, including without limitation shares of Common Stock granted as a bonus and not subject to any vesting conditions, dividend equivalents, deferred stock units, stock purchase rights and shares of Common Stock issued in lieu of obligations of the Company to pay cash under any compensatory plan or arrangement, subject to such terms as shall be determined by the Committee. The Committee shall determine the terms and conditions of such awards, which may include the right to elective deferral thereof, subject to such terms and conditions as the Committee may specify in its discretion.

3.5 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period or Performance Period relating to a Stock Award, or any forfeiture and cancellation of such award (i) upon a termination of employment with or service to the Company of the holder of such award, whether by reason of disability, retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable award Agreement.

IV. PERFORMANCE AWARDS

4.1 Performance Awards. The Committee may, in its discretion, grant Performance Awards to such eligible persons as may be selected by the Committee.

4.2 Terms of Performance Awards. Performance Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Value of Performance Awards and Performance Measures. The method of determining the value of the Performance Award and the Performance Measures and Performance Period applicable to a Performance Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Performance Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Performance Award if the specified Performance Measures are satisfied or met during the specified Performance Period and for the forfeiture of such award if the specified Performance Measures are not satisfied or met during the specified Performance Period.

(c) Settlement of Vested Performance Awards. The Agreement relating to a Performance Award shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. If a Performance Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be issued to the holder in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock shall have such rights as a stockholder of the Company as determined pursuant to Section 3.2(d). Any dividends or dividend equivalents with respect to a Performance Award shall be subject to the same restrictions as such Performance Award. Prior to the settlement of a Performance Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company.

4.3 Termination of Employment or Service. All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Award, or any forfeiture and cancellation of such award (i) upon a termination of employment with or service to the Company of the holder of such award, whether by reason of disability, retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable award Agreement.

V. GENERAL

5.1 Effective Date and Term of Plan. This Plan shall be submitted to the stockholders of the Company for approval at the Company's 2018 annual meeting of stockholders and, if approved by the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at such annual meeting of stockholders, shall become effective as of the date on which the Plan was approved by stockholders (the "Effective Date"). This Plan shall terminate as of the first annual meeting of the Company's stockholders to occur on or after the tenth anniversary of its Effective Date, unless terminated earlier by the Board. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination.

Awards hereunder may be made at any time prior to the termination of this Plan, provided that no Incentive Stock Option may be granted later than ten years after the date on which the Plan was approved by the Board. In the event that this Plan is not approved by the stockholders of the Company, this Plan and any awards hereunder shall be void and of no force or effect.

5.2 Amendments. The Board may amend this Plan as it shall deem advisable; provided, however, that no amendment to the Plan shall be effective without the approval of the Company's stockholders if (i) stockholder approval is required by applicable law, rule or regulation, including any rule of the Nasdaq Capital Market or any other stock exchange on which the Common Stock is then traded, or (ii) such amendment seeks to modify Section 2.4 hereof; provided further, that no amendment may materially impair the rights of a holder of an outstanding award without the consent of such holder.

5.3 Agreement. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and, to the extent required by the Company, executed or electronically accepted by the recipient of such award. Upon such execution or acceptance and delivery of the Agreement to the Company within the time period specified by the Company, such award shall be effective as of the effective date set forth in the Agreement.

5.4 Non-Transferability. No award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company or, to the extent expressly permitted in the Agreement relating to such award, to the holder's family members, a trust or entity established by the holder for estate planning purposes, a charitable organization designated by the holder or pursuant to a domestic relations order, in each case, without consideration. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except as permitted by the second preceding sentence, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award, such award and all rights thereunder shall immediately become null and void.

5.5 Tax Withholding. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash pursuant to an award made hereunder, payment by the holder of such award of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such award. An Agreement may provide that (i) the Company shall withhold whole shares of Common Stock which would otherwise be delivered to a holder, having an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the "Tax Date"), or withhold an amount of cash which would otherwise be payable to a holder, in the amount necessary to satisfy any such obligation or (ii) the holder may satisfy any such obligation by any of the following means (or by other means that the Committee deems appropriate): (A) a cash payment or delivery of cash equivalents to the Company; (B) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation; (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, in either case equal to the amount necessary to satisfy any such obligation; (D) in the case of the exercise of an option, a cash payment by a broker-dealer acceptable to the Company to whom the participant has submitted an irrevocable notice of exercise or (E) any combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the award. Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate (or, if permitted by the Company, such other rate as will not cause adverse accounting consequences under the accounting rules then in effect, and is permitted under applicable IRS withholding rules). Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder.

