AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 14, 2004

REGISTRATION NO. 333-115890

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO.1
TO

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CELSION CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State or Other Jurisdiction of Incorporation or Organization)

52-1256615
(I.R.S. Employer Identification Number)

10220-L OLD COLUMBIA ROAD
COLUMBIA, MD 21046-2364
(410) 290-5390
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

DR. AUGUSTINE Y. CHEUNG
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CELSION CORPORATION
10220-L OLD COLUMBIA ROAD
COLUMBIA, MD 21046-2364
(410) 290-5390
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

COPIES TO:

ANITA J. FINKELSTEIN, ESQUIRE
VICE PRESIDENT AND GENERAL COUNSEL
CELSION CORPORATION
10220-L OLD COLUMBIA ROAD
COLUMBIA, MD 21046-2364
(410) 290-5390

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 426(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. [ ]

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE SELLING STOCKHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OF WHICH THIS PROSPECTUS IS A PART IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED JUNE 14, 2004

PRELIMINARY PROSPECTUS

CELSION CORPORATION
13,376,139 SHARES
COMMON STOCK

This Prospectus of Celsion Corporation, or the Company, a Delaware corporation, relates to the offer and sale from time to time by certain selling stockholders (the "Selling Stockholders") of up to 8,652,441 shares of the Company's common stock, par value $0.01 per share (the "Common Stock") that are presently outstanding, and up 4,723,698 shares of Common Stock issuable upon the exercise of certain Common Stock purchase warrants (the "Warrants"). The shares of Common Stock offered hereby are referred to collectively as the "Shares." See "Selling Stockholders" and "Plan of Distribution."

The Company will not receive any proceeds from sales of Shares by the Selling Stockholders. However, the Company will receive proceeds upon exercise of the Warrants, up to a maximum of $4,604,032, if all of the Warrants are exercised for cash.

The Selling Stockholders or pledgees, donees, transferees or other successors in interest that receive Shares by way of gift, partnership distribution or other non-sale transfer, may offer and sell some, all or none of the Shares under this Prospectus. The Selling Stockholders or their successors may determine the prices at which they will sell their Shares, which may be the then-prevailing market price or some other price. In connection with such sales, the Selling Stockholders or their successors may use brokers or dealers, who may receive compensation or commissions for such sales. The Company has agreed to bear all expenses in connection with the registration of the Shares. However, the Selling Stockholders will pay any brokerage commissions, discounts and fees in connection with the sale of their Shares. A Selling Stockholder's net proceeds from the sale of Shares will be the sales price of the Shares sold for the account of such Selling Stockholder, less applicable commissions, discounts and fees.

The Common Stock is traded on The American Stock Exchange under the symbol "CLN." On June 9, the closing price of the Common Stock on The American Stock Exchange was $0.67.

INVESTMENT IN THE COMPANY'S COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 9 OF THIS PROSPECTUS BEFORE PURCHASING ANY OF THE SHARES FROM THE SELLING STOCKHOLDERS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is June ____, 2004

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We have informed the Selling Stockholders that the anti-manipulative rules under the Securities Exchange Act of 1934, including Regulation M, may apply to their sales of Shares in the market. We have furnished the Selling Stockholders with a copy of these rules. We have also informed the Selling Stockholders that they must deliver a copy of this Prospectus with any sale of their Shares.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the U.S. Securities and Exchange Commission, or the SEC. You may read and copy any document that we have filed at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of its public reference facilities. Our SEC filings are also available to you free of charge at the SEC's web site at http://www.sec.gov. The file number of the reports that we file under the Securities Exchange Act of 1934 is 000-14242.

We have filed a registration statement on Form S-3 with the SEC (File No. 333-115890) that covers the resale of the Shares offered hereby. This Prospectus is a part of that registration statement, but does not include all of the information included in the registration statement. You should refer to the registration statement for additional information about us and the Shares. Statements that we make in this Prospectus relating to any document filed as an exhibit to or incorporated by reference into the registration statement may not be complete. You should review the referenced document itself for a complete understanding of its terms.

The SEC allows us to "incorporate by reference" certain information we file with them, which means that we can disclose important information to you in this Prospectus by referring you to those documents. The documents that have been incorporated by reference are an important part of the Prospectus, and you should be sure to review that information in order to understand the nature of any investment by you in the Shares. In addition to previously filed documents that are incorporated by reference, documents that we file with the SEC after the date of this Prospectus will automatically update the registration statement. The documents that we have previously filed and that are incorporated by reference into this Prospectus include the following:

- Our Annual Report on Form 10-K for the fiscal year ended September 30, 2003;
- Our Transition Report on Form 10-Q for the three-month period ended December 31, 2003;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004;
- Our Current Report on Form 8-K filed on May 25, 2004;
- Our Current Report on Form 8-K filed on June 2, 2004;
- Our Proxy Statement relating to our 2004 Annual Meeting of Stockholders; and
- The description of our Common Stock included in our registration statement on Form 8-A filed on May 26, 2000 (File No. 001-15911).

All documents and reports filed by us pursuant to Sections 13 (a), 13 (c), 14 or 15 (d) of the Securities Exchange Act of 1934 after the date of this Prospectus and prior to the date that the offering of Shares made hereby is terminated automatically will be incorporated by reference into this Prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference into this Prospectus shall be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus, or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference, modifies or supersedes that statement. Any statement modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Prospectus.

We will provide you with copies of any of the documents incorporated by reference at no charge to you. However, we will not deliver copies of any exhibits to those documents unless the exhibit itself is specifically incorporated by reference. If you would like a copy of any document, please write or call us at:

Celsion Corporation
10220-L Old Columbia Road
Columbia, MD 21046-2364
Attention: Corporate Secretary
(410) 290-5390

You should only rely upon the information included in or incorporated by reference into this Prospectus or in any Prospectus supplement that is delivered to you. We have not authorized anyone to provide you with additional or different information. You should not assume that the information included in or incorporated by reference into this Prospectus or any Prospectus Supplement is accurate as of any date later than the date on the front of the Prospectus or Prospectus Supplement.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Throughout this Prospectus and the other documents incorporated by reference into this Prospectus, we make certain "forward-looking" statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements predicted, implicitly or explicitly, by such forward-looking statements. Such factors include, among other things, those listed under "Risk Factors" as well as those discussed elsewhere in this Prospectus and the documents incorporated by reference into this Prospectus. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue" or the negative of such terms or other comparable terminology.

Forward-looking statements are only predictions and involve various risks and uncertainties including:

- unforeseen changes in the course of research and development activities and in clinical trials;
- possible changes in cost and timing of development and testing, capital structure and other financial matters;
- changes in approaches to medical treatment;
- introduction of new products by others;
- possible acquisitions of other technologies, assets or businesses;
- possible actions by customers, suppliers, competitors, regulatory authorities and others; and
- other risks detailed from time to time in the Company's reports filed with the SEC.

Actual events or results may differ materially from those contemplated by this Prospectus and the other documents incorporated by reference into this Prospectus. In evaluating these statements, you should specifically consider various factors, including those listed above and outlined under "Risk Factors." Although we believe that our expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any forward-looking statements after the date of this Prospectus to conform such statements to actual results or circumstances.

SUMMARY INFORMATION ABOUT THE COMPANY

This summary highlights selected information contained elsewhere in this Prospectus and incorporated into this Prospectus by reference. This summary may not contain all of the information that may be important to you in considering an investment in our Common Stock. You should read the entire Prospectus, including "Risk Factors" carefully before making an investment decision.

GENERAL

Celsion Corporation, based in Columbia, Maryland, is a biotechnology company dedicated to the development and commercialization of treatment systems for cancer and other diseases using focused heat energy, either administered alone or in combination with other therapeutic devices, heat-activated genes and heat-activated drugs. In February 2004 we received premarketing approval (PMA) from the Food and Drug Administration, or FDA for our Prolieve(TM) Thermodilatation system for the treatment of Benign Prostatic Hyperplasia, or BPH, a chronic condition of enlargement of the prostate common in older men, and have begun to market. We also are currently in active clinical development and testing of (i) systems using our Adaptive Phased Array (APA) focused microwave technology, licensed from the Massachusetts Institute of Technology (MIT), to treat both early stage cancer and locally advanced breast cancer, and (ii) heat-activated liposome technology, licensed from Duke University, to deliver chemotherapeutic drugs for the treatment of prostate and liver cancer. In addition, our gene-based Cancer Repair Inhibitor (CRI), licensed from Memorial Sloan-Kettering Cancer Center (Sloan-Kettering), is in late-stage animal testing

BPH TREATMENT SYSTEM

BENIGN PROSTATIC HYPERPLASIA

Millions of aging men experience symptoms resulting from BPH, a non-cancerous urological disease in which the prostate enlarges and constricts the urethra. The prostate is a walnut-sized gland surrounding the male urethra that produces seminal fluid and plays a key role in sperm preservation and transportation. The prostate frequently enlarges with age. As the prostate expands, it compresses or constricts the urethra, thereby restricting the normal passage of urine. This restriction of the urethra may require a patient to exert excessive bladder pressure to urinate. Because the urination process is one of the body's primary means of cleansing impurities, the inability to urinate adequately increases the possibility of infection and bladder and kidney damage.

PREVALENCE OF BPH

As BPH is an age-related disorder, its incidence increases with maturation of the population. Industry estimates suggest that 9 million men in the United States experience BPH symptoms and that more than 26 million men are affected by BPH worldwide. As the United States population continues to age, the prevalence of BPH can be expected to continue to increase. It is generally estimated that approximately 50% of all men over the age of 55 and 90% of all men over 75 will have BPH symptoms at various times. Industry studies estimate the overall costs of BPH therapy for those patients currently seeking treatment to be approximately $2.5 to $3.0 billion annually in the United States and $8.0 to $10.0 billion worldwide.

CURRENT TREATMENT ALTERNATIVES FOR BPH

Like cancerous tumors, BPH historically has been treated by surgical intervention or by drug therapy. The primary treatment for BPH currently is transurethral resection of the prostate, or TURP, a surgical procedure in which the prostatic urethra and surrounding diseased tissue in the prostate are trimmed with a telescopic knife, thereby widening the urethral channel for urine flow. While the TURP procedure typically has been considered the most effective treatment available for the relief of BPH symptoms, the procedure has shortcomings. In the first instance, TURP generally requires from one to three days of post-operative hospitalization. In addition, a significant percentage of patients who undergo TURP encounter significant complications, which can include painful urination, infection, retrograde ejaculation, impotence, incontinence and excessive bleeding. Furthermore, the cost of the TURP procedure and the related hospitalization is high, ranging from $8,000 to $12,000. This cost does not take into account the costs of lost work time, which could amount to several weeks, or the costs related to adverse effects on patients' quality of life.

Other, less radical, surgical procedures, generally categorized as "minimally invasive" (MI) therapies, are available as alternatives to the TURP procedure. The primary MI treatments use microwave heating (TUMT) to treat BPH by incinerating the obstructing portion of the prostate. TUMT involves sedation, catheterization and high levels of heat to incinerate a portion of the prostate.

Two other MI therapies-- interstitial RF therapy and laser therapy - employ, respectively, concentrated radio frequency (RF)

waves or laser radiation to reduce prostate swelling by cauterizing tissue instead of removing it with a surgical knife. However, these procedures require puncture incisions in order to insert cauterizing RF or laser probes into the affected tissue and, therefore, also involve the use of a full operating facility and anesthesia, as well as the burning of prostate tissue by the probes. Although these procedures result in less internal bleeding and damage to the urethra than the TURP procedure and may decrease the adverse effects and costs associated with surgery, anesthesia and post-operative tissue recovery, they do not entirely eliminate these adverse consequences.

Finally, drug therapy has emerged as an alternative to surgery in the last several years. There are several drugs available for BPH treatment, the two most widely prescribed being Hytrin and Proscar. Hytrin works by relaxing certain involuntary muscles surrounding the urethra, thereby easing urinary flow, and Proscar is intended actually to shrink the enlarged gland. However, industry studies have asserted that drug therapy costs $500 to $800 per year or more, must be maintained for life and does not offer consistent relief to a large number of BPH patients. In fact, studies have shown that 45% of patients who begin drug therapy for BPH drop out within the first year, primarily due to the ineffectiveness of currently available drug therapies. Also, all of the currently available BPH drugs have appreciable side effects.

Accordingly, neither the medicinal treatments nor the surgical alternatives available for BPH appear to provide fully satisfactory, cost-effective treatment solutions for BPH sufferers.

CELSION BPH TREATMENT SYSTEM

We have developed our Prolieve Thermodilatation system, a BPH treatment system that combines our microwave thermotherapy capability with a proprietary balloon compression technology licensed from MMTC, Inc. The system consists of a microwave generator and conductors and a computer and computer software programs that control the focusing and application of heat, plus a specially designed balloon catheter and consists of two fundamental elements:

- Celsion's proprietary catheter, incorporating a balloon enlargement device, delivers computer-controlled transurethral microwave heating directly to the prostate at temperatures greater than 44(degree) C (111(degree) F).

- Simultaneously, the balloon inflates the device and expands to press the walls of the urethra from the inside outward as the surrounding prostate tissue is heated.

The combined effect of this "heat plus compression" therapy is twofold: first, the heat denatures the proteins in the wall of the urethra, causing a stiffening of the opening created by the inflated balloon. Second, the heat serves effectively to kill off prostate cells outside the wall of the urethra, thereby creating sufficient space for the enlarged natural opening.

Pre-clinical animal studies have demonstrated that a natural "stent," or reinforced opening, in the urethra forms after the combined heat plus compression treatment. Also, the Prolieve system's relatively low temperature (43(degree) C to 45(degree) C) appears to be sufficient to kill prostatic cells surrounding the urethra wall, thereby creating space for the enlargement of the urethra opening. However, the temperature is not high enough to cause swelling in the urethra.

Celsion's Prolieve Thermodilatation system treatment system is designed to overcome the limitations of all three of the current treatment systems. It is designed to be a relatively painless, rapid procedure that delivers the efficacy of surgical treatments without significant risks and the potential for life-altering side effects. The potential benefits of the Prolieve system include walk-in, outpatient treatment that can be completed in less than an hour; no required sedation; generally no post-operative catheterization; and rapid symptomatic relief from BPH.

We recently completed the FDA approval process and received a PMA, which permitted us to begin to market the Prolieve system, on February 19, 2004. Since that time we have begun to market the Prolieve system through Boston Scientific Corporation, with which we entered into a strategic relationship in January 2003.

We have received a warning letter from the FDA regarding the Phase I and Phase II clinical trials of the Prolieve system. The warning letter reflects matters that arose during the course of an inspection conducted by the FDA's Baltimore regional office from December 9 through December 18, 2003 under a program designed to ensure that data and information contained in certain submissions to the FDA, including PMA applications, are scientifically valid and

accurate and to ensure that human subjects are protected from undue hazard or risk during scientific investigations.

The warning letter addressed four general areas--monitoring, investigational agreements, provision of information to certain investigators, and FDA reporting--in connection with the Prolieve studies, both of which were completed by January 2002. Subsequent to the inspection, we took certain actions to address the observations of the FDA inspector and on December 23, 2003, made a written submission to the agency regarding those corrective and compliance actions. In addition, since receipt of the warning letter, the Company has spoken with representatives of the FDA regarding compliance matters and has initiated short- and long-term corrective and compliance measures to address fully the issues raised by the FDA.

BREAST CANCER TREATMENT SYSTEM

PREVALENCE OF BREAST CANCER

Breast cancer is one of the leading causes of death among women in the United States. According to statistics published in the American Cancer Society's A Cancer Journal for Clinicians, there were an average of 183,000 newly diagnosed breast cancer cases in the United States in each of the years from 1995 through 1999.

