Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-14242

CELSION CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**52-1256615**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. employer identification no.)**
10220-L Old Columbia Road, Columbia, Maryland	**21046-2364**
(Address of Principal Executive Offices)	**(Zip Code)**

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

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer: ☐ Accelerated filer: ☐ Non-accelerated filer: ☒

Indicate by checkmark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 25, 2007 the Registrant had outstanding 10,831,251 shares of Common Stock, $.01 par value.

TABLE OF CONTENTS

Table of Contents

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Index to Financial Statements

CELSION CORPORATION
BALANCE SHEETS
March 31, 2007 and December 31, 2006

ASSETS

	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 552,387	$ 1,032,674
Short term investments	7,000,000	8,000,000
Accounts receivable—trade	1,113,046	1,882,373
Other receivables	25,693	21,675
Inventories	2,899,543	2,830,549
Prepaid expenses	422,940	430,494
Escrow account—license fee	—	1,824,740
Total current assets	12,013,609	16,022,505
Property and equipment—at cost		
Furniture and office equipment	195,508	185,877
Computer hardware and software	319,734	317,390
Laboratory and shop equipment	755,482	755,482
Leasehold improvements	132,148	132,148
	1,402,872	1,390,897
Less: Accumulated depreciation	925,144	875,834
Net value of property and equipment	477,728	515,063
Other assets		
Advances under Celsion Canada, Ltd. transition agreement	600,782	583,322
Note receivable (net of discount of $230,192 and $268,394, respectively)	1,119,808	1,081,606
Deposits	787,703	653,931
Patent licensing fees (net of accumulated amortization of $26,938 and $1,875, respectively)	1,648,062	73,125
Total other assets	4,156,355	2,391,984
Total assets	$ 16,647,692	$ 18,929,552

LIABILITIES AND STOCKHOLDERS' DEFICIT

	March 31, 2007 (Unaudited)	December 31, 2006
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable—trade	$ 2,132,390	$ 2,135,605
Other accrued liabilities	972,314	1,291,469
Accrued non-cash compensation	4,750	9,500
Current portion of deferred revenue	571,428	571,428
Total current liabilities	3,680,882	4,008,002
Long-term liabilities		
Deferred revenue—license fee	1,666,667	1,809,524
Loan payable—principal	15,000,000	15,000,000
Loan payable—interest	1,624,573	1,277,698
Other liabilities	35,176	35,152
Total long-term liabilities	18,326,416	18,122,374
Total liabilities	22,007,298	22,130,376
Stockholders' deficit		
Common stock—$0.01 par value (250,000,000 shares authorized; 10,770,652 shares and 10,739,804 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively.)	107,707	107,398
Additional paid-in capital	87,377,171	87,178,592
Accumulated deficit	(92,844,484)	(90,486,814)
Total stockholders' deficit	(5,359,606)	(3,200,824)
Total liabilities and stockholders' deficit	$ 16,647,692	$ 18,929,552

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Sales of equipment and parts	$ 2,931,862	$ 2,368,768
Returns and allowances	8,897	22,349
Total revenues	2,922,965	2,346,419
Cost of sales	1,536,399	1,754,503
Gross profit	1,386,566	591,916
Operating expenses:		
Research and development	$ 2,425,440	$ 2,482,494
General and administrative	1,294,169	1,127,496
Total operating expenses	3,719,609	3,609,990
Loss from operations	(2,333,043)	(3,018,074)
Other income (expense):		
Gain on the sale of Celsion (Canada) Ltd.	—	1,146,342
License fee income amortization	142,857	142,857
Other expense, net	—	(9,225)
Interest income	180,779	142,694
Interest expense	(348,263)	(188,149)
Loss before income taxes	(2,357,670)	(1,783,555)
Income taxes	—	—
Net loss	$ (2,357,670)	$ (1,783,555)
Net loss per common share (basic and diluted)	$ (0.22)	$ (0.17)
Weighted average shares outstanding	10,746,869	10,732,411