5.6 Restrictions on Shares. Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

5.7 Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation or any successor or replacement accounting standard) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary cash dividend, the number and class of securities available under this Plan, the terms of each outstanding option and SAR (including the number and class of securities subject to each outstanding option or SAR and the purchase price or base price per share), the terms of each outstanding Stock Award (including the number and class of securities subject thereto), the terms of each outstanding Performance Award (including the number and class of securities subject thereto, if applicable) shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding options and SARs in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of participants. In either case, the decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

5.8 Change in Control.

(a) Subject to the terms of the applicable award Agreements, in the event of a “Change in Control,” the Board, as constituted prior to the Change in Control, may, in its discretion:

- (1) require that (i) some or all outstanding options and SARs shall become exercisable in full or in part, either immediately or upon a subsequent termination of employment, (ii) the Restriction Period applicable to some or all outstanding Stock Awards shall lapse in full or in part, either immediately or upon a subsequent termination of employment, (iii) the Performance Period applicable to some or all outstanding awards shall lapse in full or in part, and (iv) the Performance Measures applicable to some or all outstanding awards shall be deemed to be satisfied at the target, maximum or any other level;
 - (2) require that shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award, with an appropriate and equitable adjustment to such award as determined by the Board in accordance with Section 5.7; and/or
 - (3) require outstanding awards, in whole or in part, to be surrendered to the Company by the holder, and to be immediately cancelled by the Company, and to provide for the holder to receive (i) a cash payment in an amount equal to (A) in the case of an option or an SAR, the aggregate number of shares of Common Stock then subject to the portion of such option or SAR surrendered, whether or not vested or exercisable, multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Change in Control, over the purchase price or base price per share of Common Stock subject to such option or SAR, (B) in the case of a Stock Award or a Performance Award denominated in shares of Common Stock, the number of shares of Common Stock then subject to the portion of such award surrendered to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to Section 5.8(a)(i), whether or not vested, multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control, and (C) in the case of a Performance Award denominated in cash, the value of the Performance Award then subject to the portion of such award surrendered to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to Section 5.8(a)(i); (ii) shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (i) above; or (iii) a combination of the payment of cash pursuant to clause (i) above and the issuance of shares pursuant to clause (ii) above.
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(b) For purposes of this Plan, a “Change in Control” shall mean:

- (1) The consummation of an amalgamation, merger or consolidation of the Company with or into another entity or any other corporate reorganization of the Company, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity’s securities outstanding immediately after such amalgamation, merger, consolidation or other reorganization (or, if applicable, more than fifty percent (50%) of the combined voting power of the ultimate parent company that directly or indirectly has beneficial ownership of the securities of such continuing or surviving entity) is not owned directly or indirectly by persons who were holders of the Company’s then-outstanding voting securities immediately prior to such amalgamation, merger, consolidation or other reorganization;
- (2) The sale, transfer or other disposition of all or substantially all of the Company’s assets to an entity that is not a parent, a Subsidiary or an Affiliate of the Company;
- (3) Any transaction as a result of which any person becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least fifty percent (50%) of the total voting power represented by the Company’s then-outstanding voting securities. For purposes of this subsection, the term “person” shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude: (i) any parent, Subsidiary or Affiliate of the Company; (ii) any employee benefit plan (or related trust) sponsored or maintained by the Company, a parent, or any Subsidiary or Affiliate; and (iii) any underwriter temporarily holding securities pursuant to an offering of such securities;
- (4) A change in the composition of the Board over a period of twenty four (24) consecutive months or less as a result of which individuals who, at the beginning of such period, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequently becoming a director whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or
- (5) The stockholders of the Company approve a complete liquidation or dissolution of the Company;

provided, that with respect to any nonqualified deferred compensation that becomes payable on account of the Change in Control, the transaction or event described in clause (1), (2), (3) or (4) also constitutes a “change in control event,” as defined in Treasury Regulation §1.409A-3(i)(5) if required in order for the payment not to violate Section 409A of the Code.

5.9 Deferrals. The Committee may determine that the delivery of shares of Common Stock or the payment of cash, or a combination thereof, upon the settlement of all or a portion of any award made hereunder shall be deferred, or the Committee may, in its sole discretion, approve deferral elections made by holders of awards. Deferrals shall be for such periods and upon such terms as the Committee may determine in its sole discretion, subject to the requirements of Section 409A of the Code.