CURRENT TREATMENT FOR BREAST CANCER

Breast cancer is presently treated by mastectomy, the surgical removal of the entire breast, or by lumpectomy, the surgical removal of the tumor and surrounding tissue. Both procedures are often followed by radiation therapy or chemotherapy. The more severe forms of surgical intervention can result in disfigurement and a need for extended prosthetic and rehabilitation therapy.

In addition, heat therapy (also known as hyperthermia or thermotherapy) is a historically recognized method of treatment of various medical conditions, and heat therapy has been used in the past to treat malignant tumors in conjunction with radiation and chemotherapy. As summarized in the Fourth Edition of Radiobiology for the Radiologist, published in 1994 by J.B. Lippincott Company, in 24 independent studies on an aggregate of 2,234 tumors, treatment consisting of heat plus radiation resulted in an average doubling of the complete response rate of tumors, compared to the use of radiation alone. The complete response rate for this purpose means the total absence of a treated tumor for a minimum of two years. Comparable increases in the complete response rate were reported with the use of heat combined with chemotherapy. In addition, it has been demonstrated on numerous occasions that properly applied heat, alone and without the concurrent use of radiation, can also kill cancer cells.

HEAT THERAPY IN CONJUNCTION WITH RADIATION; FIRST GENERATION CELSION EQUIPMENT

In 1989, we obtained FDA premarketing approval for our microwave-based Microfocus 1000 heat therapy equipment for use on surface and subsurface tumors in conjunction with radiation therapy. Until 1995, we marketed our Microfocus equipment for this use in 23 countries, but microwave heat therapy was not widely accepted in the United States medical community as an effective cancer treatment. Moreover, due to the limitations of microwave technology available at that time, it was difficult to deliver a controlled amount of heat to subsurface tumors without overheating surrounding healthy tissue.

NEW MICROWAVE TECHNOLOGY FROM MIT

In 1993, we began working with researchers at the Massachusetts Institute of Technology who had developed, originally for the United States Defense Department, the microwave control technology known as "Adaptive Phased Array" (APA). This technology permits properly designed microwave equipment to focus and concentrate energy targeted at diseased tissue areas deep within the body and to heat them selectively, without adverse impact on surrounding healthy tissue. In 1996, MIT granted us an exclusive worldwide license to use this technology for medical applications and since that time we have concentrated on developing a second generation of equipment capable of focusing microwave energy on specific tissue areas. We have incorporated the APA technology in our second-generation microwave therapy equipment.

SECOND GENERATION CELSION BREAST CANCER TREATMENT SYSTEM

Using the APA technology, we have developed a prototype breast cancer treatment system intended to destroy localized breast tumors through the application of heat alone. The system consists of a microwave generator and conductors, a computer and computer software programs that control the focusing, application and duration of the thermotherapy, and a specially designed patient treatment table.

In 1998, we completed pre-clinical animal testing of our prototype system at the Massachusetts General Hospital, a teaching hospital for Harvard Medical School in Boston, Massachusetts. Using breast tissue-equivalent phantoms and tumors in live animals, these studies demonstrated that our system is capable of selectively heating tumors at temperatures up to 46(degree) C (115(degree) F) without damage to surrounding healthy tissues. High temperatures maintained for eight to ten minutes can cause complete tumor necrosis (death), leading to the death of viable cancer cells within the tumor and in its immediate vicinity. A second prototype clinical breast cancer treatment system at Oxford University in England was used to demonstrate successfully the ability of our equipment to focus heat deep into animal tissue at precise locations and in small target areas. In our view, these animal tests demonstrate that it is

possible to eliminate tumors by heat alone and without the use of radiation. Using the pre-clinical data from Massachusetts General, the FDA

granted Celsion a supplemental premarketing approval to incorporate the APA technology with Celsion's already approved Microfocus 1000 system. The APA technology enhances the ability of the Microfocus 1000 system to focus energy.

In January 1999, we received an IDE from the FDA to permit clinical testing of our breast cancer treatment system, and also received FDA approval to proceed with Phase I human clinical studies. In August 2000, we completed the treatment of ten patients in the Phase I study using our breast cancer equipment at Columbia Hospital in West Palm Beach, Florida, and at Harbor UCLA Medical Center in Torrance, California. In the study, our equipment was clinically tested on female breast tumors on a minimally invasive basis through a single application of precisely controlled and targeted heat. In December 2000, we received approval from the FDA to commence Phase II trials for our breast cancer system.

The Phase II trials consist of two protocols--the first is designed to ablate (kill) small breast tumors including microscopic lesions in the margin of the tumor, leaving the margins clear of viable cancer cells using heat alone and the second is designed to downsize large breast cancer tumors using a combination of heat and chemotherapy, thus allowing a surgeon to perform a lumpectomy rather than a mastectomy, thereby preserving the affected breast. These trials are currently under way at St. Joseph's Hospital Breast Center in Orange, California, Harbor-UCLA Medical Center in Torrance, California, the University of Oklahoma at Oklahoma City, Comprehensive Breast Center of Coral Springs in Coral Springs, Florida, Mroz-Baier Breast Care Center in Memphis, Tennessee, Lynne Clark, M.D. in Tacoma, Washington, Breast Care Specialists in Norfolk, Virginia, and Bolton Breast Unit.

Effective May 25, 2004, we suspended both branches of our pivotal Phase II trials using the Company's advanced phase array microwave technology in the treatment of small and late stage breast cancer tumors. The decision to suspend was taken after preliminary evaluation of interim (midpoint) data from the trials. In the small tumor study, the Company determined that it was achieving the primary endpoint of reducing second incisions, but that it was not consistently meeting its secondary endpoint of reducing tumor burden as measured by tumor necrosis. The Company believes that these inconsistent results may be due to inconsistent delivery of an adequate thermal dose. In the late-stage study, the Company was encountering difficulties in enrolling sufficient patients in part due to a change in the prevailing standard of care specified in the study protocol and in part due to a shortage of late-stage tumor patients, due to earlier detection of breast cancer.

THERMODOX(TM) (DOXORUBICIN ENCAPSULATED IN HEAT-ACTIVATED LIPOSOME); DUKE UNIVERSITY

BACKGROUND

Liposomes are man-made microscopic spheres with a liquid membrane, developed in the 1980's to encapsulate drugs for targeted delivery. Commercial liposomes can now encapsulate chemotherapeutic drugs, enabling them to avoid destruction by the body's immune system, and allowing them to accumulate in tumors. However, with presently available technology, it often takes two to four hours for commercial liposomes to release their drug contents to the tumors, severely limiting the clinical efficacy of liposome chemotherapy treatments.

DEVELOPMENT OF THERMO-SENSITIVE LIPOSOMES

A team of Duke University scientists has developed heat-sensitive liposomes comprised of materials that rapidly change porosity when heated to a specific point. As the heat-sensitive liposomes circulate within the small arteries, arterioles, and capillaries, the drug contents of the liposomes are released at significantly higher levels in those tissue areas that have been heated for 30 to 60 minutes than in areas that do not receive heat. In animal trials it has been determined that 50 times the amount of drugs carried by heat-sensitive liposomes was deposited at a specific heated tissue site, when compared to conventional liposomes. We have been a sponsor of this research, which is part of a larger Duke University project to develop new temperature-sensitive liposomes, temperature-sensitive gene promoters and related compounds, and we are the exclusive licensee of Duke University's heat-activated liposome technology.

Celsion's focused microwave equipment is used to provide minimally invasive heating of cancerous tumors to trigger heat-activated liposomes within the tumors. The heat-activated liposomes, which encapsulate chemotherapeutic agents, are injected into the bloodstream where they remain encapsulated until they release their drug payload inside the heated tumor. In preliminary tumor growth delay studies conducted at Duke University, tumor-bearing mice received a

single intravenous injection of the liposome with a 5 mg per kilogram Doxorubicin concentration. This was immediately followed by heating of the tumor to 42(degree) C (108(degree) F) for one hour. The result of the study was a complete regression of the tumors in 11 out of 11 mice. These animals remained disease free through 60 days of the study.

In November 2001, we completed large animal toxicity studies involving ThermoDox(TM), our Doxorubicin-laden thermo-liposome, at the Roswell Park Cancer Institute, a cancer research organization in Buffalo, New York, and at Dartmouth Hitchcock Medical Center, a teaching hospital associated with Dartmouth Medical College. In March 2002, we filed an Investigational New Drug, or IND, application with the FDA for the use of ThermoDox in the treatment of prostate cancer using our Prolieve equipment as the means of heat-activation. The IND became effective in June 2002 and we have had a Phase I clinical trial underway at Roswell Park and Regional Urology in Shreveport, Louisiana.

In addition, in January 2001, we entered into a Material Transfer Agreement, or MTA, with the National Cancer Institute, or NCI, under which we are supplying ThermoDox to enable the NCI to conduct clinical trials on liver cancer. NCI is using an RF heating device to ablate the tumors and to heat the liver, activating ThermoDox to kill peripheral cancer cells. Liver cancer has yet to be successfully treated with existing treatment modalities. NCI is currently completing pre-clinical studies and we filed an IND for the treatment of liver cancer on December 22, 2003.

Celsion's focused microwave equipment is used to provide minimally invasive heating of cancerous tumors to trigger heat-activated liposomes within the tumors. The heat-activated liposomes, which encapsulate chemotherapeutic agents, are injected into the bloodstream where they remain encapsulated until they release their drug payload inside the heated tumor. In preliminary tumor growth delay studies conducted at Duke University, tumor-bearing mice received a single intravenous injection of the liposome with a 5 mg per kilogram Doxorubicin concentration. This was immediately followed by heating of the tumor to 42(degree) C (108(degree) F) for one hour. The result of the study was a complete disappearance of the tumors in 11 out of 11 mice. These animals remained disease free through 60 days of the study.

In November 2001, we completed large animal toxicity studies involving Thermodox(TM), our Doxorubicin-laden thermo-liposome at the Roswell Park Cancer Institute, a cancer research organization in Buffalo, New York and at Dartmouth Hitchcock Medical Center, a teaching hospital associated with Dartmouth Medical College. In March 2002, we filed an IND application with the FDA for the use of Thermodox(TM) in the treatment of prostate cancer using our Prolieve equipment as the means of heat activation. The IND became effective in June 2002 and we have had a Phase I clinical trial underway at Roswell Park and Regional Urology in Shreveport, Louisiana since May 28, 2003.

In addition, in January 2001, we entered into a Material Transfer Agreement (MTA) with the National Cancer Institute, or NCI, under which we are supplying heat-activated liposomes to enable the NCI to conduct clinical trials on liver cancer. NCI is using an RF heating device to isolate the tumors and to heat the liver, activating Celsion's heat-activated liposomes to kill peripheral cancer cells. Liver cancer has yet to be successfully treated with existing treatment modalities. NCI is currently completing preclinical studies and we hope to file an IND for the treatment of liver cancer early in 2004.

Celsion and Duke University are pursuing further development work and pre-clinical studies aimed at using the new thermo-liposome technology in conjunction with our APA focused heat technology for a variety of applications, including cancer chemotherapy. We view the Duke thermo-liposome technology as a highly promising improvement in the delivery of medicines used to combat serious diseases. For example, the drugs used to fight cancer in chemotherapy regimens are often toxic when administered in large quantities, and produce nausea, vomiting, and exhaustion- all side effects of the body being poisoned. However, if such a drug can be delivered directly to a tissue area where it is needed, as opposed to being distributed through the entire circulatory system, the local concentration of the drug could be increased without the side effects that accompany large systemic dosing.

In addition, in the July 1, 2000 issue of Cancer Research, a Duke University research scientist reported on his initial use of heat to activate gene therapy and to increase the production in animals of Interleukin-12, a genetic protein, in order to delay tumor growth. On August 8, 2000, we entered into an agreement with Duke University, subsequently renewed for six-month periods, under which Celsion has the right, for a period of six months thereafter, to negotiate an exclusive license for this technology.

ALLIED TECHNOLOGY

On July 18, 2003, we entered into an additional license agreement with Duke, pursuant to which we have obtained exclusive rights to an advanced phased array radio frequency heating system designed specifically for use with chemotherapeutic drugs for the treatment of locally advanced breast cancer. The system, developed by Duke engineers, uses RF energy to warm a woman's breast to approximately 42(degree) C to enhance the effectiveness of liposomal chemotherapeutic compounds. During the treatment, the breast is immersed in a pool of distilled water, which helps distribute the heat evenly around the breast, thus preventing skin burns and "hot spots," which often create pain. Skin burns and hot spots have, up to now, limited the use of RF hyperthermia as an effective means for treatment of breast cancer.

This heating system is currently being clinically evaluated at Duke. A Phase I trial has been completed and a Phase II trial is underway. The combination of trials was designed to demonstrate the system's ability to enhance the combined therapeutic effect of liposomal encapsulations of

Doxorubicin(R) plus traditional paclitaxel (Taxol(R)) in the management of locally advanced breast cancer. Results of the Phase I study, which included 21 women, indicated that tumor growth was halted in all of the women participating in the trial and that 50% of the treated tumors were reduced in size. Eleven percent of the trial participants had complete pathologic

responses, meaning no cancer was found in the breast tissue upon analyzing its surgical remains, and 33% of patients had complete clinical responses, meaning visible signs of the tumor could no longer be detected. An additional 17% of trial participants were converted from mastectomy candidates to lumpectomy candidates. Celsion intends to work with Duke University staff to explore the potential for using this heating system in combination with ThermoDox to treat breast cancer.

PRODUCTION OF HEAT-SENSITIVE LIPOSOMES

We have established a relationship with Celator Corporation of Vancouver, Canada to provide Quality System Regulation, or QSR (formerly Good Manufacturing Practices, or GMP), production of our heat-activated liposome for our completed large animal toxicity studies and our planned Phase I clinical study in humans. Celator is a leading drug formulation and discovery company that specializes in liposome drug development. In November 2002, Celsion engaged Northern Lipids Limited, a Vancouver, Canada-based liposome consulting firm, to develop a scaled-up manufacturing process for this product and, in September 2003, we engaged Baxter Pharmaceuticals to produce the liposomes on a commercial scale.

SLOAN-KETTERING / CELSION HEAT-ACTIVATED GENE THERAPY COMPOUNDS

BACKGROUND

Cancer cells have the ability to repair themselves after radiation or chemotherapy. Thus, patients require repeated treatments to destroy substantially all of the cancer cells. Celsion has licensed from Sloan-Kettering Cancer Center, a biomedical innovation that promises significant improvements in cancer therapy. Sloan-Kettering has developed biological modifiers that inhibit cancer cells' ability to repair themselves. Activated by focused heat, this Cancer Repair Inhibitor, or CRI, temporarily disables the repair mechanism of cancer cells, making it possible to reduce significantly the number of radiation/chemotherapy treatments and/or lower the treatment dosage.

A standard approach to treating cancer is radiation therapy combined with chemotherapy. High doses of radiation kill cancer cells or keep them from dividing, but produce chronic or acute side effects, including fatigue, neutropenia, anemia and leukopenia. Also, depending on the location of the tumor, other acute side effects may occur, including diarrhea, allopecia and various foreign ulcers. Chemotherapy presents comparable or more serious side effects.

Oncologists are looking for ways to mitigate these side effects. In radiation therapy, these include hyperfractionated radiation, intra-operative radiation, three-dimensional radiation, stereotactic radiosurgery and the use of radio-labeled monoclonal antibodies and radio sensitizers. CRI falls into this latter category because it "sensitizes" a cancer cell for treatment by making it more susceptible to DNA-damaging agents such as heat, chemicals or radiation. A product of advances in the understanding of the biology of cancer, CRI is one of a new class of "biologics" that are expected to become part of the cancer treatment protocol.