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2007	2006
Cash flows from operating activities		
Net loss for the year	$(2,357,670)	$(1,783,555)
Non-cash items included in net loss:		
Depreciation and Amortization	52,460	54,803
Accretion of Discount on Note Receivable	(38,202)	(25,089)
Stock based compensation—Options	143,548	—
Stock based compensation—Restricted Stock	25,590	—
Amortization of deferred license fee	(142,857)	(142,857)
Loss from investment in Celsion China, Ltd	—	9,912
Shares issued in exchange for services	29,750	420,908
Amortization of patent license	25,063	—
Loss from disposal of property and equipment	—	915
Net changes in:		
Accounts receivable-trade	769,327	303,584
Other receivables	(4,018)	48,543
Inventories	(68,994)	750,705
Prepaid expenses	7,554	31,729
Escrow account-license fee	1,824,740	(19,372)
Deposits	(133,772)	(1,935)
Accounts payable and accrued interest	343,660	(382,931)
Other accrued liabilities	(323,881)	(221,352)
Net cash provided / (used) in operating activities	152,298	(955,992)
Cash flows from investing activities		
Purchases of short-term investments	—	(8,000,000)
Sale of short-term investments	1,000,000	4,750,000
Advances under Celsion Canada transition agreement	(17,460)	(1,146,428)
Investment in Celsion China, Ltd.	—	(25,000)
Loans Receivable	—	(236,783)
Payment of licensing fee	(1,600,000)	—
Purchase of property and equipment	(15,125)	(128,098)
Net cash used in investing activities	(632,585)	(4,786,309)
Cash flows from financing activities		
Increase in loan payable	—	4,500,000
Fractional share payment	—	(2,396)
Net cash provided by financing activities	—	4,497,604
Net decrease in cash and cash equivalents	(480,287)	(1,244,697)
Cash and cash equivalents at beginning of period	1,032,674	2,313,430
Cash and cash equivalents at end of period	$ 552,387	$ 1,068,733
Cash paid for:		
Interest	$ —	$ —
Income taxes	$ —	$ —

CELSION CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

For the Three Months Ended March 31, 2007 and 2006

Note 1. Basis of Presentation

The accompanying unaudited condensed financial statements of Celsion Corporation (which we sometimes refer to as "Celsion", the "Company", "we" or "us") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring accruals considered necessary for a fair presentation, have been included in the accompanying unaudited financial statements. Operating results for the three-month period ended March 31, 2007 are not necessarily indicative of the results that may be expected for any other interim period(s) or for any full year. For further information, refer to the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the Securities and Exchange Commission on March 27, 2007.

Note 2. Common Stock Outstanding and Per Share Information

For the three month periods ended March 31, 2006 and 2007, per share data is based on the weighted average number of shares of common stock, par value $0.01 per share ("Common Stock"), outstanding during the respective periods. Outstanding warrants and options that can be converted into Common Stock are not included, as their effect is anti-dilutive. The total number of outstanding warrants and options for the periods ended March 31, 2006 and 2007 were 1,401,925 and 2,053,712, respectively.

Note 3. New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board issued Interpretation 48 "Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109" ("Interpretation 48") which clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement 109, Accounting for Income Taxes. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. The interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting for interim periods, disclosure and transition and is effective for periods beginning after December 31, 2006. The Company has substantial net operating loss carry-forwards that are fully reserved and that are available to reduce its future taxable income. As a result, the adoption of Interpretation 48 did not have an effect on the Company's results of operations, financial condition or liquidity.

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157 "Fair Value Measurements", which defines fair value, establishes a framework for consistently measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 will be effective for the Company on January 1, 2008 and is not expected to have a significant impact on the Company's financial statements.

In February 2007, the Financial Accounting Standards Board issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities – including an amendment of FASB Statement No. 115". SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and is not expected to have a significant impact on the Company's financial statements.

Note 4. Stock Based Compensation

Employee Stock Options

The Company has long-term compensation plans that permit the granting of incentive awards in the form of stock options. Generally, the terms of these plans require that the exercise price of the options may not be less than the fair market value of Celsion's Common Stock on the date the options are granted. Options generally vest over various time frames or upon milestone accomplishments. Some vest immediately. Others vest over a period between one and five years. The Company's options generally expire ten years from the date of the grant.

2001 Stock Option Plan

The purpose of the 2001 Plan is to promote long-term growth and profitability of Celsion by providing key associates with incentives to improve stockholder value and to contribute to the growth and financial success of Celsion and to enable the Company to attract, retain and reward the best available persons for positions of substantial responsibility. The 2001 Plan permitted the granting of stock options (including nonqualified stock options and incentive stock options qualifying under Section 422 of the Internal Revenue Code) and stock appreciation rights or any combination of the foregoing. During the year that ended December 31, 2006, 21,336 options were canceled or expired. During the quarter March 31, 2007, 4,333 options were canceled or expired. All canceled and expired options under the 2001 Plan become available for issue under the 2004 Plan.