5.10 No Right of Participation, Employment or Service. Unless otherwise set forth in an employment agreement, no person shall have any right to participate in this Plan. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment by or service with the Company, any Subsidiary or any Affiliate or affect in any manner the right of the Company, any Subsidiary or any Affiliate to terminate the employment or service of any person at any time without liability hereunder.

5.11 Non-Uniform Determinations. The Committee’s determinations under the Plan (including without limitation determinations of the persons to receive awards, the form, amount and time of such awards, the terms and provisions of such awards and the Agreements evidencing awards) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, awards under the Plan, whether or not such persons are similarly situated.

5.12 Rights as Stockholder. No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

5.13 Designation of Beneficiary. To the extent permitted by the Company, a holder of an award may file with the Company a written designation of one or more persons as such holder's beneficiary or beneficiaries (both primary and contingent) in the event of the holder's death or incapacity. To the extent an outstanding option or SAR granted hereunder is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such option or SAR pursuant to procedures prescribed by the Company. Each beneficiary designation shall become effective only when filed in writing with the Company during the holder's lifetime on a form prescribed by the Company. The spouse of a married holder domiciled in a community property jurisdiction shall join in any designation of a beneficiary other than such spouse. The filing with the Company of a new beneficiary designation shall cancel all previously filed beneficiary designations. If a holder fails to designate a beneficiary, or if all designated beneficiaries of a holder predecease the holder, then each outstanding award held by such holder, to the extent vested or exercisable, shall be payable to or may be exercised by such holder's executor, administrator, legal representative or similar person.

5.14 Awards Subject to Clawback. The awards granted under this Plan and any cash payment or shares of Common Stock delivered pursuant to such an award are subject to forfeiture, recovery by the Company or other action pursuant to the applicable award Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

5.15 Governing Law. This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.16 Foreign Employees. Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals and/or reside outside of the United States on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its Subsidiaries or Affiliates operates or has employees.

5.17 Severability and Reformation. If any provision of the Plan or any award is, becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or award, or would disqualify the Plan or any award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the award, such provision shall be stricken as to such jurisdiction, person or award and the remainder of the Plan and any such award shall remain in full force and effect.

5.18 Unfunded Status of Awards; No Trust of Fund Created. The Plan is intended to constitute an "unfunded" plan. Neither the Plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and a participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Subsidiary or Affiliate pursuant to an award, such right shall be no greater than the right of any general unsecured creditors of the Company or such Subsidiary or Affiliate.

5.19 No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any parent, Subsidiary or Affiliate from adopting or continuing in effect other compensation arrangements (whether such arrangements be generally applicable or applicable only in specific cases).

5.20 No Restriction of Corporate Action. Nothing contained in the Plan shall be construed to limit or impair the power of the Company or any parent, Subsidiary or Affiliate to make adjustments, reclassifications, reorganizations, or changes in its capital or business structure, or to amalgamate, merge or consolidate, liquidate, sell or transfer all or any part of its business or assets or to take other actions which it deems to be necessary or appropriate. No employee, beneficiary or other person shall have any claim against the Company or any parent, Subsidiary or Affiliate as a result of such action.

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is made by and between (i) plaintiff to the shareholder action captioned *O'Connor v. Braun, et al.*, N.J. Super., Dkt. No. MER-C-00068-19 (the "Action"), William J. O'Connor, derivatively on behalf of Celsion Corporation and individually on behalf of himself and all other similarly situated stockholders of Celsion Corporation ("Plaintiff"); (ii) defendant-nominal defendant Celsion Corporation (as defined in Footnote 1, "Celsion" or the "Company")¹; and (iii) defendants Donald P. Braun, Augustine Chow, Frederick Fritz, Robert W. Hooper, Alberto R. Martinez, Michael H. Tardugno, Andreas Voss, Khursheed Anwer, Nicholas Borys, Jeffrey W. Church, and Timothy Tumminello (collectively, the "Individual Defendants," and together with Celsion, "Defendants"), all of whom are current members of Celsion's Board of Directors and/or senior officers of Celsion. The Plaintiff and Defendants will be collectively referred to as the "Parties." This Agreement, subject to the approval of the Superior Court of New Jersey, Mercer County Chancery Division (the "Court"), is intended by the Parties to fully, finally, and forever compromise, resolve, discharge, and settle the Action and the Released Claims (as defined herein) and to result in the complete dismissal of the Action with prejudice, upon the terms and subject to the conditions set forth herein, and without any admission or concession as to the merits of any of the Parties' claims or defenses.