THE CELSION TECHNOLOGY--CRI PLUS FOCUSED HEAT

CRI can be activated in tumors by minimally invasive focused heat in the range of 41(degree) C (106(degree) F). This focused heat may be generated by Celsion's Adaptive Phased Array microwave technology or other heating systems. Having increased the susceptibility of cancer cells to DNA-damaging agents, radiation and chemotherapy treatment may then be administered with less frequency and/or at lower doses than currently is possible. CRI would then deactivate and the patient would resume normal post-treatment care.

In September 2001, scientists at Sloan-Kettering successfully completed pre-clinical laboratory feasibility demonstrations to assess safety and biological activity of CRI. In December 2001, a small animal feasibility study was completed at Sloan-Kettering's Good Laboratory Practice (GLP) facility to assist in drug formulation. Further studies with large animals to assess toxicity effects are expected to be conducted. Following completion of these toxicity studies, the Company expects to file an IND.

In May 2000, we entered into an exclusive worldwide agreement with Sloan-Kettering for the commercial rights to the heat-activated gene therapy technology developed by Sloan-Kettering. In the June 15, 2003 issue of Cancer Research, a Sloan-Kettering scientist summarized the scientific and clinical rationale leading to the successful development of the heat-activated anti-sense genetic modifier and the pre-clinical evaluations, which demonstrated the feasibility of its use as a potent radiation sensitizer for the treatment of cancer.

In addition, in the July 1, 2000 issue of Cancer Research, a Duke University research scientist reported on his initial use of heat to activate gene therapy and to increase the production in animals of Interleukin-12, a genetic protein, in order to delay tumor

growth. On August 8, 2000, we entered into an agreement with Duke University, subsequently renewed for consecutive six-month periods, under which Celsion has the right, for a period of six months thereafter, to negotiate an exclusive license for this technology.

RISK FACTORS

You should carefully consider the risks described below before making a decision to invest in our Common Stock. You should also refer to the other information in this Prospectus, as well as the information incorporated by reference into this Prospectus, including our financial statements and the related notes. The risks and uncertainties described below are not the only ones that could affect our Company. Additional risks and uncertainties of which we are unaware or that we currently believe are immaterial also may become important factors affecting our business. If any one or more of the following risks occur, our business, results of operations and financial condition could be materially harmed. As a result, the trading price of our Common Stock could decline, and you could lose all or part of your investment. The terms the "Company," "we," "us" and "our" used throughout this Prospectus all refer to Celsion Corporation.

WE HAVE A HISTORY OF SIGNIFICANT LOSSES AND EXPECT TO CONTINUE SUCH LOSSES FOR THE FORESEEABLE FUTURE.

Since Celsion's inception in 1982, our expenses have substantially exceeded our revenues, resulting in continuing losses and an accumulated deficit of $66,297,896 at March 31, 2004, including losses of $14,293,081 for the 12 months ended December 31, 2003 and $6,065,680 for the quarter ended March 31, 2004. Because we presently have only limited revenues and are committed to continuing our product research, development and commercialization programs, we will continue to experience significant operating losses unless and until we complete the development of new products and these products have been clinically tested, approved by the FDA and successfully marketed. In addition, we have funded our operations for many years primarily through the sale of the Company's securities and have limited working capital for our product research, development, commercialization and other activities.

WE DO NOT EXPECT TO GENERATE SIGNIFICANT REVENUE FOR THE FORESEEABLE FUTURE.

Since 1995 we have devoted our resources to developing a new generation of thermotherapy and other products, but are not able to market these products unless and until we complete clinical testing and obtain all necessary governmental approvals. On February 19, 2004, we received a PMA from the FDA for the first of our new generation of thermotherapy products--our Prolieve Thermodilatation system for the treatment of BPH--and, since that time, our distributor Boston Scientific has begun commercial introduction of the Prolieve system. However, we can give no assurance as to how much revenue, if any, will be generated by Prolieve sales or when sales of Prolieve systems may occur. In addition, at the present time our other products are still in various stages of development and testing and cannot be marketed until we have completed clinical testing and obtained necessary governmental approval. Accordingly, current revenue sources to sustain our operations are extremely limited and will remain so until and unless our Prolieve system is marked successfully and/or until our other new products are clinically tested, approved by the FDA and successfully marketed. We cannot guarantee that any or all of our products will be successfully tested, approved by the FDA or marketed, successfully or otherwise, at any time in the foreseeable future or at all.

SOME OF OUR TECHNOLOGY IS STILL UNDERGOING CLINICAL TESTING; OUR TECHNOLOGIES MAY NOT ACHIEVE SUFFICIENT ACCEPTANCE BY THE MEDICAL COMMUNITY TO SUSTAIN OUR BUSINESS.

To date, microwave heat therapy has not been widely accepted in the United States medical community as an effective treatment for BPH or for cancer treatment, with or without the concurrent use of radiation. We believe that this is primarily due to the inability of earlier technology adequately to focus and control heat directed at specific tissue locations and to conclusions that were drawn from a widely publicized study by the Radiation Oncology Therapy Group that purported to show that thermotherapy in conjunction with radiation was only marginally effective. Subsequent to the publication of this study, the HealthCare Financing Administration, or HCFA (now known as the Centers for Medicare and Medicaid Services, or CMS) established a low medical reimbursement rate for all thermotherapy equipment designed to be used in conjunction with radiation. While management believes that our new technology is capable of overcoming the limitations of the earlier technology, the medical community may not embrace the perceived advantages of our "Adaptive Phased Array," or APA, focused heat therapy without more extensive testing and clinical experience than we will be able to provide. To date, we have received a PMA from the FDA for our Prolieve system for the treatment of BPH, but we can offer no assurance that the

Prolieve system will be accepted by the medical community widely or at all. Our new cancer treatment technology is currently in Phase II trials. This technology may not prove as effective in practice as we on anticipate. If further testing and clinical practice do not confirm the safety and efficacy of our technology or, even if further testing and practice produce positive results but the medical community does not view this new form of heat therapy as effective and desirable, our efforts

to market our new products may fail, with material adverse consequences to our business. We intend to petition CMS for a new reimbursement code for our breast cancer treatment. The success of our business model depends significantly upon our ability to petition successfully for reimbursement codes. However, we cannot offer any assurances as to when, if ever, CMS may act on our request to establish a reimbursement code for our breast cancer treatment system. In addition, there can be no assurance that the reimbursement level established for our breast cancer treatment system, if established, will be sufficient for us to carry out our business plan effectively.

IF WE ARE NOT ABLE TO OBTAIN NECESSARY FUNDING, WE WILL NOT BE ABLE TO COMPLETE THE DEVELOPMENT, TESTING AND COMMERCIALIZATION OF OUR TREATMENTS AND PRODUCTS.

We will need substantial additional funding in order to complete the development, testing and commercialization of our breast cancer treatment system and heat-activated liposome and cancer repair inhibitor products, as well as other potential new products. We expended approximately $14,333,740 in the 12-month period ended December 31, 2003 and an additional $6,155,472 in the three months ended March 31, 2004. As of that date, we had available a total of approximately $19,426,771 to fund our operations. We have both increased the pace of development work on our present products and made a significant commitment to our heat-activated liposome and cancer repair inhibitor research and development projects and it is our intention to at least maintain, or increase the pace and scope of these activities. The increase in the scope of present development work and the commitment to these new projects will require additional external funding, at least until we are able to generate sufficient cash flow from sale of one or more of our products to support our continued operations. We do not have any committed sources of financing and cannot offer any assurances that additional funding will be available in a timely manner, on acceptable terms or at all.

If adequate funding is not available, we may be required to delay, scale back or eliminate certain aspects of our operations or attempt to obtain funds through unfavorable arrangements with partners or others that may force us to relinquish rights to certain of our technologies, products or potential markets or that could impose onerous financial or other terms. Furthermore, if we cannot fund our ongoing development and other operating requirements, particularly those associated with our obligations to conduct clinical trials under our licensing agreements, we will be in breach of these licensing agreements and could therefore lose our license rights, which could have material adverse effects on our business.

OUR BUSINESS IS SUBJECT TO NUMEROUS AND EVOLVING STATE, FEDERAL AND FOREIGN REGULATIONS AND WE MAY NOT BE ABLE TO SECURE THE GOVERNMENT APPROVALS NEEDED TO DEVELOP AND MARKET OUR PRODUCTS.

Our research and development activities, pre-clinical tests and clinical trials, and ultimately the manufacturing, marketing and labeling of our products, all are subject to extensive regulation by the FDA and foreign regulatory agencies. Pre-clinical testing and clinical trial requirements and the regulatory approval process typically take years and require the expenditure of substantial resources. Additional government regulation may be established that could prevent or delay regulatory approval of our product candidates. Delays or rejections in obtaining regulatory approvals would adversely affect our ability to commercialize any product candidates and our ability to generate product revenues or royalties.

The FDA and foreign regulatory agencies require that the safety and efficacy of product candidates be supported through adequate and well-controlled clinical trials. If the results of pivotal clinical trials do not establish the safety and efficacy of our product candidates to the satisfaction of the FDA and other foreign regulatory agencies, we will not receive the approvals necessary to market such product candidates.

Even if regulatory approval of a product candidate is granted, the approval may include significant limitations on the indicated uses for which the product may be marketed. In addition, manufacturing establishments in the United States and abroad are subject to inspections and regulations by the FDA. Medical devices must also continue to comply with the FDA's Quality System Regulation, or QSR. Compliance with such regulations requires significant expenditures of time and effort to ensure full technical compliance. The FDA stringently applies regulatory standards for manufacturing.

We are also subject to record keeping and reporting regulations, including FDA's mandatory Medical Device Reporting, or MDR regulation. Labeling and promotional activities are regulated by the FDA and, in certain instances, by the Federal Trade Commission.

Many states in which we do or in the future may do business or in which our products may be sold impose licensing, labeling or certification requirements that are in addition to those imposed by the FDA. There can be no assurance that one or more states will not impose regulations or requirements that have a material adverse effect on our ability to sell our products.

In many of the foreign countries in which we may do business or in which our products may be sold, we will be subject to regulation by national governments and supranational agencies as well as by local agencies affecting, among other things, product standards, packaging requirements, labeling requirements, import restrictions, tariff regulations, duties and tax requirements. There can be no assurance that one or more countries or agencies will not impose regulations or requirements that could have a material adverse effect on our ability to sell our products.

The EU has a registration process that includes registration of manufacturing facilities (known as "ISO certification") and product certification (known as a "CE Mark"). We have obtained ISO certification for our existing facilities. However, there is no guarantee that we will be successful in obtaining European certifications for new facilities or for our products, or that we will be able to maintain its existing certifications in the future.

Foreign government regulation may delay marketing of our new products for a considerable period of time, impose costly procedures upon its activities and provide an advantage to larger companies that compete with it. There can be no assurance that we will be able to obtain necessary regulatory approvals, on a timely basis or at all, for any products that it develops. Any delay in obtaining, or failure to obtain, necessary approvals would materially and adversely affect the marketing of our contemplated products subject to such approvals and, therefore, our ability to generate revenue from such products.

Even if regulatory authorities approve our product candidates, such products and our facilities, including facilities located outside the EU, may be subject to ongoing testing, review and inspections by the European health regulatory authorities. After receiving premarketing approval, in order to manufacture and market any of its products, we will have to comply with regulations and requirements governing manufacture, labeling and advertising on an ongoing basis.

Failure to comply with applicable domestic and foreign regulatory requirements, can result in, among other things, warning letters, fines, injunctions and other equitable remedies, civil penalties, recall or seizure of products, total or partial suspension of production, refusal of the government to grant approvals, pre-market clearance or pre-market approval, withdrawal of approvals and criminal prosecution of the Company and its employees, all of which would have a material adverse effect on our business.

OUR BUSINESS DEPENDS ON LICENSE AGREEMENTS WITH THIRD PARTIES TO PERMIT US TO USE PATENTED TECHNOLOGIES. THE LOSS OF ANY OF OUR RIGHTS UNDER THESE AGREEMENTS COULD IMPAIR OUR ABILITY TO DEVELOP AND MARKET OUR PRODUCTS.

Currently, we have three utility patents pending in the United States Patent & Trademark Office. Two are directed to our Prolieve system for the treatment of BPH and the other is directed to our breast cancer treatment system. However, even when our pending applications mature into United States patents, our business will still depend on license agreements that it has entered into with third parties until the third parties' patents expire.

Our success will depend, in substantial part, on our ability to maintain our rights under license agreements granting us rights to use patented technologies. We have entered into exclusive license agreements with MIT, for APA technology and with MMTC, a privately owned developer of medical devices, for microwave balloon catheter technology. We have also entered into a license agreement with Duke University, under which we have exclusive rights to commercialize medical treatment products and procedures based on Duke University's thermo-liposome technology, an advanced phased array radio frequency (RF) heating system designed specifically for use with chemotherapeutic drugs for the treatment of locally advanced breast cancer and a license agreement with Memorial Sloan-Kettering Cancer Center under which we have rights to commercialize certain cancer repair inhibitor products. The MIT, MMTC, Duke University and Sloan-Kettering agreements each contain license fee, royalty and/or research support provisions, testing and regulatory milestones, and other performance requirements that we must meet by certain deadlines. If we were to breach these or other provisions of the license and research agreements, we could lose our ability to use the subject technology, as well as compensation for our efforts in developing or exploiting the technology. Further, loss of our rights under the MIT license agreement would prevent us from proceeding with most our current product development efforts, which are dependent on licensed APA technology. Any such loss of rights and access to technology would have a

material adverse effect on our business.

Further, we cannot guarantee that any patent or other technology rights licensed to us by others will not be challenged or circumvented successfully by third parties, or that the rights granted will provide adequate protection. We are aware of published

patent applications and issued patents belonging to others, and it is not clear whether any of these patents or applications, or other patent applications of which it may not have any knowledge, will require us to alter any of our potential products or processes, pay licensing fees to others or cease certain activities. Litigation, which could result in substantial costs, may also be necessary to enforce any patents issued to or licensed by us or to determine the scope and validity of others' claimed proprietary rights. We also rely on trade secrets and confidential information that we seek to protect, in part, by confidentiality agreements with our corporate partners, collaborators, employees and consultants. We cannot guarantee that these agreements will not be breached, that, even if not breached, that they are adequate to protect our trade secrets, that we will have adequate remedies for any breach or that our trade secrets will not otherwise become known to, or will not be discovered independently by, competitors.

TECHNOLOGIES FOR THE TREATMENT OF CANCER ARE SUBJECT TO RAPID CHANGE AND THE DEVELOPMENT OF TREATMENT STRATEGIES THAT ARE MORE EFFECTIVE THAN OUR THERMOTHERAPY TECHNOLOGY COULD RENDER OUR TECHNOLOGY OBSOLETE.

Various methods for treating cancer currently are, and in the future may be expected to be, the subject of extensive research and development. Many possible treatments that are being researched, if successfully developed, may not require, or may supplant, the use of our thermotherapy technology. These alternate treatment strategies include the use of radio frequency (RF), laser and ultrasound energy sources. The successful development and acceptance of any one or more of these alternative forms of treatment could render our technology obsolete as a cancer treatment method.

WE MAY NOT BE ABLE TO HIRE OR RETAIN KEY OFFICERS OR EMPLOYEES THAT WE NEED TO IMPLEMENT ITS BUSINESS STRATEGY AND DEVELOP ITS PRODUCTS AND BUSINESSES.

Our success depends significantly on the continued contributions of our executive officers, scientific and technical personnel and consultants, and on our ability to attract additional personnel as we seek to implement our business strategy and develop our products and businesses. During our operating history, we have assigned many essential responsibilities to a relatively small number of individuals. However, as our business and the demands on our key employees expand, we have been, and will continue to be, required to recruit additional qualified employees. The competition for such qualified personnel is intense, and the loss of services of certain key personnel or our inability to attract additional personnel to fill critical positions as we implement our business strategy could adversely affect our business. Further, we do not carry "key man" insurance on any of our personnel. Therefore, loss of the services of key personnel would not be ameliorated by the receipt of the proceeds from such insurance.