2004 Stock Incentive Plan

The purpose of the 2004 Plan is to promote the long-term growth and financial success of the Company and enable the Company to attract, retain and reward the best available persons for positions of substantial responsibility. The 2004 Plan permits the granting of awards in the form of incentive stock options, restricted stock, restricted stock units, stock appreciation rights, phantom stock, and performance awards, or in any combination of the foregoing. During the year that ended December 31, 2006, 63,823 options were canceled or expired. During the quarter March 31, 2007, 7,667 options were canceled or expired. On March 31, 2007 options to purchase 94,680 shares were available from the 741,834 shares authorized under the 2004 Plan.

During the quarter ended March 31, 2007 the Company granted shares of non-vested common stock at a market prices ranging from $2.42 to $4.44. Since the grant of non-vested common stock relates to future service, the total compensation expense of $134,320 will be recognized ratably over the service period. The expense recognized for these grants and prior grants was $25,590 for the quarter ended March 31,2007.

Options Issued to Consultants for Services

The Company enters into agreements with consultants in which the consultants receive stock options in exchange for services. Generally, the terms of these plans require that the exercise price of the options may not be less than the fair market value of Celsion's Common Stock on the date the options are granted. Options generally vest over various time frames or upon milestone accomplishments. Some vest immediately. Others vest over a period between one and five years. The Company's options generally expire ten years from the date of the grant There were no options granted to non-employees for the period ended March 31, 2007.

A summary of the Company's Common Stock option activity and related information is as follows:

Stock Options	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	858,527	$ 8.46		
Granted	706,000	3.11		
Exercised	—	—		
Canceled or expired	(119,333)	5.79		
Outstanding at March 31, 2007	1,445,194	$ 6.13	7.9	$651,928
Exercisable at March 31, 2007	611,720	$ 9.59	5.8	$ —

Warrants	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	702,401	$ 14.83		
Granted	—	—		
Exercised	(1,108)	3.75		
Canceled or expired	(92,775)	8.97		
Outstanding at March 31, 2007	608,518	$ 15.04	1.5	$53,532
Exercisable at March 31, 2007	608,518	$ 15.04	1.5	$53,532

The following is additional information with respect to options outstanding at March 31, 2007

	Three Months Ended March 31, 2007
Risk-free interest rate	4.54% to 4.74%
Dividend Yield	0.0%
Expected volatility	69.2%
Expected option life in years	6

For all of the Company's stock-based compensation plans, the fair value of each grant was estimated at the date of grant using the Black-Scholes option pricing model. Black-Scholes utilizes assumptions related to volatility, the risk-free interest rate, the dividend yield and employee exercise behavior. Expected volatilities utilized in the model are based on historical volatility of the Company's stock price. The risk free interest rate is derived from values assigned to U.S. Treasury strips as published in the Wall Street Journal in effect at the time of grant. The model incorporates exercise, pre-vesting and post-vesting forfeiture assumptions based on analysis of historical data. The expected life of the fiscal 2007 grants was generated using the simplified method as allowed under Securities and Exchange Commission Staff Accounting Bulletin No. 107.

Note 5. Note Receivable

On January 16, 2006, Celsion contributed to its wholly-owned subsidiary, Celsion (Canada) Limited ("Canada"), all of the Company's assets relating to its Adaptive Phased Array ("APA") technology for the treatment of breast cancer. Also on that date, the Company entered into a Stock Purchase Agreement with the Company's founder and former officer and director, Dr. Augustine Y. Cheung, whereby the Company sold to Dr. Cheung all of the issued and outstanding shares of capital stock of Canada. The Company also agreed to provide certain services to Canada pursuant to a Transition Services Agreement between the Company and Canada.

Under the Stock Purchase Agreement all of the capital stock of Canada was transferred to Dr. Cheung in exchange for a promissory note made by Dr. Cheung in favor of the Company in the principal amount of $1,500,000 to be paid over a period of up to 78 months and secured by a pledge of 100,536 shares of Celsion common stock owned by Dr. Cheung and his wife and the commitment of Canada to pay a 5 percent royalty on the net sales of certain products sold by and patent royalties received by Canada and its successors and assigns, of up to $18,500,000.

The terms of the note receivable only specify an interest charge in the event that scheduled payments are in arrears. The $1,500,000 note was therefore discounted at the prime rate in effect January 16, 2006 (7.25%) plus 1.0%, or 8.25%, and the balance, net of discount, of $1,146,428 was recorded in the financial statements above. Interest income of $38,202 and $25,089 was recorded in the periods ended March 31, 2007 and 2006, respectively.