RECITALS

- A. On September 19, 2019, Plaintiff filed the Action, purporting to assert claims derivatively on behalf of Celsion and on behalf of Plaintiff individually and similarly situated stockholders of Celsion.
- B. On November 18, 2019, Defendants filed the Parties' Stipulation Extending Time to Respond to Plaintiff's Complaint Pursuant to Rule 4:6-1(c), extending Defendants' deadline to answer or move to dismiss the complaint until December 20, 2019. On December 19, 2019, the parties stipulated to extend Defendants' deadline to answer or move to dismiss the complaint until January 17, 2020. On January 17, 2020 and February 18, 2020, the parties submitted Consent Orders, collectively extending Defendants' deadline to answer or move to dismiss the complaint until March 3, 2020, which the Court entered. On March 3, 2020, Defendants filed a motion for enlargement of time to answer or move to dismiss the complaint until April 3, 2020, which deadline was extended through April 26, 2020 by the Supreme Court of New Jersey's March 27, 2020 Order related to the COVID-19 pandemic.
- C. Plaintiff generally alleged or asserted in the Action that the Individual Defendants omitted material information and provided false and misleading information in Celsion's Schedule 14A Proxy Statement filed with the U.S. Securities and Exchange Commission on March 30, 2018, seeking stockholders' approval of the 2018 Stock Incentive Plan for the benefit of Celsion's directors and other insiders. Plaintiff asserted derivative breach of fiduciary duty and unjust enrichment claims and asserted direct class claims for equitable relief for breach of fiduciary duty

¹ The term "Company" includes Celsion Corporation, any and all of its subsidiaries, predecessors, successors, affiliates, officers, directors, employees, and agents.

and seeking declaratory judgment that the 2018 Stock Incentive Plan, and any awards made thereunder, are invalid. A class has not been certified in this Action.

D. In order to avoid the potentially protracted time, expense, and uncertainty of litigation, including possible trials and appeals, the Parties desire to end this dispute, to compromise and settle the Action in its entirety, and to set forth in this Agreement the terms and conditions of their compromise and settlement.

E. Plaintiff believes that the claims asserted in the Action have merit and Plaintiff is agreeing to settle the Action because he believes that the Agreement represents a reasonable compromise of the claims that will provide benefits to Celsion and its shareholders.

F. The Parties acknowledge and recognize that this Agreement in no way constitutes an admission of wrongdoing on the part of the Defendants, nor an admission of liability or obligation by any of the Defendants, nor a waiver by the Defendants of any applicable defense. The Defendants deny each and every claim and contention alleged by Plaintiff in the Action and affirm that they have acted properly, lawfully, and in full accord with their fiduciary duties at all times. Further, Defendants deny all allegations of wrongdoing, fault, liability, or damage against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action and deny that they have ever committed or attempted to commit any violations of law, any breach of fiduciary duty owed to Celsion or its shareholders, or any wrongdoing whatsoever. Had the terms of this Agreement not been reached, Defendants would have continued to contest vigorously Plaintiff's allegations, and Defendants maintain that they had and have meritorious defenses to all claims alleged in the Action. Without admitting the validity of any of the claims that Plaintiff has asserted in the Action, or any liability with respect thereto, Defendants have concluded that it is desirable that the claims be settled on the terms and subject to the conditions set forth herein. Defendants are entering into the Agreement for settlement purposes only and solely to avoid the cost and disruption of further litigation.

TERMS AND CONDITIONS

In consideration of the matters discussed in the Recitals, Plaintiff, derivatively on behalf of Celsion and individually on behalf of himself and all similarly situated stockholders of Celsion, and Defendants, by and through their respective counsel or attorneys of record, hereby stipulate and agree that, subject to approval by the Court, in consideration of the benefits flowing to the Parties hereto, the Action and all of the Released Claims (as defined below) shall be fully, finally, and forever satisfied, compromised, settled, released, discharged, and dismissed with prejudice, upon the terms and subject to the conditions set forth herein as follows:

1. Stock Option Repricing and Corporate Governance Measures. Plaintiff agrees that the Stock Option Repricing and Corporate Governance Measures, as set forth in Appendix A to this Agreement, are sufficient to fairly and fully resolve the allegations of the Action.
2. Procedure for Implementing the Settlement. Promptly after the Parties' execution of this Agreement and completion of confirmatory discovery as set forth in Section 8, below, the Plaintiff shall submit this Agreement, together with its Appendices A and B, to the Court for approval of the settlement pursuant to Local Rules 4:32-2(e) and 4:32-3. Pending the Court's determination

as to approval of the settlement, Plaintiff and any current Celsion stockholders, directly or derivatively on behalf of Celsion, are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claims (as defined in Paragraph 4.a below) against any of the Released Persons (as defined in Paragraph 5 below) in any court or tribunal.