OUR SUCCESS WILL DEPEND IN PART ON OUR ABILITY TO GROW AND DIVERSIFY, WHICH IN TURN WILL REQUIRE THAT WE MANAGE AND CONTROL OUR GROWTH EFFECTIVELY.

Our business strategy contemplates growth and diversification. As manufacturing, marketing, sales, and other personnel, and expand our manufacturing and research and development capabilities we add, our operating expenses and capital requirements will increase. Our ability to manage growth effectively will require that we continue to expend funds to improve our operational, financial and management controls, reporting systems and procedures. In addition, we must effectively expand, train and manage our employees. We will be unable to manage our businesses effectively if we are unable to alleviate the strain on resources caused by growth in a timely and successful manner. There can be no assurance that we will be able to manage our growth and a failure to do so could have a material adverse effect on our business.

THE SUCCESS OF OUR PRODUCTS MAY BE HARMED IF THE GOVERNMENT, PRIVATE HEALTH INSURERS AND OTHER THIRD- PARTY PAYORS DO NOT PROVIDE SUFFICIENT COVERAGE OR REIMBURSEMENT.

Our ability to commercialize our thermotherapy technology successfully will depend in part on the extent to which reimbursement for the costs of such products and related treatments will be available from government health administration authorities, private health insurers and other third-party payors. The reimbursement status of newly approved medical products is subject to significant uncertainty. We cannot guarantee that adequate third-party insurance coverage will be available for us to establish and maintain price levels sufficient for us to realize an appropriate return on our investment in developing new therapies. Government, private health insurers and other third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement for new therapeutic products approved for marketing by the FDA. Accordingly, even if coverage and reimbursement are provided by government, private health insurers and

third-party payors for uses of our products, market acceptance of these products would be adversely affected if the reimbursement available proves to be unprofitable for health care providers.

WE FACE INTENSE COMPETITION AND THE FAILURE TO COMPETE EFFECTIVELY COULD ADVERSELY AFFECT OUR ABILITY TO DEVELOP AND MARKET OUR PRODUCTS.

There are many companies and other institutions engaged in research and development of thermotherapy technologies, both for prostate disease and cancer treatment products that seek treatment outcomes similar to those that we are pursuing. In addition, a number of companies and other institutions are pursuing alternative treatment strategies through the use of microwave, infrared, radio frequency, laser and ultrasound energy sources, all of which appear to be in the early stages of development and testing. We believe that the level of interest by others in investigating the potential of thermotherapy and alternative technologies will continue and may increase. Potential competitors engaged in all areas of prostate and cancer treatment research in the United States and other countries include, among others, major pharmaceutical and chemical companies, specialized technology companies, and universities and other research institutions. Most of our competitors and potential competitors have substantially greater financial, technical, human and other resources, and may also have far greater experience, than do we, both in pre-clinical testing and human clinical trials of new products and in obtaining FDA and other regulatory approvals. One or more of these companies or institutions could succeed in developing products or other technologies that are more effective than the products and technologies that we have been or are developing, or which would render our technology and products obsolete and non-competitive. Furthermore, if we are permitted to commence commercial sales of any of our products, we will also be competing, with respect to manufacturing efficiency and marketing, with companies having substantially greater resources and experience in these areas.

LEGISLATIVE AND REGULATORY CHANGES AFFECTING THE HEALTH CARE INDUSTRY COULD ADVERSELY AFFECT OUR BUSINESS.

There have been a number of federal and state proposals during the last few years to subject the pricing of health care goods and services to government control and to make other changes to the United States health care system. It is uncertain which legislative proposals, if any, will be adopted (or when) or what actions federal, state, or private payors for health care treatment and services may take in response to any health care reform proposals or legislation. We cannot predict the effect health care reforms may have on our business and we can offer no assurances that any of these reforms will not have a material adverse effect on that business.

WE MAY BE SUBJECT TO SIGNIFICANT PRODUCT LIABILITY CLAIMS AND LITIGATION.

Our business exposes us to potential product liability risks inherent in the testing, manufacturing and marketing of human therapeutic products. We presently have product liability insurance limited to $5,000,000 per incident. If we were to be subject to a claim in excess of this coverage or to a claim not covered by our insurance and the claim succeeded, we would be required to pay the claim with our own limited resources, which could have a material adverse effect on our business. In addition, liability or alleged liability could harm the business by diverting the attention and resources of our management and by damaging our reputation.

WE PRESENTLY HAVE LIMITED MARKETING AND SALES CAPABILITY AND WILL BE REQUIRED TO DEVELOP SUCH CAPABILITIES AND TO ENTER INTO ALLIANCES WITH OTHERS POSSESSING SUCH CAPABILITIES IN ORDER TO COMMERCIALIZE OUR PRODUCTS SUCCESSFULLY.

We have begun to commercialize and market our Prolieve Thermodilatation system through Boston Scientific. Consequently, we are dependent upon Boston Scientific for the successful introduction and marketing of our Prolieve system. There can be no assurance that Boston Scientific will establish adequate sales and distribution capabilities or be successful in gaining market acceptance for Prolieve system. We intend to market our other products, if and when such products are approved for commercialization by the FDA, through other strategic alliances and distribution arrangements with third parties. There can be no assurance that we will be able to establish such sales and marketing capabilities successfully or successfully enter into third-party marketing or distribution arrangements and, to the extent that we do enter into such arrangements, we will be dependent, to some degree, on our marketing and distribution partners. We have limited experience and capabilities in marketing, distribution and direct sales, although we expect to attempt to recruit experienced marketing and sales personnel as we pursue commercialization. In attracting, establishing and maintaining a marketing and sales force or entering into third-party marketing or distribution arrangements with other companies, we expect to incur significant additional expense. There can be no assurance that, to the extent we enter into any commercialization arrangements with third parties as and when our other products or services receive FDA approval, such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance for our products and services. There also can be no assurance that our direct sales, marketing, licensing and

distribution efforts would be successful or that revenue from such efforts would exceed expenses.

WE DEPEND ON THIRD-PARTY SUPPLIERS TO PROVIDE US WITH COMPONENTS REQUIRED FOR OUR PRODUCTS AND MAY NOT BE ABLE TO OBTAIN THESE COMPONENTS ON FAVORABLE TERMS OR AT ALL.

We are not currently manufacturing any products, but are using our facilities to assemble prototypes of the equipment for research and development purposes. We currently purchase certain specialized microwave and thermometry components and applicator materials and the catheter unit used for our clinical trial products from single or limited source suppliers because of the small quantities involved. While we have not experienced any significant difficulties in obtaining these components, the loss of an important current supplier could require that we obtain a replacement supplier, which could result in delays and additional expense in being able to make prototype equipment available for clinical trials and other research purposes. For our Prolieve equipment, we use outside contractors to manufacture finished equipment and the disposable catheter kit used in conjunction with the equipment. In turn, these suppliers are dependent on single source and other components suppliers. Although we believe that alternative sources of supply would be available if the need arose, the loss of one or more of these suppliers would require that we obtain a replacement source, which could result in delays and additional expense to redesign the product to accept the replacement vendor.

WE HAVE NOT PAID DIVIDENDS IN THE PAST AND DO NOT INTEND TO DO SO FOR THE FORESEEABLE FUTURE.

We have never paid cash dividends and do not anticipate paying cash dividends on our common or preferred stock in the foreseeable future. Therefore, our stockholders cannot achieve any degree of liquidity with respect to their shares of Common Stock except by selling such shares.

THE EXERCISE OF OUR OUTSTANDING OPTIONS AND WARRANTS COULD RESULT IN SIGNIFICANT DILUTION OF OWNERSHIP INTERESTS IN OUR COMMON STOCK OR OTHER CONVERTIBLE SECURITIES.

As of April 30, 2004, we had outstanding and exercisable warrants and options to purchase a total of 23,724,677 shares of our Common Stock at exercise prices ranging from $0.25 to $5.00 per share (with a weighted average exercise price of approximately $0.89 per share). In addition, we had outstanding but unexercisable and unvested warrants and options to purchase a total of 1,965,000 shares of our Common Stock at exercise prices ranging from $0.40 to $1.50 per share (with a weighted average exercise price of approximately $0.85 per share). Some of the prices are below the current market price of our Common Stock, which has ranged from a low of $1.04 to a high of $1.26 over the 20 trading days ending April 30, 2004. If holders choose to exercise such warrants and options at prices below the prevailing market price for the Common Stock, the resulting purchase of a substantial number of shares of our Common would have a dilutive effect on our stockholders and could adversely affect the market price of our issued and outstanding Common Stock and convertible securities. In addition, holders of these options and warrants who have the right to require registration of the Common Stock under certain circumstances and who elect to require such registration, or who exercise their options or warrants and then satisfy the one-year holding period and other requirements of Rule 144 of the Securities Act, will be able to sell in the public market shares of Common Stock purchased upon such exercise.

IF THE PRICE OF OUR SHARES REMAINS LOW, WE MAY BE DELISTED BY THE AMERICAN STOCK EXCHANGE AND BECOME SUBJECT TO SPECIAL RULES APPLICABLE TO LOW PRICED STOCKS

Our Common Stock currently trades on The American Stock Exchange (the Amex). The Amex, as a matter of policy, will consider the suspension of trading in, or removal from listing of, any stock when, in the opinion of the Amex, (i) the financial condition and/or operating results of an issuer appear to be unsatisfactory; (ii) it appears that the extent of public distribution or the aggregate market value of the stock has become so reduced as to make further dealings on the Amex inadvisable; (iii) the issuer has sold or otherwise disposed of its principal operating assets; or (iv) the issuer has sustained losses which are so substantial in relation to its overall operations or its existing financial condition has become so impaired that it appears questionable, in the opinion of the Amex, whether the issuer will be able to continue operations and/or meet its obligations as they mature. For example, the Amex will consider suspending dealings in or delisting the stock of an issuer if the issuer has sustained losses from continuing operations and/or net losses in its five most recent fiscal years. Another instance where the Amex would consider suspension or delisting of a stock is if the stock has been selling for a substantial period of time at a low price per share and the issuer fails to effect a reverse split of such stock within a reasonable time after being notified that the Amex deems such action to be appropriate We have sustained net losses for our last five fiscal years (and beyond) and our Common Stock has been trading at relatively low prices. Therefore, our Common Stock may be at risk for

delisting by the Amex.

Upon any such delisting, the Common Stock would become subject to the penny stock rules of the SEC, which generally are applicable to equity securities with a price of less than $5.00 per share (other than securities registered on certain national securities

exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with bid and ask quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock that is not otherwise exempt from such rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements are likely to have a material and adverse effect on price and the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. If our Common Stock were to become subject to the penny stock rules it is likely that the price of the Common Stock would decline and that our stockholders would be likely to find it more difficult to sell their shares.

OUR STOCK PRICE HAS BEEN, AND COULD BE, VOLATILE.

Market prices for our Common Stock and the securities of other medical, high technology companies have been volatile. Our Common Stock has had a high price of $0.40 and a low price of $2.10 in the 52-week period ending April 30, 2004. Factors such as announcements of technological innovations or new products by us or by our competitors, government regulatory action, litigation, patent or proprietary rights developments and market conditions for medical and high technology stocks in general can have a significant impact on the market for our Common Stock.

OUR STOCK HISTORICALLY HAS BEEN THINLY TRADED. THEREFORE, STOCKHOLDERS MAY NOT BE ABLE TO SELL THEIR SHARES FREELY.

While our Common Stock is listed on the Amex, the volume of trading historically has been relatively light. Although trading volume has increased recently, there can be no assurance that this increased trading volume, our historically light trading volume, or any trading volume whatsoever will be sustained in the future. Therefore, there can be no assurance that our stockholders will be able to sell their shares of our Common Stock at the time or at the price that they desire, or at all.

ANTI-TAKEOVER PROVISIONS IN OUR CHARTER DOCUMENTS AND DELAWARE LAW COULD PREVENT OR DELAY A CHANGE IN CONTROL.

Our Certificate of Incorporation and Bylaws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable by authorizing the issuance of "blank check" preferred stock. The Board of Directors may issue this preferred stock, on such terms as it determines, without further stockholder approval. Therefore, the Board may issue such preferred stock on terms unfavorable to a potential bidder in the event that is opposes a merger or acquisition. In addition, our classified Board of Directors may discourage such transactions by increasing the amount of time necessary to obtain majority representation on the Board. We also have implemented a stockholder rights plan and distributed rights to our stockholders. When these rights become exercisable, these rights entitle their holders to purchase one share of our Series C Junior Participating Preferred Stock at a price o f $4.46 per one ten-thousandth of a share of Series C Preferred Stock. If any person or group acquires more than 15% of our Common Stock, the holders of rights (other than the person or group crossing the 15% threshold) will be able to purchase, in exchange for the $4.46 exercise price, $8.92 of our Common Stock or the stock of any company into which we are merged. Because these rights may substantially dilute stock ownership by a person or group seeking to take us over without the approval of our Board of Directors, our rights plan could make it more difficult for a person or group to take us over (or acquire significant ownership interest in us) without negotiating with our Board regarding such a transaction. Certain other provisions of our Bylaws and of Delaware law may also discourage, delay or prevent a third party from acquiring or merging with us, even if such action were beneficial to some, or even a majority, of our stockholders.

USE OF PROCEEDS

The Selling Stockholders will receive all of the net proceeds from the sale of their respective Shares; we will not receive any proceeds from these sales. The holders of the Warrants are under no obligation to exercise them at any time or at all.

The exercise price for the Warrants is payable in cash (except that

Warrants to purchase 121,680 shares at $0.77 per share are subject to "cashless" or "net" exercise provisions). If all of the Warrants (including those subject to "cashless" exercise) are

exercised for cash, we will receive aggregate consideration of $4,504,032. We intend to use any proceeds from exercise of the Warrants for working capital and general corporate purposes.

RESALES BY SELLING STOCKHOLDERS

This Prospectus relates to the proposed resale by the Selling Stockholders of the Shares, consisting of up to 8,652,441 shares of Common Stock, and up to 4,723,698 shares of Common Stock issuable upon the exercise of the Warrants. The following table sets forth, as of May 21, 2004, certain information with respect to the persons for whom the Company is registering the Shares for resale to the public. Except as indicated by footnote below, no such person has had a material relationship or has held any position or office, with the Company within the last three years and, to our knowledge, based on information provided by the Selling Stockholders, no such person is a broker-dealer or an affiliate of a broker-dealer. The Company will not receive any of the proceeds from the sale of the Shares, but may receive up to $4,604,032 upon the cash exercise of the Warrants.