Note 6: Advances under Celsion (Canada) Limited Transition Services Agreement

In conjunction with the sale of Canada, a Transition Services Agreement was entered into whereby Celsion sublet space in the Company's offices for use by Canada to carry on its business, for a period of up to six (6) months from the date of the agreement; provided administrative support services as needed in the operation of Canada's business for the period of the sublease and advanced funds to pay salary and health and dental insurance of each of certain employees of Canada and, in addition, expenses reasonably incurred in connection with the operation of Canada's business up to $100,000 for the shorter of the period ending June 30, 2006 or the date of closing by Canada of a transaction involving the merger of Canada into a newly created Canadian Capital Pool Company and a simultaneous funding through a private placement of shares under terms approved by the Toronto Stock Exchange (the "Canada Transaction"). Within ten days after the closing of the Canada Transaction, Canada will pay the Company all amounts due under the Transition Services Agreement.

The Transition Services Agreement was amended on March 28, 2006 to advance Canada an additional $200,000 to fund reasonable operating expenses. This additional advance is repayable under the same terms as the Transition Services Agreement. However, in the event of default, Dr. Cheung will forgo payments due under a consulting agreement between Celsion and Dr. Cheung dated January 16, 2006. The cumulative balance advanced under the Transition Services Agreement, as amended, at March 31, 2007 was $600,782.

The Canada Transaction did not close by December 31, 2006. Based on discussions with Canada management, Celsion management established that diligent efforts were being made by Canada management to close the Canada Transaction on a timely basis and agreed to extend the due date for repayment of the loan to the earlier of the closing of the Canada Transaction or June 30, 2007. Within ten days after the closing of the Canada Transaction, Canada will pay the Company all amounts due under the Transition Services Agreement.

Note 7. Investment in Celsion China, Ltd.

On December 15, 2003, the Company announced the formation of a joint venture with Asia Pacific Life Science Group, Ltd., a group of Hong Kong-based investors, to develop our technologies and distribute our products in Greater China. Celsion acquired 45.65% of the equity of Celsion China Ltd for $200,000 on February 5, 2004.

On January 12, 2006, Celsion acquired a further 25.65% of the equity of Celsion China Ltd. from Asia Pacific Life Science Group, Ltd for $25,000 increasing Celsion's total equity position to 71.3%.

An additional cash advance in the amount of $84,123 in the form of a loan was made to Celsion China, Ltd. on January 27, 2006.

Celsion Corporation terminated its interest in Celsion China Ltd. on May 9, 2006 and has recorded the loan write-off, other receivable write-off and final dissolution expenses related to Celsion China, Ltd. as a loss on investment in Celsion China Ltd. of $207,687.

Note 8. Licensing Agreement

Celsion entered into a Distribution Agreement with Boston Scientific Corporation ("Boston Scientific" or "BSC") as of January 21, 2003 pursuant to which the Company granted Boston Scientific exclusive rights to market and distribute the Prolieve® system and its component parts for the treatment of BPH in all territories other than China, Taiwan, Hong Kong, Macao, Mexico and Central and South America. The Distribution Agreement has a seven-year term commencing on February 21, 2004. The parties share gross sales (less costs and expenses) attributable to the product.

Celsion received a $4,000,000 licensing fee under the Distribution Agreement which was paid in two installments. The first installment of $2,000,000 was paid to Celsion during the quarter ended June 30, 2004. The second installment of $2,000,000 was placed in an interest bearing escrow account for a period of 36 months beginning February 21, 2004 for payment of any legal expenses, settlements, license fees, royalties, damages or judgments incurred by Celsion or Boston Scientific in connection with any patent litigation related to alleged infringement of third party patents. Interest on the escrowed funds is retained in escrow and accrued to the benefit of Celsion. The balance remaining in the escrow was released to Celsion on February 20, 2007 and used to purchase a license from American Medical Systems, Inc. and AMS Research Corporation (together referred to as "AMS") and pay final legal costs. The Company remains liable for all defense costs so long as it owns the Prolieve product.

The Company is recognizing the entire $4,000,000 licensing fee at the rate of $47,619 per month over a seven-year term which began March 1, 2004.

On April 17, 2007, the Company and Boston Scientific entered into an Asset Purchase Agreement to reflect the exercise by Boston Scientific of its option to purchase all of the Prolieve assets of the Company. See Note 12 for further detail.