3. Notice to Celsion Shareholders. Within the time frame directed by the Court, Defendants will cause the form of Notice, attached hereto as Appendix B, together with this Agreement, to be posted by Celsion on the investor relations portion of the Company's corporate website and filed with the Securities and Exchange Commission on Form 8-K. The Parties believe the content of the Notice and the manner of the notice procedures set forth in this paragraph constitute adequate and reasonable notice to Celsion stockholders pursuant to applicable law and due process. Plaintiff's Counsel² shall request that the Court hold a settlement hearing at least forty-five (45) calendar days after the deadline to provide notice to Celsion shareholders.

4. Release by Plaintiff, Celsion and Celsion Shareholders. Once the Court's entry of judgment approving the Agreement and dismissing the Action with prejudice (the "Judgment") becomes Final,³ Plaintiff, Celsion, and each of Celsion's current and former stockholders shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims against the Released Persons (as defined in Paragraph 5 below). Plaintiff, Celsion, and each of Celsion's current and former stockholders shall be deemed to have, and by operation of the Judgment shall have, covenanted not to sue any Released Person with respect to any Released Claims, and shall be permanently barred and enjoined from instituting, commencing, or prosecuting the Released Claims against the Released Persons except to enforce the releases and other terms and conditions contained in this Agreement and/or the Judgment entered pursuant thereto.

a. Released Claims. "Released Claims" includes any and all claims, rights, remedies, demands, suits, or causes of action of any kind or character whatsoever, whether arising under federal, state, local, common or statutory law, contract, tort or other rights, at law or in equity, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, whether known or Unknown (as defined in Paragraph 4.b below), that (i) were asserted or could have been asserted either

² "Plaintiff's Counsel" means the law firms of Purcell Julie & Lefkowitz LLP and Stark & Stark, P.C.

³ "Final" means the time when an order or judgment that has not been reversed, vacated, or modified in any way is no longer subject to appellate review, either because of disposition on appeal and conclusion of the appellate process (including potential writ proceedings) or because of passage, without action, of time for seeking appellate or writ review. More specifically, it is that situation when (1) either no appeal or petition for review by writ has been filed and the time has passed for any notice of appeal or writ petition to be timely filed in the Action; or (2) an appeal has been filed and the court of appeals has either affirmed the order or judgment or dismissed that appeal and the time for any reconsideration or further appellate review has passed; or (3) a higher court has granted further appellate review, and that court has either affirmed the underlying order or judgment or affirmed the court of appeals' decision affirming the order or judgment or dismissing the appeal or writ proceeding.

directly or derivatively in the Action; (ii) would have been barred by *res judicata* had the Action been fully litigated to final judgment; or (iii) that could have been, or could in the future be, asserted directly or derivatively in any forum or proceeding or otherwise against any of the Released Persons that concern, arise out of, or relate to, directly or indirectly, the actions, allegations, transactions, facts, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in the complaint in the Action including, but not limited to, claims for breach of fiduciary duty, unjust enrichment, abuse of control, mismanagement, gross mismanagement, waste of corporate assets, misappropriation of information, insider trading, violations of Section 14(a) of the Securities and Exchange Act of 1934, contribution and indemnification, money damages, disgorgement, any and all demands, actions, damages, claims, rights or causes of action, or liabilities whatsoever, *provided that* Released Claims shall not include claims to enforce the terms of this Agreement.