	SECURITIES BENEFICIALLY OWNED PRIOR TO OFFERING (1)		SECURITIES OFFERED HEREBY (2)	SECURITIES BENEFICIALLY OWNED AFTER OFFERING (3)	
NAME OF SELLING STOCKHOLDER	COMMON STOCK	WARRANTS	COMMON STOCK	AMOUNT	PERCENT
Silver Lake Investment Partners Ltd.	2,727,273	818,182	3,545,455	0	*
Gwynneth Gold Ltd.	550,000	165,000	715,000	0	*
Goldpac Investment Partners Ltd.	0	878,516	878,516	0	*
Zhitao He	2,750,000	825,000	3,575,000	0	*
Chan Wai	1,100,000	330,000	1,430,000	120,000	*
Sun Yiu Kwong	600,000	150,000	650,000	100,000	*
Liu Chi Kong	390,000	117,000	507,000	0	*
Ying Rong Shi	200,000	60,000	260,000	0	*
Tan Hong Jiu	100,000	30,000	130,000	0	*
Jacob l. Jacobson	194,076	0	194,074	0	*
Gloria Li	116,145	19,000	78,772	56,373	*
Alan J. Fenn	50,000	0	50,000	0	*
Kaijun Wu	12,320	0	12,320	0	*
John Mon (4)	348,288	1,160,000	600,000	908,288	*
Augustine Y. Cheung (5)	3,537,176	1,750,000	400,000	4,887,176	3%
Ira M. Weingarten	0	75,000	50,000	25,000	*
Steve Chizzik	0	50,000	50,000	0	*
Strategic Growth International, Inc.	0	450,000	250,000	200,000	*

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(1) We have computed "beneficial ownership" in accordance Rule 13d-3(d) promulgated by the SEC under the Securities Exchange Act of 1934 for purposes of this table. Therefore, the table reflects a person as having "beneficial ownership" of shares of Common Stock if such person has the right to acquire such shares within 60 days of May 21, 2004. For purposes of computing the percentage of outstanding shares of Common Stock held by each person or group of persons named above, we have assumed to be outstanding any security which such person or persons has or have the right to acquire within that 60-day period. All of the Warrants are currently exercisable and, therefore, the Selling Stockholders may be deemed to be the beneficial owner of the shares of Common Stock underlying such Warrants pursuant to Rule 13d-3(d). However, securities that may be acquired within that 60-day period are not deemed to be outstanding for purposes of computing the percentage ownership of any other person. Notwithstanding the foregoing, for purposes of this table, we have not, however, included the Shares underlying warrants and registered hereby under the column "Securities Beneficially Owned Prior to Offering--Common Stock." Instead, the Shares are reflected under the column "Securities Offered Hereby." Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the Company believes, based on information supplied by such persons, that the persons named in this table have sole voting and investment power with respect to all shares of Common Stock which they beneficially own.

(2) Represents the maximum number of shares of Common Stock issuable to each Selling Stockholder upon exercise in full of Warrants issued or issuable thereto.

(3) Assumes the eventual sale of all Shares by each Selling Stockholder. There can be no assurance that any Selling Stockholder will sell any or all of the Shares owned thereby or issuable thereto.

(4) Until February 2004, Mr. Mon was a director of the Company and, until May 2004, he served as corporate secretary. Mr. Mon has been, and continues to be, a vice president of the Company.

(5) Dr. Cheung is a director and serves as president, chief executive officer and chief scientific officer of the Company.

* Less than 1%.

PLAN OF DISTRIBUTION

The Selling Stockholders may, in their discretion, offer and sell Shares from time to time on The American Stock Exchange or otherwise at prices and on terms then prevailing at prices related to the then-current market price, or at negotiated prices. The distribution of the Shares may be effected from time to time in one or more transactions including, without limitation:

- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- transactions involving block trades;
- purchases by a broker, dealer or underwriter as principal and resale by that person for its own account under this Prospectus;
- put or call option transactions;
- privately negotiated transactions; or
- by any other legally available means.

In effecting sales, broker-dealers or agents engaged by the Selling Stockholders may arrange for other broker-dealers or agents to participate. From time to time, one or more of the Selling Stockholders may pledge, hypothecate or grant a security interest in some or all of the Shares owned thereby, and the pledgees, secured parties or persons to whom such securities have been hypothecated shall, upon foreclosure in the event of default, be deemed to be Selling Stockholders under this Prospectus. In addition, the Selling Stockholders may from time to time sell short the Common Stock of the Company and, in such instances, this Prospectus may be delivered in connection with such short sale and the Shares offered hereby may be used to cover such short sale.

Sales of Selling Stockholders' Shares may also be made pursuant to Rule 144 under the Securities Act of 1933, where applicable. The Selling Stockholders' Shares may also be offered in one or more underwritten offerings, on a firm commitment or best efforts basis. The Company will receive no proceeds from the sale of Shares by the Selling Stockholders, although it will receive the exercise price upon any exercise of Warrants.

To the extent required under the Securities Act of 1933, the aggregate amount of Selling Stockholders' Common Stock being offered and the terms of the offering, the names of any such agents, brokers, dealers or underwriters and any applicable commission with respect to a particular offer will be set forth in an accompanying Prospectus supplement. Any underwriters, dealers, brokers or agents participating in the distribution of the Shares may receive compensation in the form of underwriting discounts, concessions, commissions or fees from a Selling Stockholder and/or purchasers of Selling Stockholders' Shares, for whom they may act. In addition, Selling Stockholders may be deemed to be underwriters under the Securities Act and any profits on the sale of Shares by them may be deemed to be discounts or commissions under the Securities Act. Selling Stockholders may have other business relationships with the Company or its affiliates in the ordinary course of business.

From time to time, each of the Selling Stockholders may transfer, pledge, donate or assign their Shares to lenders, family members and others and each of such persons will be deemed to be a Selling Stockholder for purposes of this Prospectus. The number of Shares beneficially owned by those Selling Stockholders who transfer, pledge, donate or assign Shares will decrease as and when they take such actions. The plan of distribution for the Shares sold hereunder will otherwise remain unchanged, except that the transferees, pledgees, donees or other successors will be Selling Stockholders hereunder.

Without limiting the foregoing, in connection with distributions of the Shares, a Selling Stockholder may enter into hedging transactions with broker-dealers and the broker-dealers may engage in short sales of the Common Stock in the course of hedging the positions they assume with such Selling Stockholder. A Selling Stockholder may also enter into option or other transactions with broker-dealers that involve the delivery of Shares to the broker-dealers, who may then resell or otherwise transfer such Shares. A Selling Stockholder may also lend or pledge Shares to a broker-dealer and the broker-dealer may sell the Shares so borrowed or, upon default, may sell or otherwise transfer the pledged Shares.

Under applicable rules and regulations under the Securities Exchange Act, any person engaged in the distribution of the Common Stock may not bid for or purchase shares of Common Stock during a period which commences one business day (five business days, if the Company's public float is less than $25 million or its average daily trading volume is less than $100,000) prior to such person's participation in the distribution, subject to exceptions for certain passive market making activities. In addition and without limiting the foregoing, each Selling Stockholder will be subject to applicable provisions of the Securities Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M, which provisions may limit the timing of purchases and sales of shares of the Company's Common Stock by such Selling Stockholder.

The Company is bearing all costs relating to the registration of the Shares (other than fees and expenses, if any, of counsel or other advisors to the Selling Stockholders). Any commissions, discounts or other fees payable to broker-dealers in connection with any sale of the Shares will be borne by the Selling Stockholders selling such Shares.

The Company may indemnify the Selling Stockholders in certain circumstances, against certain liabilities, including liabilities arising under the Securities Act of 1933.

LEGAL MATTERS

The legality of the securities in this offering is being passed upon for us by Anita J. Finkelstein, Esquire, our Vice President and General Counsel.

EXPERTS

Our financial statements at September 30, 2001, 2002 and 2003 and for the years ended September 30, 2001, 2002 and 2003 are incorporated by referenced into this Prospectus from our Annual Report on Form 10-K for the year ended September 30, 2003 have been audited by Stegman & Co., independent accountants, and are so incorporated by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

We estimate that our expenses to be paid in connection with the offering (other than placement agent discounts, commissions and reasonable expense allowances), all of which will be paid by the Company, will be as follows:

SEC Registration Fee	$ 1,356
Accounting Fees and Expenses	$ 500*
Printing and Engraving	$ 300*
Miscellaneous	$ 1000*
Total	$ 3,156

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*These are estimated amounts.

ITEM 16. EXHIBITS.

EXHIBIT NO.		DESCRIPTION
3.1.1	*	Certificate of Incorporation of Celsion (the "Company"), as amended (complied).
3.1.2	+	Certificate of Ownership and Merger of Celsion Corporation (a Maryland Corporation) into Celsion (Delaware) Corporation (inter alia, changing the Company's name to "Celsion Corporation" from "Celsion (Delaware) Corporation), incorporated herein by reference to Exhibit 3.1.3 to the Annual Report on Form 10-K of the Company for the Year Ended September 30, 2000.
3.1.3	+	Certificate of Designations of Series C Junior Participating Preferred Stock of Celsion Corporation, incorporated herein by reference to Exhibit 4.4 to the Form S-3 Registration Statement (File No. 333-100638) filed October 18, 2002.
3.2	*	By-laws of the Company, as amended (compiled).
4.1	+	Form of Common Stock Certificate, par value $0.01, incorporated herein by reference to Exhibit 4.1 to the Annual Report on Form 10-K of the Company for the Year Ended September 30, 2001.
4.2	+	Celsion Corporation and American Stock Transfer & Trust Company Rights Agreement dated as of August 15, 2002, ("Rights Agreement"), incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed August 21, 2002.
4.2A	*	Amendment to Rights Agreement adopted January 16, 2003.
4.3	+	Agreement dated April 8, 2003 between the Company and Strategic Growth International, Inc. (incorporated by reference to Exhibit 4.5 of the Registration Statement on Form S-3 filed on August 28, 2003).
4.4	+	Letter Agreement dated September 11, 2003 between the Company and Goldpac Investment Partners Ltd
4.5	+	Letter Agreement dated October 1, 2003 between the Company and Goldpac Investment Partners Ltd
4.6	+	Form of Warrant to Purchase Common Stock pursuant to the Subscription Agreement of the Company dated September 30, 2003 (the "September Subscription Agreement").
4.7	+	Form of Finder's Warrant issued pursuant to the September Subscription Agreement.
4.8	+	Letter Agreement dated December 3, 2003 between the Company and Equity Communications [a6]
4.9	+	Form of Warrant to Purchase Common Stock pursuant to the Term Sheet of the Company dated December 1, 2003 (the "December Term Sheet").
4.10	+	Form of Finder's Warrant issued pursuant to the December Term.
4.11	+	Form of Warrant to Purchase Common Stock pursuant to the Term Sheet of the Company dated January 1, 2004 (the "January Term Sheet").
4.12	+	Form of Finder's Warrant issued pursuant to the January Term Sheet.

EXHIBIT NO.		DESCRIPTION
4.13	+	Form of Series 600 Warrant Issued to Certain Employees and Directors on May 16, 1996 to Purchase Common Stock of the Company , incorporated herein by reference to Exhibit 10.17 to the Annual Report on Form 10-K of the Company for the Year Ended September 30, 1998.
4.14	*	Consulting Agreement Between Celsion and Gloria Li Dated November 23, 2001.
4.15	+	Consulting Agreement Between Celsion and Jacob L. Jacobson Dated October 1, 2003.
4.16	+	Letter to Alan J. Fenn dated February 1, 2003
4.17	+	Letter to Kaijun Wu dated December 1, 2002
5.1	*	Opinion of Anita J. Finkelstein, Esquire re: Legality.
23.1	*	Consent of Stegman & Company, independent public accountants of the Company.
23.2	*	Consent of Anita J. Finkelstein, Esquire (included in Exhibit 5.1).
24.1	+	Power of Attorney (included in Signature Page).

\+ Previously filed.
* Filed herewith

SIGNATURES

Under the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Columbia, Maryland, on the 10th day of June 2004.

CELSION CORPORATION

By: /s/ Augustine Y. Cheung

Augustine Y. Cheung
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Augustine Y. Cheung --- Augustine Y. Cheung	Director, President and Chief Executive Officer (Principal Executive Officer)	June 10, 2004
/s/ Anthony P. Deasey --- Anthony P. Deasey	Executive Vice President--Finance and Administration and Chief Operating and Financial Officer (Principal Financial and Accounting Officer)	June 10, 2004
/s/ Max E. Link* --- Max E. Link	Chairman of the Board of Directors	June 10, 2004
/s/ Gary W. Pace* --- Gary W. Pace	Director	June 10, 2004
/s/ Claude Tihon* --- Claude Tihon	Director	June 10, 2004
/s/ Kris Venkat* --- Kris Venkat	Director	June 10, 2004

* /s/Augustine Y. Cheung

Augustine Y. Cheung

Attorney-in-Fact

CERTIFICATE OF INCORPORATION
OF
CELSION (DELAWARE) CORPORATION

(Compiled and reflecting all amendments through May 26, 2004*)

The undersigned, a natural person of legal age, for the purpose of organizing a corporation pursuant to the General Corporation Law of the State of Delaware, hereby certifies that:

FIRST: The name of the Corporation is

CELSION (DELAWARE) CORPORATION

SECOND: The address, including street, number, city, and county, of the registered office of the Corporation in the State of Delaware is c/o United Corporate Services, Inc., 15 East North Street, in the City of Dover, County of Kent, State of Delaware 19901, and the name of the registered agent at said address is United Corporate Services, Inc.

THIRD: The nature of the business and the purposes to be conducted and promoted by the Corporation are to conduct any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is two hundred fifty million one hundred thousand (250,100,000) shares, consisting of (i) two hundred fifty million (250,000,000) shares of Common Stock, par value $0.01 per share ("Common Stock"), and (ii) one hundred thousand (100,000) shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"). The Preferred Stock may be issued from time to time in one or more series.

The Corporation shall from time to time in accordance with the laws of the State of Delaware increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit the conversion of the Preferred Stock into Common Stock in accordance with any terms governing such conversion established by the Board of Directors under applicable law.

The Board of Directors is hereby authorized, subject to limitations prescribed by law and the provisions of this Article FOURTH, by resolution to provide for the issuance of Preferred Stock in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, privileges, preferences and

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* Last Amendment made effective May 26, 2004.

relative participating, optional or other rights, if any, of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but shall not be limited to, determination of the following:

(a) The number of shares constituting that series (including an increase or decrease in the number of shares of any such series (but not below the number of shares in any series then outstanding) and the distinctive designation of that series;

(b) Whether a dividend shall be payable on any series, and, if so, the dividend rate on the shares in that series, whether dividends shall be in cash or in kind, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(c) Whether that series shall have voting rights (including multiple or fractional votes per share) in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(d) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such privileges, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates

upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption rates;

(f) Whether that series shall have a sinking fund or sinking funds for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund or funds;

(g) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment with respect to shares of that series; and

(h) Any other relative rights, preferences and limitations of that series.

No holder of shares of the Corporation of any class, now or hereafter authorized, shall have any preferential or preemptive rights to subscribe for, purchase or receive any shares of the Corporation of any class, now or hereafter authorized, or any options or warrants for such shares, or any rights to subscribe for, purchase or receive any securities convertible to or exchangeable for such shares, which may at any time be issued, sold or offered for sale by the Corporation, except in the case of any shares of Preferred Stock to which such rights are specifically granted by any resolution or resolutions of the Board of Directors adopted pursuant to this Article FOURTH.

FIFTH: The name and address of the incorporator are as follows:

NAME	ADDRESS
Michael Barr	10 Bank Street White Plains, NY 10606

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution of any receiver or receivers appointed for this Corporation under Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the indebtedness held by such creditors or class of creditors, and/or three-fourths of the shares held by the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on the Corporation.

EIGHTH:

(a) The management of the business and conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the By-Laws. The Board of Directors shall be classified and divided into three classes, designated as Class I, Class II and Class III. The terms of office of the initial Class I directors shall expire at the first annual meeting of the stockholders of the Corporation after the election of such initial Class I directors, the terms of office of the initial Class II directors shall expire at the second annual meeting of the stockholders of the Corporation after the election of such initial Class II directors and the terms of office of the initial Class III directors shall expire at the third annual meeting after the election of such initial Class III directors. At each annual meeting following such classification and division of the members of the Board of Directors, a number of directors equal to the number of directorships in the class the term of which expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting of the stockholders of the Corporation. Each director shall hold office for the class term for which he is elected and until his or her successor shall be elected and qualified, or until his or her earlier resignation, removal or death. Any director may be removed for cause (but not without cause) from office at any time by the

vote or written consent of the stockholders. In case of any increase or decrease, from time to time, in the number of directors constituting the whole Board of Directors, the number of directors in each class shall be determined by action of the Board of Directors. A director elected by the remainder of the Board of Directors to fill a vacancy shall hold office for the remaining term of the predecessor director and until his or her successor is elected and has qualified, or until his or her earlier resignation, removal or death.