Note 9. Inventory

Inventory is comprised of Prolieve Thermodilatation® system control units, parts inventory and associated disposable treatment kits. Inventory is stated at the lower of cost or market. Inventory on hand at March 31, 2007 and December 31, 2006 was as follows:

	March 31, 2007	December 31, 2006
Components	$ 50,166	$ 29,399
Finished Goods	2,854,430	2,808,159
	2,904,596	2,837,558
Less: reserve	(5,053)	(7,009)
	$ 2,899,543	$ 2,830,549

Note 10. Loan Payable

On August 8, 2005, Celsion Corporation and Boston Scientific entered into the First Amendment to the Transaction Agreement (the "First Amendment") pursuant to which BSC agreed to lend the Company up to $15,000,000 (the "Loan") to be evidenced by one or more convertible secured promissory notes. The first installment of $6,000,000 was disbursed on August 17, 2005. The second installment of $4,500,000 was disbursed on February 2, 2006, and the third disbursement of $4,500,000 was disbursed on July 28, 2006.

Interest is due on the first to occur of (i) February 20, 2009, (ii) upon repayment of the principal amount in full, (iii) upon BSC's exercise of its option described below to purchase certain assets and technology or (iv) on conversion of the principal amount plus accrued interest, if any, to shares of the Company's common stock. The Company has the right to prepay the loan at any time without penalty.

The principal balance of the Loan, together with then all unpaid and accrued interest, is due and payable in full on February 29, 2009. At March 31, 2007, the accrued and unpaid interest to date was $1,624,573.

As described in Note 12 below, BSC has elected to exercise its option to purchase the Prolieve assets from the Company. Upon consummation of the sale, the loan will become due and will be paid from the proceeds of the asset sale.

Note 11. Contingencies

Legal Settlement

On April 27, 2006, American Medical Systems, Inc. and AMS Research Corporation (together referred to as "AMS") filed suit in the U.S. District Court for the District of Minnesota alleging infringement of two patents of AMS resulting from our manufacture, use and sale of the Prolieve Thermodilatation system. The complaint sought injunctive relief against the alleged infringement, unspecified trebled damages, plaintiff costs, expenses and attorney fees. On September 1, 2006, AMS amended the complaint alleging that Prolieve infringed upon two additional AMS patents.

On February 7, 2007, Celsion entered into an agreement with AMS that settled the patent dispute. Under the settlement terms, Celsion paid a licensing fee and will pay a royalty based on sales of its Prolieve product to acquire a product license to AMS' patents for the use of microwave energy to treat BPH and prostatitis. The agreement ended litigation between the two parties. The terms of the license agreement will not have a material impact on Celsion's sales or gross margin. The agreement was also reached with the concurrence of BSC in accordance with the Transaction Agreement between BSC and Celsion dated January 21, 2003 which granted BSC an option to purchase the Prolieve assets and which required that Celsion obtain BSC's approval prior to entering into agreements related to the Prolieve business.

Purchase Commitment

Sanmina-SCI ("Sanmina") and Celsion entered into a Medical Product Manufacturing Services Agreement on April 2, 2003 for the production of the Company's Prolieve Thermodilatation control units. It is stipulated in this agreement that Celsion may from time to time require Sanmina to acquire component inventories in excess of current demand. Any such inventory of components purchased and held by Sanmina will be designated as "excess" inventory, and Celsion will be responsible to reimburse Sanmina for the delivered cost of those components. As of March 31, 2007 Celsion and Sanmina have agreed that the excess components have been valued at $534,076. In lieu of payment in full Celsion, beginning October 1, 2005, is paying a 1.5% monthly inventory carrying charge. The amount paid in the three months ended March 31, 2007 was $10,566.

Note 12. Subsequent Events

On April 17, 2007, the Company and Boston Scientific entered into an Asset Purchase Agreement to reflect the exercise by Boston Scientific of its option to purchase all of the Prolieve assets of the Company (the "Asset Purchase

Agreement"). The Board of Directors of the Company has approved the Asset Purchase Agreement and the transactions contemplated thereby, subject to the approval of the Company's stockholders at the annual meeting, scheduled for June 13, 2007. Pursuant to the Asset Purchase Agreement, Boston Scientific will, subject to certain terms and conditions, including approval by the Company's stockholders, purchase the Prolieve assets for an aggregate purchase price of $60 million, subject to reduction in accordance with the terms and conditions of the Asset Purchase Agreement. If the Company does not obtain the requisite stockholder approval for the sale of the Prolieve assets, either party has the right to terminate the Asset Purchase Agreement.

As previously disclosed, the Company and Boston Scientific entered into a Transaction Agreement effective January 20, 2003 (the "Transaction Agreement") pursuant to which Boston Scientific would make equity investments in the Company through the purchase of Company common stock upon attainment of specified milestones by the Company. As of the date hereof, Boston Scientific owns 848,838 shares, or 7.9%, of the Company's common stock.