b. Unknown Claims. With respect to any and all Released Claims, Plaintiff and Celsion stipulate and agree that, upon the Judgment becoming Final, they shall expressly waive, and every Celsion shareholder shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived the provisions, rights and benefits of § 1542 of the California Civil code (or any similar, comparable, or equivalent provision) which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Plaintiff, Celsion, and every Celsion shareholder may hereafter discover facts in addition to or different from those that he, she or it now knows or believes to be true with respect to the subject matter of this release, but it is their intention to fully and finally settle and release any and all claims released hereby, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to subsequent discovery or existence of such additional or different facts. "Unknown Claims" means any Released Claims which Plaintiff, Celsion or any Celsion Shareholder (either directly or claiming in the right of, or on behalf of, Celsion) does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. Unknown Claims include those claims in which some or all of the facts comprising the claim may be suspected, or even undisclosed or hidden. Plaintiff and Celsion acknowledge, and every Celsion shareholder shall be deemed by operation of the Final Judgment to have acknowledged, that the release of Unknown Claims was separately bargained for, constitutes separate consideration for, and was a key element of the Agreement and was relied upon by Defendants in entering into the Agreement.

Plaintiff shall not pursue, authorize or permit anyone on his behalf or claiming by or through him to pursue, the Released Claims in any way in any court or other forum. Plaintiff warrants that he has not filed and, to the best of his knowledge, there is not pending with any governmental agency, any state or federal court or other forum, any other claims, complaints, charges, or lawsuits of any kind against Defendants relating to the Released Claims, and agrees that he will not make any filings with any court or other body or agency at any time hereafter for any matter, claim or

incident, known or unknown, which occurred or arose out of occurrences described in the Action or which relate to the Released Claims. Plaintiff represents and warrants that the Released Claims have not been assigned, transferred, or disposed of in fact, by operation of law or in any manner whatsoever, whether in whole or in part, and that Plaintiff has the full right and power to grant, execute and deliver the full and complete releases, undertakings, and agreements herein contained.

5. Released Persons. Released Persons means, collectively, each and all of the Defendants and each and all of their respective past, present, or future family members, spouses, domestic partners, parents, associates, affiliates, divisions, subsidiaries, officers, directors, stockholders, owners, members, representatives, employees, attorneys, financial or investment advisors, consultants, underwriters, investment banks or bankers, commercial bankers, insurers, reinsurers, excess insurers, co-insurers, advisors, principals, agents, heirs, executors, trustees, estates, beneficiaries, distributees, foundations, general or limited partners or partnerships, joint ventures, personal or legal representatives, administrators, or any other person or entity acting or purporting to act for or on behalf of any person, and each of their respective predecessors, successors, and assigns.

6. No Assignment of Claims. Plaintiff represents and warrants that he has not assigned, transferred or purported to assign or transfer to any other person any Released Claims.

7. Covenant Not to Bring Claims. Plaintiff covenants and agrees that he shall not file any type of claim, action, cause of action or report in connection with any Released Claim.

8. Due Diligence; Conditions of the Settlement. Celsion and the Defendants will provide Plaintiff with reasonable, mutually agreeable discovery solely for the purpose of allowing Plaintiff to determine that the settlement is fair, reasonable, and adequate. If Plaintiff does not confirm that the settlement is fair, reasonable, and adequate, Plaintiff's Counsel will notify Celsion and the Defendants through their counsel within five days of completing confirmatory discovery, at which point the settlement and this Agreement shall become null and void, and the parties will be returned to their respective positions as of April 3, 2020.

9. Termination of Agreement. Each of the Parties shall have the right to terminate the settlement Agreement by providing written notice of their election to do so to all other Parties within twenty (20) calendar days of the date on which: (i) the Court refuses to approve this Agreement, or the terms contained herein, in any material respect; (ii) the Judgment is reversed or substantially modified on appeal, reconsideration, or otherwise; except that such termination shall not be effective unless and until the terminating Party has, within twenty (20) calendar days of the date on which notice of the termination event has been provided to all other Parties and attempted in good faith to confer with the other Parties to attempt to remedy the issue. In the event that the Agreement is not approved by the Court, or the Agreement is terminated for any of the reasons above, the Parties shall be restored to their respective positions as of April 3, 2020, and all negotiations, proceedings, documents prepared and statements made in connection herewith shall be without prejudice to the Parties, shall not be deemed or construed to be an admission by any of the Parties of any act, matter, or proposition, and shall not be used in any manner for any purpose in any subsequent proceeding in the Action or in any other action or proceeding.

10. Acknowledgments. In executing this Agreement, each of the Parties acknowledges, represents, warrants, and confirms to each other Party: that he/it has carefully read and does understand the effect of this Agreement; that he/it has the authority to enter into this Agreement; that in executing this Agreement, no Party has relied upon any representation, understanding, or agreement not expressly set forth herein; and that this Agreement is executed as a free and voluntary act, without any duress, coercion, or undue influence exerted by or on behalf of any person or entity. The terms of this Agreement are contractual and not merely recitals and the agreements herein contained and the consideration transferred is to compromise the referenced claims and to avoid litigation. Further, the Parties agree that the terms of the Agreement were negotiated in good faith and at arm's-length by the Parties and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with competent legal counsel.