(b) The Board of Directors shall have the power without the assent or vote of the stockholders:

(1) To make, alter, amend, change, add to or repeal the By-Laws of the Corporation; to fix and vary the amount to be reserved for any proper purpose; to authorize and cause to be executed mortgages and liens upon all or any part of the property of the Corporation; to determine the use and disposition of any surplus or net profits; and to fix the times for the declaration and payment of dividends.

(2) To determine from time to time whether, and at what times and places, and under what conditions the accounts and books of the Corporation (other than the stock ledger) or any of them, shall be open to the inspection of the stockholders.

(c) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the General Corporation Law of the State of Delaware, of this Certificate, and to any By-Laws from time to time made by the stockholders; provided, however, that no By-Laws so made shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been made.

NINTH:

(a) The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by the provisions of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented from time to time, and, in accordance therewith, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

(b) The Corporation may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the Corporation or any predecessor or subsidiary of the Corporation or serves or served at any other enterprise as a director, officer or employee at the request of the Corporation or any predecessor or subsidiary of the Corporation.

(c) Neither any amendment nor repeal of this Article NINTH, nor the adoption of any provision of the Corporation's Certificate of Incorporation inconsistent with this Article NINTH, shall eliminate or reduce the effect of this Article NINTH with respect to any matter occurring,

or any action or proceeding accruing or arising or that, but for this Article NINTH, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

TENTH: From time to time any of the provisions of the Corporation's Certificate of Incorporation may be amended, altered, or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted as prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this Certificate of Incorporation are granted subject to the provisions of this Article TENTH.

IN WITNESS WHEREOF, the undersigned hereby executes this document and affirms that the facts set forth herein are true under the penalties of perjury this 17th day of May, 2000.

/s/ Michael Barr

Incorporator

EXHIBIT 3.2

BYLAWS

OF

CELSION (DELAWARE) CORPORATION

(Compiled and reflecting all amendments through May 25, 2004*)

ARTICLE I
CORPORATE OFFICES

1.1 REGISTERED OFFICE. The registered office of the corporation shall be fixed in the Certificate of Incorporation of the corporation.

1.2 OTHER OFFICES. The board of directors may at any time establish the principal office and any branch or subordinate offices of the corporation at any place or places deemed advisable.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS. Meetings of stockholders shall be held at any place within or outside the State of Delaware designated by the board of directors.

2.2 ANNUAL MEETING.

(a) The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. At the meeting, directors shall be elected, and any other proper business may be transacted.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (B) otherwise properly brought before the meeting by or at the direction of the board of directors, or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than one hundred twenty (120) calendar days in advance of the date specified in the corporation's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so

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* Last Amendment made effective May 25, 2004.

received not later than the close of business on the later of one hundred twenty (120) calendar days in advance of such annual meeting or ten (10) calendar days following the date on which public announcement of the date of the meeting is first made. A stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business, and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b), the chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting in accordance with the provisions of this paragraph (b), and, if he should so determine, he shall declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

(c) Only persons who are nominated in accordance with the procedures set forth in this paragraph (c) shall be eligible for election as directors. Nominations of persons for election to the board of directors of the corporation may be made at a meeting of stockholders by or at the direction of the board of directors or by any stockholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (c). Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the secretary of the corporation in accordance with the provisions of paragraph (b) of this Section 2.2. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the corporation which are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including, without limitation, such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 2.2. At the request of the board of directors, any person nominated by a stockholder for election as a director shall furnish to the secretary of the corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this paragraph (c). The chairman of the meeting shall, if the facts warrants, determine

and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded.

2.3 SPECIAL MEETING. A special meeting of the stockholders may be called at any time by the board of directors, the president or the chairman, but such special meeting may not be called by any other person or persons. Only such business shall be considered at a special meeting of stockholders as shall have been stated in the notice for such meeting.

2.4 ORGANIZATION. Meetings of stockholders shall be presided over by the president, the chairman or, in his or her absence, by a chairman designated by the board of directors, or in the absence of such designation, by a chairman chosen at the meeting by the vote of a majority in interest of the stockholders present in person or represented by proxy and entitled to vote thereat. The secretary, or in his or her absence an assistant secretary, or in the absence of the secretary and any assistant secretary, a person whom the chairman of the meeting shall appoint, shall act as secretary of the meeting and keep a record of the proceedings thereof.

The board of directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the board of directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting. Unless determined by the board of directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

2.5 NOTICE OF STOCKHOLDERS' MEETINGS. All notices of meetings of stockholders shall be sent or otherwise given in accordance with Section 2.6 of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the stockholders (but any proper matter may be presented at the meeting for such action). The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, the board intends to present for election.

2.6 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE. Notice of any meeting of stockholders shall be given either personally or by mail, telecopy, telegram or other electronic or wireless means. Notices not personally delivered shall be sent charges prepaid and shall be addressed to the stockholder at the address of that stockholder appearing on the books of the corporation or given by the stockholder to the corporation for the purpose of notice. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telecopy, telegram or other electronic or wireless means.

An affidavit of the mailing or other means of giving any notice of any stockholders' meeting, executed by the secretary, assistant secretary or any transfer agent of the corporation giving the notice, shall be prima facie evidence of the giving of such notice or report.

2.7 QUORUM. The holders of a majority in voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairman of the meeting or (ii) the stockholders by the vote of the holders of a majority of the stock, present in person or represented by proxy shall have power to adjourn the meeting.

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the laws of the State of Delaware or of the Certificate of Incorporation or these Bylaws, a vote of a greater number or voting by classes is required, in which case such express provision shall govern and control the decision of the question.

If a quorum be initially present, the stockholders may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken is approved by a majority of the stockholders initially constituting the quorum.

2.8 ADJOURNED MEETING; NOTICE. Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the voting power of the shares represented at that meeting, either in person or by proxy. In the absence of a quorum, no other business may be transacted at that meeting except as provided in Section 2.7 of these Bylaws.

When any meeting of stockholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at the meeting at which the adjournment is taken. However, if a new record date for the adjourned meeting is fixed or if the adjournment is for more than thirty (30) days from the date set for the original meeting, then notice of the adjourned meeting shall be given. Notice of any such adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.5 and 2.6 of these Bylaws. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

2.9 VOTING. The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.12 of these Bylaws, subject to applicable provisions of the General Corporation Law of Delaware.

Except as may be otherwise provided in the Certificate of Incorporation, by instruments setting forth the voting rights of specific classes or series of stocks, by these Bylaws or by applicable law, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

Any stockholder entitled to vote on any matter may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or, except when the matter is the election of directors, may vote them against the proposal; but if the stockholder fails to specify the number of shares which the stockholder is voting affirmatively, it will be conclusively presumed that the stockholder's approving vote is with respect to all shares which the stockholder is entitled to vote.

2.10 VALIDATION OF MEETINGS; WAIVER OF NOTICE; CONSENT. The transactions of any meeting of stockholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though they had been taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy.

Attendance by a person at a meeting shall constitute a waiver of notice of and presence at that meeting, except when the person objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

2.11 ACTION BY WRITTEN CONSENT. Subject to the rights of the holders of the shares of any series of Preferred Stock or any other class of stock or series thereof having a preference over the Common Stock as dividend or upon liquidation, any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of stockholders of the corporation and may not be effected by any consent in writing by such stockholders.

2.12 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS. For purposes of determining the stockholders entitled to notice of any meeting or to vote thereat, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting, and in such event only stockholders of record on the date so fixed are entitled to notice and to vote, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the Certificate of Incorporation, by these Bylaws, by agreement or by applicable law.

If the board of directors does not so fix a record date, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the board of directors fixes a new record date for the adjourned meeting, but the board of directors shall fix a new record date if the meeting is adjourned for more than thirty (30) days from the date set for the original meeting.

The record date for any other purpose shall be as provided in Section 8.1 of these Bylaws.

2.13 PROXIES. Every person entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more agents authorized by a written proxy, which may be in the form of a telegram, cablegram, or other means of electronic transmission, signed by the person and filed with the secretary of the corporation, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the stockholder or the stockholder's attorney-in-fact. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the secretary of the corporation.

A proxy is not revoked by the death or incapacity of the maker unless, before the vote is counted, written notice of such death or incapacity is received by the corporation.

2.14 INSPECTORS OF ELECTION. In conjunction with any meeting of stockholders, either the corporation's chief executive officer or chief financial officer, or either of their equivalents, or any person or persons designated by either of them, shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and to determine such matters as quorum, validity of proxies and ballots, voting eligibility, and the tabulation of votes. The number of inspectors shall be either one (1) or three (3). If any person appointed as inspector fails to appear or fails or refuses to act, then the chairman of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall, appoint a person to fill that vacancy.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

ARTICLE III
DIRECTORS

3.1 POWERS. Subject to the provisions of the General Corporation Law of Delaware and to any limitations in the Certificate of Incorporation or these Bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 NUMBER AND CLASSIFICATION. The authorized number of directors shall be not less than three (3) nor more than nine (9). Within such limits, the number of directors shall be initially fixed at seven (7), which number may be changed by resolution of the board of directors. An indefinite number of directors may be fixed, or the definite number may be changed, by a duly adopted amendment to the Certificate of Incorporation or by an amendment to this by-law duly adopted by the stockholders or the board of directors.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires. If, for any reason, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these By-Laws.

The board of directors shall be divided into three classes, designated as Class I, Class II and Class III, with each class to be elected for three-year terms on a staggered basis, except with respect to the initial terms of the classes, all as further set forth in Section 3.3 below.

3.3 ELECTION AND TERM OF OFFICE OF DIRECTORS. The terms of office of the initial Class I directors shall expire at the first annual meeting of the stockholders of the Corporation after the election of such initial Class I directors, the terms of officer of the initial Class II directors shall expire at the second annual meeting of the stockholders of the Corporation after the election of such initial Class II directors and the terms of office of the initial Class III directors shall expire at the third annual meeting after the election of such initial Class III directors. At each annual meeting following such classification and division of the members of the Board of Directors, a number of directors equal to the number of directorships in the class the term of which expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting of the stockholders of the Corporation. Each director shall hold office for the class term for which he is elected and until his or her successor shall be elected and qualified, or until his or her earlier resignation, removal or death. Directors need not be stockholders unless so required by the Certificate of Incorporation or by these By-Laws.

3.4 RESIGNATIONS AND VACANCIES. Any director may resign on giving written notice to the president, the chairman, the secretary or the board of directors, unless the notice specifies a later time for that resignation to become effective.

Unless otherwise provided in the Certificate of Incorporation or these By-Laws:

(a) Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected by the remainder of the Board of Directors to fill a vacancy shall hold office for the remaining term of the predecessor director and until his or her successor is elected and has qualified, or until his or her earlier resignation, removal or death.

(b) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the Certificate of Incorporation or these Bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the General Corporation Law of Delaware.

3.5 REMOVAL. Any director may be removed for cause (but not without cause) from office at any time by the vote or written consent of the stockholders

3.6 PLACE OF MEETINGS; MEETINGS BY TELEPHONE. Regular meetings of the board of directors may be held at any place within or outside the State of Delaware that has been designated from time to time by resolution of the board of directors. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board of directors may be held at any place within or outside the State of Delaware that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, at the principal executive office of the corporation.

Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another; and all such directors shall be deemed to be present in person at the meeting.

3.7 REGULAR MEETINGS. Regular meetings of the board of directors may be held without notice if the times of such meetings are fixed by the board of directors.

3.8 SPECIAL MEETINGS; NOTICE. Special meetings of the board of directors for any purpose or purposes may be called at any time by the president, the chairman, the secretary or by any two (2) or more of the directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by mail, telecopy, telegram or other electronic or wireless means, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation or if the address is not readily ascertainable, notice shall be addressed to the director at the city or place in which the meetings of directors are regularly held. If the notice is mailed, it shall be deposited in the United States mail at least three (3) days before the time of the holding of the meeting. If the notice is delivered personally or by telephone, telecopy, telegram or other electronic or wireless means, it shall be delivered personally or by telephone or other electronic or wireless means at least twenty-four (24) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be

communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. A notice of special meeting need not state the purpose of such meeting, and, unless indicated in the notice thereof, any and all business may be transacted at a special meeting.

3.9 QUORUM. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to fill vacancies in the board of directors as provided in Section 3.4 and to adjourn as provided in Section 3.11 of these Bylaws. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board of directors, subject to the provisions of the Certificate of Incorporation and applicable law.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.10 WAIVER OF NOTICE. Notice of a meeting need not be given to any director (i) who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or (ii) who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such directors. The transactions of any meeting of the board, however called and noticed or wherever held, are as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice. All such waivers shall be filed with the corporate records or made part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the board of directors.

3.11 ADJOURNMENT. A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

3.12 NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given if announced unless the meeting is adjourned for more than twenty-four (24) hours. If the meeting is adjourned for more than twenty-four (24) hours, then notice of the time and place of the adjourned meeting shall be given.

3.13 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING. Any action required or permitted to be taken by the board of directors may be taken without a meeting, provided that all members of the board of directors individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent and any counterparts thereof shall be filed with the minutes of the proceedings of the board.

3.14 ORGANIZATION. Meetings of the board of directors shall be presided over by the president, the chairman, or, in his or her absence, by a president pro tem chosen by a majority of the directors present. The secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

3.15 FEES AND COMPENSATION OF DIRECTORS. Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expenses as may be fixed or determined by resolution of the board of directors. This Section 3.15 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation for those services.

ARTICLE IV
COMMITTEES

4.1 COMMITTEES OF DIRECTORS. The board of directors may designate one (1) or more committees, each consisting of two or more directors, to serve at the pleasure of the board of directors. The board of directors may designate one (1) or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The purposes and authority of any committee shall be as provided in the resolution of the board, but no such committee shall have power or authority by itself to (i) approve or adopt or recommend to the stockholders any action or matter that requires the approval of the stockholders or (ii) adopt, amend or repeal any Bylaw of the corporation.

4.2 MEETINGS AND ACTION OF COMMITTEES. To the extent feasible, meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Section 3.6 (place of meetings), Section 3.7 (regular meetings), Section 3.8 (special meetings and notice), Section 3.9 (quorum), Section 3.10 (waiver of notice), Section 3.11 (adjournment), Section 3.12 (notice of adjournment), and Section 3.13 (action without meeting), with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the board of directors and its members, provided, however, that the board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V
OFFICERS

5.1 OFFICERS. The officers of this corporation shall consist of a president, a chief scientific officer, one or more vice presidents, a secretary, a treasurer, and such other officers as may be determined from time to time by the board of directors, all of whom shall be chosen in such manner and hold their offices for such terms as the board of directors may prescribe. Any two or more of such offices may be held by the same person. The board of directors may designate one or more vice presidents as executive vice presidents or senior vice presidents. The board of directors may from time to time designate the president or any other officer as the chief operating officer of the corporation. The board of directors may designate a chairman of the board who, in the discretion of the board of directors, may be an executive officer of the this corporation.

5.2 TERMS OF OFFICE AND COMPENSATION. The term of office and salary of each of said officers and the manner and time of the payment of such salaries shall be fixed and determined by the board of directors and may be altered by said board from time to time at its pleasure, subject to the rights, if any, of said officers under any contract of employment.