As part of the consideration in the Transaction Agreement, the Company initially granted Boston Scientific an exclusive option to purchase the Prolieve assets for a price equal to the greater of $60 million or a multiple of sales, exercisable for a period of five years and expiring in February 2009. As previously disclosed, on August 8, 2005, the Company and Boston Scientific entered into the First Amendment pursuant to which Boston Scientific agreed to lend the Company up to $15 million to be evidenced by one or more convertible secured promissory notes (the "Notes"). The first installment of $6 million was disbursed on August 17, 2005, the second installment of $4.5 million was disbursed on February 2, 2006, and the third disbursement of $4.5 million was disbursed on July 28, 2006. The First Amendment also provided that the maturity dates of the Notes would be accelerated if Boston Scientific exercised its option to purchase the Prolieve assets.

The Asset Purchase Agreement reflects the agreement by the Board of Directors of the Company to modify the terms of the purchase option granted to Boston Scientific on January 20, 2003 and amended on August 8, 2005. The revised terms provide for the aggregate purchase price of $60 million to be paid in three installments consisting of $30 million at closing and $15 million on each of the first and second anniversaries of the closing. The revised terms also provide that the $30 million payable at closing will be reduced by approximately $17 million, representing the principal and accrued interest due on the Notes, and that, in addition to the other indemnification provisions, such as indemnification for breaches of representations, warranties and covenants contained in the Asset Purchase Agreement, the Company will indemnify Boston Scientific for a period of two years from the closing, in an amount up to $15 million of incurred costs, in the event of unforeseen intellectual property claims related to the Prolieve assets.

The foregoing description of the Asset Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the complete terms of the Asset Purchase Agreement and Second Amendment to Transaction Agreement, by and between the Company and Boston Scientific, dated April 17, 2007, copies of which were included as Exhibits 10.1 and 10.2 to the Company's Form 8-K which was filed on April 18, 2007 and are incorporated herein by reference.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

Statements and terms such as "expect", "anticipate", "estimate", "plan", "believe" and words of similar import regarding the Company's expectations as to the development and effectiveness of its technologies, the potential demand for our products, and other aspects of our present and future business operations, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our industry, business and operations, we cannot guarantee that actual results will not differ materially from our expectations. In evaluating such forward-looking statements, readers should specifically consider the various factors contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 including, without limitation, 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 items; changes in approaches to medical treatment; introduction of new products by others; possible acquisitions of other

technologies, assets or businesses; and possible actions by customers, suppliers, competitors and regulatory authorities. These and other risks and uncertainties could cause actual results to differ materially from those indicated by such forward-looking statements, including those set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Factors" contained in the Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

The discussion of risks and uncertainties set forth in this Quarterly Report on Form 10-Q and in our most recent Annual Report on Form 10-K as well as in other filings with the SEC, is not necessarily a complete or exhaustive list of all risks facing the Company at any particular point in time. We operate in a highly competitive, highly regulated and rapidly changing environment and our business is in a state of evolution. Therefore, it is likely that new risks will emerge, and that the nature and elements of existing risks will change, over time. It is not possible for management to predict all such risk factors or changes therein, or to assess either the impact of all such risk factors on our business or the extent to which any individual risk factor, combination of factors, or new or altered factors, may cause results to differ materially from those contained in any forward-looking statement. We disclaim any obligation to revise or update any forward-looking statement that may be made from time to time by us or on our behalf.

Overview

Celsion is a biotechnology company dedicated to furthering the development and commercialization of oncology drugs including tumor-targeting treatments using focused heat energy in combination with heat activated drug delivery. In 1989, we obtained premarketing approval ("PMA") from the FDA to use our microwave-based Microfocus 1000 heat therapy system on surface and subsurface tumors in conjunction with radiation therapy. We marketed this system until 1995. From 1995 until early in 2004, we engaged in research and development of new treatment systems. On February 19, 2004, we obtained a PMA for our Prolieve Thermodilatation system for the treatment of Benign Prostatic Hyperplasia (BPH) and thereafter our marketing partner, Boston Scientific, commenced commercial sales of the Prolieve system. In addition, we are engaged in the development of treatment systems using a combination of heat and ThermoDox™, our proprietary heat activated liposomal encapsulation of doxorubicin, for the treatment of liver cancer and breast cancer.