11. No Admission of Liability. This Agreement is a compromise of disputed claims. Whether or not the Agreement is approved by the Court, and whether or not the Agreement is consummated, the fact and terms of this Agreement, including any exhibits attached hereto, all proceedings in connection with the Agreement, and any act performed or document executed pursuant to or in furtherance of the Agreement: (a) shall not be offered, received, or used in any way against the Parties as evidence of, or be deemed to be evidence of, a presumption, concession, or admission by any of the Parties with respect to the truth of any fact alleged by Plaintiff or the validity, or lack thereof, of any claim that has been or could have been asserted in the Action or in any litigation, or the deficiency, infirmity, or validity of any defense that has been or could have been asserted in the Action or in any litigation, or of any fault, wrongdoing, negligence, or liability of any of the Released Persons; (b) shall not be offered, received, or used in any way against any of the Released Persons as evidence of, or be deemed to be evidence of, a presumption, concession, or admission of any fault, misrepresentation or omission with respect to any statement or written document approved, issued, or made by any Released Person, or against Plaintiff as evidence of any infirmity in his claims; (c) shall not be offered, received, or used in any way against any of the Released Persons as evidence of, or be deemed to be evidence of, a presumption, concession, or admission of any liability, fault, negligence, omission or wrongdoing, or in any way referred to for any other reason as against the Released Persons, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding in any court, administrative agency, or other tribunal.

Neither this Agreement nor the settlement, nor any act performed or document executed pursuant to or in furtherance of this Agreement or the settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Agreement; provided, however, that the Released Persons may refer to the settlement, and file the Agreement and/or the Judgment of the Court, in any action that may be brought against them to effectuate the liability protections granted them hereunder, including, without limitation, to support a defense or claim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or claim under U.S. federal or state law or foreign law.

12. Non-Disparagement. Plaintiff and Plaintiff's Counsel shall not make any public statements or statements to the media (whether or not for attribution) that disparage Defendants' business, conduct, or reputation, or that of their counsel. Celsion and Defendants, and their counsel, shall

not make any public statements or statements to the media (whether or not for attribution) that disparage Plaintiff or Plaintiff's Counsel.

13. Attorneys' Fees and Costs. In recognition of the institution, prosecution, pendency, and settlement of the Action, Defendants agree to pay Plaintiff's Counsel's attorneys' fees and expenses in the amount of \$187,500 (the "Fee and Expense Award"), which shall include a \$1,000 award to Plaintiff (the "Incentive Award") to be deducted from the total Fee and Expense Award, subject to the Court's approval. Such Fee and Expense Award shall cover all fees and expenses for all Plaintiff's Counsel in the Action. To the extent awarded by the Court, Defendants shall pay the Fee and Expense Award within fifteen (15) business days of the latest of (a) entry of the Fee and Expense Award; (b) entry of the Judgment; and (c) provision of complete and accurate payment instructions and Forms W-9 by Plaintiff's Counsel to Defendants' counsel. The Fee and Expense Award shall be paid into an interest-bearing escrow account to be established and maintained by Purcell Julie & Lefkowitz LLP and shall be released to Plaintiff's Counsel from the escrow account only after the Judgment approving the settlement of the Action has become Final. Defendants and Defendants' counsel shall have no responsibility for, nor bear any risk or liability with respect to, the escrow account, its operation, and any taxes or expenses incurred in connection with the escrow account. Plaintiff's Counsel shall be solely responsible for any administrative costs associated with the escrow account as well as the filing of all informational and other tax returns with the Internal Revenue Service, or any other state or local taxing authority, as may be necessary or appropriate. Payment of the Fee and Expense Award in the amount approved by the Court shall constitute final and complete payment for Plaintiff's Counsel's attorneys' fees and expenses that have been incurred or will be incurred in connection with the filing and prosecution of the Action and the resolution of claims alleged therein, and for the Incentive Award to Plaintiff.