5.3 REMOVAL; RESIGNATION OF OFFICERS AND VACANCIES. Any officer of the corporation may be removed at the pleasure of the board of directors at any meeting or by vote of stockholders entitled to exercise the majority of voting power of the corporation at any meeting or at the pleasure of any officer who may be granted such power by a resolution of the board of directors. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party. If any vacancy occurs in any office of the corporation, the board of directors may elect a successor to fill such vacancy for the remainder of the unexpired term and until a successor is duly chosen and qualified.

5.4 PRESIDENT. The president shall be the chief executive officer of the corporation and shall have general direction of the affairs of the corporation and general supervision over its several officers, subject, however, to the control of the board of the board of directors. The president shall at each annual meeting and from time to time report to the stockholders and the board of directors all matters within his knowledge which the interest of the corporation may require to be brought to their notice, may sign with the treasurer or an assistant treasurer, if any, or the secretary or an assistant secretary, if any, any or all certificates of stock of the corporation. The president shall preside at all meetings of the stockholders and at all meetings of the board of directors, may sign and execute in the name of the corporation all contracts or other instruments authorized by the board of directors, except in cases where the signing and execution thereof shall be expressly delegated or permitted by the board of directors or by these Bylaws to some other officer or agent of the corporation, and in general shall perform such duties and, subject to the other provisions of these Bylaws and to the control of the board of directors, have such powers incident to the office of president and perform such other duties and have such other powers as from time to time may be assigned to him by the board of directors.

5.5 CHAIRMAN OF THE BOARD. The chairman shall be a senior executive officer of the corporation and shall exercise and perform such powers and duties as may from time to time be assigned to him by the board of directors or as may be prescribed by these Bylaws. The chairman shall report to the board of directors.

5.6 UNAVAILABILITY OF PRESIDENT. In case of the absence, disability or death of the president, the chairman or, if he is not available, a vice president, shall exercise all the powers and perform all the duties of the president. If there is more than one elected vice president, the order in which the elected vice presidents shall succeed to the powers and duties of the president shall be as fixed by the board of directors.

5.7 SECRETARY. The powers and duties of the secretary are:

(i) To keep a book of minutes at the principal office of the corporation, or such other place as the board of directors may order, of all meetings of its directors and stockholders with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of shares present or represented at stockholders' meetings and the proceedings thereof.

(ii) To keep the seal of the corporation and affix the same to all instruments which may require it.

(iii) To keep or cause to be kept at the principal office of the corporation, or at the office of the transfer agent or agents, a share register, or duplicate share registers, showing the names of the stockholders and their addresses, the number of and classes of shares, and the number and date of cancellation of every certificate surrendered for cancellation.

(iv) To keep a supply of certificates for shares of the corporation, to fill in all certificates issued, and to make a proper record of each such issuance; provided, that so long as the corporation shall have one or more duly appointed and acting transfer agents of the shares, or any class or series of shares, of the corporation, such duties with respect to such shares shall be performed by such transfer agent or transfer agents.

(v) To transfer upon the share books of the corporation any and all shares of the corporation; provided, that so long as the corporation shall have one or more duly appointed and acting transfer agents of the shares, or any class or series of shares, of the corporation, such duties with respect to such shares shall be performed by such transfer agent or transfer agents, and the method of transfer of each certificate shall be subject to the reasonable regulations of the transfer agent to which the certificate is presented for transfer, and also, if the corporation then has one or more duly appointed and acting registrars, to the reasonable regulations of the registrar to which the new certificate is presented for registration; and provided, further that no certificate for shares of stock shall be issued or delivered or, if issued or delivered, shall have any validity whatsoever until and unless it has been signed or authenticated in the manner provided in Section 8.5 hereof.

(vi) To make service and publication of all notices that may be necessary or proper, and without command or direction from anyone. In case of the absence, disability, refusal, or neglect of the secretary to make service or publication of any notices, then such notices may be served and/or published by the president or a vice president, or by any person thereunto authorized by either of them or by the board of directors or by the holders of a majority of the outstanding shares of the corporation.

(vii) Generally to do and perform all such duties as pertain to the office of secretary and as may be required by the board of directors.

ARTICLE VI
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

6.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS. The corporation shall, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware, indemnify each of its directors and officers against expenses (including attorneys' fees),

judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation; provided, however, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers and, provided, further, that the corporation shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized in advance by the board of directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the General Corporation Law of Delaware or (iv) such indemnification is required to be made pursuant to an individual contract. For purposes of this Section 6.1, a "director" or "officer" of the corporation includes any person (i) who is or was a director or officer of the corporation, (ii) who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.2 INDEMNIFICATION OF OTHERS. The corporation shall have the power, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware, to indemnify each of its employees and agents (other than directors and officers) against expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Section 6.2, an "employee" or "agent" of the corporation (other than a director or officer) includes any person (i) who is or was an employee or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.3 INSURANCE. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of the General Corporation Law of Delaware.

6.4 EXPENSES. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding, upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined

ultimately that such person is not entitled to be indemnified under this Bylaw or otherwise; provided, however, that the corporation shall not be required to advance expenses to any director or officer in connection with any proceeding (or part thereof) initiated by such person unless the proceeding was authorized in advance by the board of directors of the corporation.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 6.5, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

6.5 NON-EXCLUSIVITY OF RIGHTS. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the General Corporation Law of Delaware.

6.6 SURVIVAL OF RIGHTS. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

6.7 AMENDMENTS. Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

ARTICLE VII
RECORDS AND REPORTS

7.1 MAINTENANCE AND INSPECTION OF RECORDS. The corporation shall, either at its principal executive office or at such place or places as designated by the board of directors, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these Bylaws as amended to date, accounting books and other records.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal place of business.

7.2 INSPECTION BY DIRECTOR. Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his or her position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

ARTICLE VIII
GENERAL MATTERS

8.1 RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING. For purposes of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action. In that case, only stockholders of record at the close of business on the date so fixed are entitled to receive the dividend, distribution or allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided in the Certificate of Incorporation, by these Bylaws, by agreement or by law.

If the board of directors does not so fix a record date, then the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

8.2 CHECKS; DRAFTS; EVIDENCES OF INDEBTEDNESS. From time to time, the board of directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

8.3 CORPORATE CONTRACTS AND INSTRUMENTS; HOW EXECUTED. The board of directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of

and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.4 FISCAL YEAR. Commencing in 2004, the fiscal year of this corporation shall begin on the first day of January of each year and end on the last day of December of such year.

8.5 STOCK CERTIFICATES. There shall be issued to each holder of fully paid shares of the capital stock of the corporation a certificate or certificates for such shares. Every holder of shares of the corporation shall be entitled to have a certificate signed by, or in the name of the corporation by the president or the chairman or the president or a vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

8.6 SPECIAL DESIGNATION ON CERTIFICATES. If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

8.7 LOST CERTIFICATES. The corporation may issue a new share certificate or new certificate for any other security in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate or the owner's legal representative to give the corporation a bond (or other adequate security) sufficient to indemnify it against any claim that may be made against it (including any expense or liability) on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate. The board of directors may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

8.8 CONSTRUCTION; DEFINITIONS. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the General Corporation Law of Delaware shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

8.9 PROVISIONS ADDITIONAL TO PROVISIONS OF LAW. All restrictions, limitations, requirements and other provisions of these Bylaws shall be construed, insofar as possible, as supplemental and additional to all provisions of law applicable to the subject matter thereof and shall be fully complied with in addition to the said provisions of law unless such compliance shall be illegal.

8.10 PROVISIONS CONTRARY TO PROVISIONS OF LAW. Any article, section, subsection, subdivision, sentence, clause or phrase of these Bylaws which upon being construed in the manner provided in Section 8.9 hereof, shall be contrary to or inconsistent with any applicable provisions of law, shall not apply so long as said provisions of law shall remain in effect, but such result shall not affect the validity or applicability of any other portions of these Bylaws, it being hereby declared that these Bylaws would have been adopted and each article, section, subsection, subdivision, sentence, clause or phrase thereof, irrespective of the fact that any one or more articles, sections, subsections, subdivisions, sentences, clauses or phrases is or are illegal.

8.11 NOTICES. Any reference in these Bylaws to the time a notice is given or sent means, unless otherwise expressly provided, the time a written notice by mail is deposited in the United States mails, postage prepaid; or the time any other written notice is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient; or the time any oral notice is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

ARTICLE IX
AMENDMENTS

Subject to Section 6.7 hereof, the original or other bylaws of the corporation may be adopted, amended or repealed by the stockholders entitled to vote; provided, however, that the corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

Whenever an amendment or new bylaw is adopted, it shall be copied in the book of bylaws with the original bylaws, in the appropriate place. If any bylaw is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or the filing of the operative written consent(s) shall be stated in said book.

CELSION CORPORATION

AMENDMENT NO. 1
TO
RIGHTS AGREEMENT
DATED AS OF AUGUST 15, 2002

This Amendment No. 1 (this "Amendment No. 1") to that certain Rights Agreement (the "Rights Agreement") by and between Celsion Corporation (the "Company") and American Stock Transfer & Trust Company as Rights Agent (the "Rights Agent") dated as of August 15, 2002, is entered into the 16th day of January, 2003. Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed thereto in the Rights Agreement.

WHEREAS, the Board of Directors of the Company has determined that it is necessary and desirable to amend the Rights Agreement to provide an additional exclusion from the definition of an "Acquiring Person";

WHEREAS, pursuant to Section 27 of the Rights Agreement, the Company may amend the Rights Agreement without the approval of any holders of Rights Certificates as the Company may deem necessary or desirable until such time as the Rights are no longer redeemable; and

WHEREAS, the Rights are currently redeemable.

NOW, THEREFORE, in consideration of the foregoing and of the covenants and agreements contained herein and in the Rights Agreement and other good and valuable consideration, the Rights Agreement hereby is amended as follows:

1. Amendatory Provision. Pursuant to Section 27 of the Rights Agreement, Section 1(a) of the Rights Agreement hereby is amended to provide the following additional exclusion to the definition of "Acquiring Person" subsequent to item (iii) of the first sentence of that Section, to be numbered as item (iv) of the first sentence of that Section and to read as follows:

(iv) Boston Scientific Corporation ("BSC") shall not become an "Acquiring Person" as the result of the acquisition of shares of Common Stock by BSC solely (a) pursuant to that certain Transaction Agreement, dated as of January 20, 2003, by and between the Company and BSC (the "BSC Transaction Agreement") and (b) pursuant to a stock dividend on, subdivision of, or similar proportionate adjustment in (collectively, an "Adjustment"), the shares of Common Stock received pursuant to the BSC Transaction Agreement, provided, however, that if BSC shall become the Beneficial Owner of an aggregate of 15% or more of the shares of Common Stock then outstanding by reason of share acquisitions other than pursuant to the BSC Transaction Agreement or an Adjustment in the shares received pursuant thereto (provided that such aggregate may include shares of Common Stock acquired pursuant to the BSC Transaction Agreement or any Adjustment), then BSC shall be deemed to be an "Acquiring Person".

2. Execution by the Rights Agent. Upon the delivery of a certificate from an appropriate officer of the Company which states that this Amendment No. 1 is compliance with the terms of Section 27 of the Rights Agreement, the Rights Agent shall execute this Amendment No 1.

3. Effective Time. Notwithstanding Section 2 hereof, pursuant to Section 27 of the Rights Agreement, this Amendment No. 1 shall become effective immediately upon execution by the Company.

4. Existing Agreement. Except as expressly amended hereby, all of the terms, covenants and conditions of the Rights Agreement (i) are ratified and confirmed; (ii) shall remain unamended and not waived; and (iii) shall continue in full force and effect.

5. Governing Law. This Amendment No. 1 shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

6. Severability. If any term, provision, covenant or restriction of this Amendment No. 1 or of the Rights Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the

remainder of the terms, provisions, covenants and restrictions of this Amendment No. 1 and the Rights Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

7. Counterparts. This Amendment No. 1 may be executed in counterparts, each of which shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Celsion Corporation has caused this Amendment No. 1 to be duly executed on the date first above written.

CELSION CORPORATION

By: /s/Anthony P. Deasey

Name: Anthony P. Deasey
Title: Executive Vice President--Finance and Administration and Chief Financial Officer

Executed by American Stock Transfer & Trust Company, as Rights Agent, this 6th day of February, 2003.

AMERICAN STOCK TRANSFER & TRUST COMPANY, as Rights Agent

By: /s/ Herbert J. Lemmer

Name: Herbert J. Lemmer
Title: Vice President

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this "Agreement") is made and entered into by and between CELSION CORPORATION, a Delaware Corporation, which has an address of 10220-I Old Columbia Road, Columbia, Maryland 21046-1705 ("Celsion"), and GLORIA LI, Ph.D. who has an address of 1275 York Avenue, New York, NY 10021 ("Consultant").

WHEREAS, Consultant is a researcher specializing in the treatment of cancer, with expertise in the use of gene therapy (as defined below), together with various activities relative thereto; and,

WHEREAS, Celsion develops and manufactures medical devices including a device for the treatment of cancer utilizing microwave technology (the "Device"); and,

WHEREAS, Celsion desires to provide an incentive for Consultant to render her advice and assistance to Celsion; and,

WHEREAS, Consultant is willing to advise and assist Celsion on the basis set forth herein and for the consideration herein named.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

2. Services to be Performed.

2.1 During the period of this Agreement, it is understood and agreed that Consultant shall provide her consulting services and advice to Celsion in connection with the following activities:

2.1.1 Assist Celsion in recruiting sites for clinical trials using the Device and gene therapy products under study;

2.1.2 Work with Celsion to improve the efficacy of treatments with the Device;

2.1.3 Work with Celsion to improve the design of the Device;

2.1.4 Simplify and standardize treatment protocols;

2.1.5 Work with Celsion to assess new opportunities in gene therapy for Celsion's Device;

2.1.6 Assist Celsion in evaluating manufacturers for the drug components;

2.1.7 Host or visit physicians, allied health professionals, selected sales representatives and Celsion employees at selected institutions for the purposes of product demonstration and medical education;

2.1.8 Be available to speak at, or participate in, medical meetings, symposia, seminars, workshops, etc. as a means to support the educational efforts on Celsion's methodology. These meetings may be administered by medical associations, universities, medical teaching programs or commercial entities such as Celsion;

2.1.8 Participate in the preparation of those materials required to support the educational efforts of Celsion regarding microwave technology for the treatment of cancer;

2.1.9 Be available to speak/meet with shareholders analysts and potential investors of Celsion.

2.2 It is the intention of the parties that the above listed services shall not require full-time efforts on Consultant's part. The parties anticipate that Consultant will provide the approximate equivalent of fifteen (15) hours of service per month. It is understood and agreed that Consultant will maintain her current employment commitments and professional responsibilities and the services to be provided hereunder by Consultant shall be at such times and in

such amounts as will allow those commitments and responsibilities to be met.

2.3 Consultant is solely an independent contractor hereunder, rather than an employee of Celsion, or a co-venturer, partner, agent or representative of Celsion.

3. Compensation. Celsion shall compensate Consultant as follows:

3.1 Consultant shall be compensated with 5,000 shares of Celsion Common stock for the month October 2001 through March 2002. Afterwards Consultant shall receive the equivalent of $2500 per month, said sum to be converted into shares of Celsion Common stock. The price of these shares shall be equal to the closing price of the stock at the end of each quarter (i.e. December 31, March 31, June 30, and September 30).

3.5 Out of Pocket Expenses. Consultant shall be fully and entirely reimbursed by Celsion for any and all reasonable out-of-pocket costs and expenses incurred by Consultant in connection with any activity or service of Consultant hereunder. With respect to any such reimbursement, Consultant shall present Celsion with such invoices, in such detail and with such receipts as are necessary to substantiate such reasonable out-of-

pocket costs and expenses. Any individual expense in excess of $500 shall be pre-approved by Celsion.