Development pipeline

Our pipeline presently consists of the following products, in the indicated stages of development:

Product	Status
• Prolieve Thermodilatation system for the treatment of BPH	We received a PMA for the Prolieve system from the FDA on February 19, 2004. Since that time, we have been commercializing the Prolieve system through Boston Scientific. Boston Scientific has an option to purchase the Prolieve assets (expiring February 2009) for $60 million. As described in Note 12 to the financial statements, BSC has elected, subject to shareholder approval, to exercise its option to purchase the Prolieve assets. In the event that the shareholders approve the transaction, this business will be terminated.
• ThermoDox (Doxorubicin-encapsulated thermo-liposome) plus heat for the treatment of cancer	We are conducting a Phase I clinical trial in collaboration with the National Institutes of Health and Queen Mary's Hospital in Hong Kong using ThermoDox in conjunction with radio frequency ablation in the treatment of liver cancer. We are also sponsoring the conduct of an investigator initiated Phase I study of the use of ThermoDox for the treatment of recurrent chest wall ("RCW") breast cancer.

We anticipate that, in the near term (up to three months, subject to the shareholders' vote on the Prolieve asset sale), the source of our revenues will be from sales of our Prolieve system and related disposables. In the longer term, we expect to seek to develop new revenue streams from our current work with Duke University in targeted drug delivery

systems. We anticipate that revenues will come from the licensing of these technologies to pharmaceutical manufacturers and from eventual sales to major institutional health care providers who would employ these technologies to deliver drug regimens throughout the body or from the sale of one or more of these technologies.

From 1995 to 2004, we generated only minimal revenues and have funded our operations primarily through private placements of our equity securities. During 2004, following FDA premarketing approval of our Prolieve Thermodilatation system, we received a one-time licensing fee of $4 million under our agreement with Boston Scientific, the distributor of our Prolieve system. Since receipt of the PMA, sales of Prolieve products have generated revenues of approximately $29 million. Until such time as we are able to complete development and testing of, and gain necessary regulatory approvals for, one or more of our other products, sales of Prolieve products will represent our only source of revenue. We presently do not have any committed sources of financing. Therefore, we are reliant on revenues from the sale of our Prolieve products and from funds generated through the sale of our securities to fund our ongoing operations.

The Prolieve system consists of a microwave generator and conductors, along with a computer and computer software programs that control the focusing and application of heat (control units), plus a specially designed, single-use catheter kit. We expect to continue to generate revenues from sales of control units and catheter kits. Under our agreement with Boston Scientific, we are entitled to receive our costs plus 50% of the "profit"—measured as the difference between such costs and the selling price (determined in accordance with the agreement) for each control unit—and 50% of the revenue generated from the sale of catheter kits, for which Celsion bears the cost of goods sold. If the shareholders approve the sale of the Prolieve assets to Boston Scientific, then Celsion will no longer participate in the Prolieve revenues. .

Our principal costs consist of:

- Cost of sales, relating to the production and sale of Prolieve control units and catheter kits, which are being marketed by Boston Scientific under a seven-year agreement (expiring in 2011);
- Research and development costs, including licensing fees due in connection with various of our technologies, the costs of sponsored research and pre-clinical and clinical trials for ThermoDox plus heat and certain ongoing studies related to our Prolieve system, and the costs of development and design of other products; and
- Corporate overhead.

Our research and development activities, pre-clinical tests and clinical trials, and the manufacturing, marketing and labeling of each of our products, are subject to extensive regulation by the FDA. We may not bring to market any product in the U.S. without approval, in the form of a premarketing approval from the FDA. We received such premarketing approval for our Prolieve system on February 19, 2004. We are currently conducting basic research and development activities, pursuing prototype products through clinical testing and regulatory approval. Our ultimate objective is to commercialize those products to generate a return on investment for our stockholders through one of several means including: (a) selling products directly to end users; (b) selling products through a distributor (as is the case with its Prolieve products); or (c) licensing the technology to third parties and generating income through royalties and milestone payments.

Recent Events

On February 7, 2007, Celsion entered into an agreement with AMS that settled the patent dispute. Under the settlement terms, Celsion paid a licensing fee and will pay a royalty based on sales of its Prolieve product to acquire a product license to AMS' patents for the use of microwave energy to treat BPH and prostatitis. The agreement ended litigation between the two parties. The terms of the license agreement will not have a material impact on Celsion's sales or gross margin. The agreement was also reached with the concurrence of BSC in accordance with the Transaction Agreement between BSC and Celsion dated January 21, 2003 which granted BSC an option to purchase the Prolieve assets and which required that Celsion obtain BSC's approval prior to entering into agreements related to the Prolieve business.