14. Complete Agreement. This Agreement and its Appendices A and B, which are fully incorporated herein by reference, contain the complete agreement between the Parties regarding the final resolution of all matters discussed herein. This Agreement supersedes all prior understandings between the Parties concerning such disputes, and there are no contemporaneous written or oral agreements or representations between the Parties concerning such disputes, except as are expressly stated herein. This Agreement may not be altered or modified except by written instrument executed by Plaintiff and Defendants. The headings in the Agreement and its exhibits are used for the purpose of convenience only and are not meant to have legal effect.

15. Standing. Plaintiff hereby warrants that he has standing to pursue derivative claims against the Individual Defendants.

16. Choice of Law. This Agreement shall be governed by, construed and enforced in accordance with, and subject to, the laws of the state of New Jersey without reference to New Jersey's conflicts of laws principles.

17. Jurisdiction. The Parties intend that the Court retain jurisdiction for the purpose of effectuating and enforcing the terms of the Agreement.

18. Notice. Any notice, request, instruction, correspondence or other document to be given hereunder by any Party to another shall be in writing and delivered by e-mail and overnight (excluding Saturday and Sunday) delivery service as follows:

To Defendants: Celsion Corporation
977 Lenox Drive, Suite 100
Attention: Jeffrey Church

With a copy to (which shall not constitute notice):

Deborah S. Birnbach
Goodwin Procter LLP
100 Northern Avenue
Boston, MA 02210

To Plaintiff: William J. O'Connor
c/o Steven J. Purcell
Purcell Julie & Lefkowitz LLP
708 Third Avenue, 6th Floor
New York, New York 10017
Email: spurcell@pjlfirm.com

19. Rules of Construction. This Agreement has been negotiated and drafted by all of the Parties and their representatives. No rule of construction shall apply to this Agreement construing its provisions in favor of or against any Party.

20. Counterpart Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which collectively shall constitute one instrument.

21. Further Assurances. Subject to the other provisions of this Agreement, the Parties agree that they will cooperate fully in the preparation, execution, acknowledgment, delivery and filing of any agreements, instruments, or documents necessary to carry out and complete this settlement.

22. Severability. The provisions of this Agreement are severable, and if any part of it is found to be unenforceable, the other parts and/or paragraphs shall remain fully valid and enforceable. Should any provisions of this Agreement be determined by any court, arbitrator or administrative body to be invalid, the validity of the remaining provisions is not affected thereby and the invalidated part shall be deemed not a part of this Agreement. Any court or administrative body shall construe and interpret this Agreement as enforceable to the fullest extent available under applicable law.

23. Authority. Each Counsel or other person executing the Agreement on behalf of any Party hereby warrants that such person has the full authority to do so. The Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

24. Amendment or Modification. The Agreement may be amended or modified only by a written instrument signed by or on behalf of all the Parties or their respective successors-in-interest. After prior notice to the Court, but without further order of the Court, the Parties may agree to reasonable extensions of time to carry out any provisions of this Agreement.

25. Privilege and Confidentiality. Nothing in this Agreement, or the negotiations or proceedings relating to the Agreement, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, the attorney-client privilege, the joint defense privilege, the accountants' privilege, or work product immunity; further, all information and documents transmitted between Plaintiff's Counsel and Defendants' counsel in connection with the settlement shall be kept confidential and shall be inadmissible in any proceeding in any U.S. federal or state court or other tribunal or otherwise, in accordance with Rule 408 of the Federal Rules of Evidence, and its state counterparts, as if such Rule applied in all respects in any such proceeding or forum.

26. Waiver. Except as specifically provided herein, the failure on the part of any Party to promptly enforce any right under this Agreement shall not operate as a waiver of such right, and the waiver of any default shall not constitute a waiver of any subsequent or other default.

SIGNATURE PAGE BELOW

EXECUTED on the date indicated below by the Parties:

PURCELL JULIE & LEFKOWITZ LLP

Steven Purcell
708 Third Avenue, 6th Floor
New York, New York 10017
T: 212-840-6300
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Email: spurcell@pjlfirm.com

Counsel to Plaintiff

Date: April __, 2020


STARK & STARK, P.C.

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Counsel to Plaintiff

Date: April 282020

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kmckenney@goodwinlaw.com

Counsel for Defendants

Date: April 24, 2020

EXECUTED on the date indicated below by the Parties:

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Counsel to Plaintiff

Date: April 21, 2020

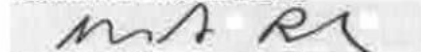
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Counsel to Plaintiff

Date: April __, 2020

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Counsel for Defendants

Date: April 24, 2020