4. Term: Termination of Agreement.

4.1 The term of this Agreement shall commence October 1, 2001 and shall end September 30, 2002 (the "Termination Date"). Upon the mutual agreement of the parties. The agreement will automatically renew for a further twelve (12)-month period subject to exercise of the provisions contained in clauses 4.2, 4.3 or 4.4 hereof.

4.2 During the term hereof Celsion shall have the right at its option to terminate this Agreement by giving ten (10) days prior written notice thereof to Consultant in the event of any of the following:

4.2.1 If Consultant has breached any provisions of this Agreement and has failed to cure such breach within sixty (60) days of written notice from Celsion describing such breach;

4.2.2 If Consultant fails or refuses or is unable for any reason (other than physical or mental capacity) substantially to carry out or substantially to perform the duties required of her hereunder for a substantially continuous period of sixty (60) days, and does not resume her duties prior to the termination date specified in Celsion a written notice of termination;

4.2.3 If Consultant is unable to carry out or perform the duties required of her hereunder due to physical or mental incapacity for a substantially continuous period of one hundred twenty (120) days; or

4.3 During the term hereof Consultant shall have the right at its option to terminate this Agreement by giving ten (10) days prior written notice thereof to Celsion in the event of any of the following:

4.3.1 If Celsion has breached any provisions of this Agreement and has failed to cure such breach within sixty (60) days of written notice from Consultant describing such breach, including, but not limited to, the failure of Celsion to make any payments to Consultant that are called for under this agreement;

4.3.2 If Celsion shall file a voluntary petition in bankruptcy or reorganization, or make any assignment for the benefit of creditors, or seek any similar relief under any present or future statute, law or regulation relating to relief of debtors, or be adjudicated a bankrupt or have any involuntary petition in bankruptcy filed against it which is not removed within sixty (60) days of said filing.

4.4 Upon the termination of this Agreement, Celsion shall have no further liability to Consultant other than to pay Consultant any fees due Consultant for her services between the last day of the preceding month and the Termination Date, which Celsion shall pay to Consultant within thirty (30) days after the Termination Date.

4.5 The parties agree that in the event that either Consultant or Celsion determines that this Agreement does not comply with all applicable state and federal laws and regulations, that the parties shall first attempt to restructure this Agreement such that the Agreement is in compliance with all applicable laws and regulations. In the event the parties fail to restructure the Agreement, then either party shall have the right to immediately terminate the Agreement, and in such case, all payments shall terminate.

5. Competition with Celsion.

During the term of this Agreement, Consultant will not engage in, consult with, participate in as a designing or consulting Consultant or carry on, directly or indirectly, any business in competition with a cancer treatment device that is manufactured, marketed, distributed or sold by Celsion, either for himself, as a member of a partnership, as a stockholder (except as a stockholder of less than one percent (1%) of the issued and outstanding stock of a publicly-held corporation whose gross assets exceed one hundred million dollars) or as an investor, officer, director, consultant, agent or associate of any person, partnership, corporation or other entity (other than Celsion or a parent, subsidiary, affiliate or successor of Celsion) that is in such business.

6. Disclosures of Information.

6.1 Both parties acknowledge that in the course of their relationship, they may receive certain information and data, including, but not limited to, works of authorship (including, but not limited to, computer programs, software and documentation); inventions, ideas, developments or innovations, trade secrets, programs, methods of operation and other confidential information and knowledge concerning the other party's business (hereinafter collectively referred to as "Information") that each party desires to protect. As a material inducement to Celsion to enter into this Agreement and to pay to Consultant the compensation referred to in Section 3 hereof, and as a material inducement to Consultant to provide the services required by this Agreement, each party covenants and agrees that it will not, at any time during or following the term of this Agreement, directly or indirectly, divulge or disclose, for any purpose whatsoever, any of such Information which has been obtained by or disclosed to it as a result of this Agreement which has been marked as either "Confidential" or "Proprietary" or with some other designation that conveys the proprietary and/or confidential nature of the materials. Consultant further agrees that she will at no time use the Information in competing with Celsion. Upon termination of this Agreement, each party shall surrender to the other all lists, books, records, literature, products, papers, documents, writings, and other property produced by her or it or coming into her or its possession by or through her or its engagement or relating to the Information, and each party agrees that all such materials will at all times remain the property of the other.

6.2 The parties hereto agree that if any restriction and/or remedy contained in this Section 6 is held by any court to be unenforceable, or unreasonable, the court shall reform and enforce a lesser restriction and/or remedy in its place and the remaining restrictions and/or remedies contained herein shall be severable from such unreasonable or unenforceable restrictions and/or remedies, and the reformed restrictions and/or remedies together with the remaining restrictions and/or remedies shall remain fully in effect and enforceable.

6.3 The provisions of this Section 6 shall survive the termination of this Agreement.

6.4 The Information referred to in Section 6.1 does not consist of any information or data provided to either party in accordance with this Agreement:

6.4.1 which is, or shall have been, in the other party's possession prior to disclosure thereof;

6.4.2 which is, or through no fault of the party to be charged, becomes published or otherwise available to others or the public under circumstances such that such others or the public may utilize the same without any direct or indirect obligation to the ;

6.4.3 which is, or at any time may be, acquired by Consultant or Celsion from any third party rightfully possessed of the same and having no direct or indirect obligation to Consultant or Celsion with respect to same;

6.4.4 if keeping such Information confidential would be inconsistent with Consultant's professional responsibilities; or

6.4.5 if Consultant or Celsion is required by law to disclose the Information, provided that either party shall timely notify the other and allow the opportunity to challenge such request prior to disclosure.

7. Severability.

Each of the foregoing covenants and agreements of Consultant and Celsion shall be separate. If in any judicial proceeding a court shall refuse to enforce all of said separate covenants and agreements that are sought to be enforced, then such unenforceable covenants and agreements shall be deemed eliminated from the provisions hereof for purposes of such proceeding to the extent necessary to permit the remaining separate covenants and agreements to be enforced in such proceeding.

8. Equitable Relief.

Consultant and Celsion agree that the remedy at law for any breach by her or it of this Agreement will be inadequate and that, should Consultant engage in any activities prohibited by this Agreement or otherwise violate the provisions hereof, Celsion or Consultant shall have the right, in addition to any other rights or remedies available to Celsion or Consultant under this Agreement or under applicable law or otherwise, to enjoin such activities without the necessity of proof of actual damage and to obtain any other equitable relief which a court may grant.

9. Indemnification.

9.1 Celsion covenants and agrees to indemnify and hold harmless Consultant, and his agents, absolutely, unconditionally and forever, from and against any and all claims, liabilities or damages arising out of or resulting from the gross negligence or willful misconduct of Celsion.

9.2 Consultant covenants and agrees to indemnify and hold harmless Celsion, and his agents, absolutely, unconditionally and forever, from and against any and all claims, liabilities or damages arising out of or resulting from the gross negligence or willful misconduct of Consultant.

10. Miscellaneous.

10.1 No waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the party against whom it is sought to be enforced. No waiver of any provision of this Agreement at any time will be deemed a waiver of any other provision of this Agreement at such time or will be deemed a waiver of such provision at any other time. No modification of this Agreement shall be binding unless in writing and signed by the party against whom it is sought to be enforced.

10.2 The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity and enforceability of the other provisions hereof.

10.3 The captions and headings contained herein are solely for convenience and do not constitute a part of this Agreement. Wherever appropriate herein, the use of any gender herein shall be deemed to be or include the other genders, and the use of the singular shall be deemed to be or include the plural (and vice versa).

10.4 All notices and other communications hereunder or in connection herewith shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail in writing, return receipt requested, and first-class postage prepaid. (i) if to Celsion: 10220-I Old Columbia Road, Columbia, Maryland 21046-1705; and (ii) if to Consultant: 1275 York Avenue, New York, NY 10021, unless notice of change of address is given to either party by the other pursuant to the provisions of this Section.

10.5 This Agreement is executed in, and it is the intention of the parties hereto that the construction, enforcement and interpretation of this Agreement, and the rights and liabilities of the parties hereto, shall be governed by and interpreted under the laws of the State of Maryland; provided, however, the scope and definition of Consultant's professional responsibilities shall be governed by the State in which Consultant is licensed to practice medicine.

10.6 This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective executors or administrators, heirs, legatees and beneficiaries, successors and, as permitted pursuant to this Agreement, assigns.

10.7 All claims, disputes and other matters in question between the parties to this Agreement, arising out of or relating to this Agreement or the breach thereof, shall be decided by arbitration in accordance with the Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. Notice of the demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

10.8 If any action is asserted or brought to enforce this Agreement, the party or parties prevailing in any such action are entitled to reimbursement, and shall be reimbursed by the non-prevailing party or parties for all costs and expenses (including, without limitation, attorneys and accounting fees and expenses) reasonably incurred by the prevailing party or parties in asserting or bringing such action; provided, however, if such action is asserted for monetary damages and if the party or parties asserting same are only partially successful in asserting or bringing any such action, they shall be entitled to reimbursement hereunder for their costs and expenses only in the proportion that the amount awarded to such prevailing party bears to the total amount for which any such action is brought or asserted.

10.9 The rights and remedies of Celsion under this Agreement may not, without the consent of or notice to Consultant, be assigned to any parent, subsidiary, affiliate or successor of Celsion. All covenants and agreements of Consultant contained in this Agreement shall inure to the benefit of and be enforceable by the successors and assigns of Celsion. All obligations of Celsion shall be enforceable against the successors and assigns of Celsion in the event that Celsion assigns this Agreement. The rights and obligations of Consultant under the Agreement cannot be assigned without the prior written consent of Consultant and Celsion.

10.10 In the event that either party is in any way delayed, interrupted or prevented from performing any of its obligations under this Agreement, and such delay,

interruption or prevention is due to fire, act of God, governmental act or failure to act, strike, labor dispute, inability to procure materials, or any other cause beyond the party's reasonable control, then the time for performance of the affected obligation(s) by the party shall be excused for the period of the delay and extended for a period equivalent to the period of such delay, interruption or prevention.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures to be effective as of the date and year first above written.

CONSULTANT	CELSION CORPORATION
/s/ Gloria Li, Ph.D.	By: /s/ Augustine Y. Cheung
- ----------	----------
Gloria Li, Ph.D.	Name: Augustine Y. Cheung Title: CEO
Date: November 23, 2001	Date: November, 23, 2001

EXHIBIT 5.1

June 10, 2004

Celsion Corporation
10220-L Old Columbia Road
Columbia, Maryland 21046

Re: Registration for Resale of 13,376,139 Shares
of Common Stock for Resale on Form S-3

Ladies and Gentlemen:

I serve as Vice President, General Counsel and Corporate Secretary of Celsion Corporation, a Delaware corporation (the "Registrant"), and, in my capacity as General Counsel, I have represented the Registrant in connection with the preparation and filing of a registration statement on Form S-3 (File No. 333-115890) filed on May 26, 2004 (as the same may be amended from time to time, the "Registration Statement") with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), pertaining to the registration for resale, by certain securityholders named in the Registration Statement, of up to 13,376,139 shares (the "Registration Shares") of common stock, par value $0.01 per share ("Common Stock"), of the Registrant, consisting of (a) 8,652,441 currently outstanding shares of Common Stock (the "Outstanding Shares") and (b) up to 4,723,698 shares of Common Stock (the "Warrant Shares") underlying Common Stock purchase warrants (the "Warrants") outstanding and exercisable as of the date hereof.

This opinion letter is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

For the purpose of rendering the opinions expressed herein, I have examined and am familiar with the actions taken and proposed to be taken by the Registrant in connection with the issuance and sale of the Outstanding Shares, the Warrants and the Warrant Shares and I have made such factual and legal inquiries and examinations as I deemed necessary and appropriate under the circumstances. In rendering these opinions, I have relied on, among other things, an examination of such corporate records of the Registrant and certificates of officers of the Registrant and of public officials and such other documents as I have deemed necessary and appropriate.

In my examination, I have assumed the legal capacity of all natural persons, the genuineness of all signatures other than those of the directors and officers of the Registrant, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In my examination of documents executed or to be executed by parties other than the Registrant, its directors and officers, I have assumed that such parties had, have or will have the power, corporate or other, to enter into and perform all

obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof. In addition to the foregoing, for the purpose of rendering my opinions as expressed herein, I have assumed that the Registrant has and will have sufficient authorized, unissued and otherwise unreserved shares of Common Stock available for issuance at the time of each issuance of the Warrant Shares, that the relevant provisions of the Certificate of Incorporation and the Bylaws of the Corporation and the General Corporation Law of the State of Delaware (the "DGCL") and the Delaware State Constitution (the "Delaware Constitution") in effect at the time of issuance of any of the Registration Shares did not or will not differ in any relevant respect from the analogous provisions of the Certificate of Incorporation and the Bylaws of the Registrant, the DGCL and the Delaware Constitution in effect as of the date of this opinion and that no additional relevant provisions shall have been added subsequent to the date hereof, that stock certificates have been or will be duly completed, executed and delivered by the proper officers of the Registrant to reflect each due and valid issuance of the Outstanding Shares or the Warrant Shares, as the case may be, that no Warrant Shares shall be issued at a per share price less than the par value thereof and that each issuance of Registration Shares has been or will be

recorded properly in the stock ledger of the Registrant at the time of such issuance.

Based upon and subject to the foregoing, it is my opinion that:

(a) the Registration Shares have been duly authorized;

(b) the Outstanding Shares have been validly issued and are fully paid and nonassessable; and

(c) when issued, delivered and paid for in accordance with the terms of the applicable Warrants, the Warrant Shares will be validly issued, fully paid and nonassessable.

This letter expresses my opinion with respect to the DGCL (without regard to the principles of conflict of laws thereof) governing matters such as due organization and the authorization and issuance of stock, as in effect as of the date hereof, as well as the pertinent provisions of the Delaware Constitution as currently in effect, and currently reported judicial decisions interpreting the DGCL and the Delaware Constitution, subject to the limitation set forth in the last two sentences of this paragraph, and as the facts bearing upon this opinion exist as of the date of this opinion. I assume no obligation to revise, supplement or update this opinion in the event of future changes in the DGCL, the Delaware Constitution, the interpretation thereof, or in such facts. This opinion does not extend to the securities or "blue sky" laws of any jurisdiction, to federal securities laws, to the laws of contract or to any other laws of any other jurisdiction or the rules and regulations of stock exchanges or of any other regulatory body, and I do not express any opinion as to the effect of any other laws, rules or regulations on the opinions stated herein. I am not admitted to practice law in the State of Delaware. However, I am generally familiar with the DGCL and the Delaware Constitution as currently in effect and have made such inquiries as I deem necessary to render the foregoing opinions.

I hereby consent to the use of and filing of this opinion letter as an exhibit to the Registration Statement and to the use of my name under the caption "Legal Matters" in the prospectus that forms a part of the Registration Statement; provided, however, that in giving such consent I do not admit that I come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission. This opinion letter and the opinions expressed herein are being furnished to you solely for submission to the Commission as an exhibit to the Registration Statement and, accordingly, may not be relied upon in any other manner without, in each instance, my prior written consent.

Very truly yours,

/s/ Anita J. Finkelstein

General Counsel

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors
Celsion Corporation

We consent to the incorporation by reference in the amended Form S-3 Registration Statement of Celsion Corporation (the "Corporation") of our report dated November 21, 2003 relating to the balance sheets of the Corporation as of September 30, 2003 and 2002 and the related statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended September 30, 2003 which report appears in the 2003 Annual Report on Form 10-K of the Corporation and to all references to our Firm included in the Registration Statement.

/s/ Stegman & Company

Baltimore, Maryland
June 11, 2004