In February 2007, the Company initiated a Phase I dose escalation study designed to investigate simplification of the current RFA/ThermoDox treatment regimen including a single vial formulation of ThermoDox and reducing the pre-treatment prophylactic dosing. The study also allows multiple dosing in liver cancer patients. The study is currently being performed at the Cleveland Clinic Foundation and at North Shore Long Island Jewish Health System. The first patient in this study was treated during February 2007. This study is not expected to impact the timing of the Phase III liver study.

On March 12, 2007, the Board of Directors of Celsion appointed Dr. Augustine Chow as a member of the Board of Directors of the Company. Dr. Chow was appointed a class one director, and the Board of Directors resolved to expand the Board of Directors from six to seven members.

As described in Note 12 to the financial statements above, the Company entered into an Asset Purchase Agreement with Boston Scientific on April 17, 2007 to reflect the exercise by Boston Scientific of its option to purchase all of the Prolieve assets of the Company.

Results of Operations

Comparison of Three Months Ended March 31, 2007
and Three Months Ended March 31, 2006

	Three Months Ended March 31,		Change	
	2007	2006	Dollars	Percent
Revenues:				
Net sales of equipment and parts	$ 2,922,965	$ 2,346,419	$ 576,546	25
Cost of sales	1,536,399	1,754,503	(218,104)	(12)
Gross profit	1,386,566	591,916	794,650	134
Operating expenses:				
Research and development	2,425,440	2,482,494	(57,054)	(2)
General and administrative	1,294,169	1,127,496	166,673	15
Total operating expenses	3,719,609	3,609,990	109,619	3
Loss from operations	$(2,333,043)	$(3,018,074)	$ 685,031	(23)
Interest income (expense), net	(167,484)	(45,455)	(122,029)	268
Other income (expense), net	142,857	1,279,974	(1,137,117)	(89)
Net Loss	$(2,357,670)	$(1,783,555)	$ (574,115)	32

Net sales for the quarter ended March 31, 2007 were $2,922,965, an increase of $576,546, or 25%, compared to $2,346,419 for the quarter ended March 31, 2006. Product sales consist of sales of our Prolieve products and are comprised of two elements – sales of control units and sales of disposable catheter kits, all to our exclusive distributor, Boston Scientific. The increase in revenues during the quarter ended March 31, 2007 compared to the quarter ended March 31, 2006 reflects the continued progress of commercialization and marketing efforts.

The gross margin for the quarter ended March 31, 2007 was $1,386,566, or 47.4% of sales compared to $591,916, or 25.2% of sales, for the quarter ended March 31, 2006. The increase in gross margin percentage is the result of a cost reduction due to transfer of the production of the disposable Prolieve catheter kit to a new supplier.

The decrease of $57,054, or 2%, in research and development expense during the first quarter of 2007 in comparison to the quarter ended March 31, 2006 was due to:

	$
• Reduced legal fees related to intellectual property	180,000
• Decreased salaries & related benefits due to a reduction in Prolieve development staff	189,000
• Decreased consulting costs related to Prolieve development	106,000
• Decreased drug manufacturing costs	100,000
• Increase in clinical costs due to start up of additional Phase I liver cancer study and support costs related to filing the Phase III liver cancer protocol for review through the FDA's Special Protocol Assessment process	(398,000)
• Increased patent costs including amortization of pegylation and AMS licenses	(120,000)

The $166,673, or 15%, increase in general and administrative expense during the quarter ended March 31, 2007 as compared to the comparable period during 2006 was attributable to:

	$
• Increased recruiting & relocation costs related to hiring of new President and Chief Executive Officer	(178,000)
• Increased consulting fees related to year end financial reporting requirements	(71,000)
• Increased franchise taxes due to increase in authorized shares	(33,000)
• Decreased salaries and related benefits due to a reduction in headcount, staff vacancies and elimination of Company provided housing for former President and Chief Executive Officer	75,000
• Decreased legal expenses due to non recurrence of transactions during first quarter of 2007	40,000

The net increase of $109,619 in operating expenses during the quarter ended March 31, 2007 when compared to the quarter ended March 31, 2006 combined with increased gross profit generated from the sale of Prolieve products during the most recent quarter, resulted in a decrease in the loss from operations for the three-month period ended March 31, 2007 of $685,031, or 23%, to $2,333,043 from $3,018,074 in the comparable period during the prior fiscal year.

Net interest in the quarter ended March 31, 2007 was an expense of $167,483 compared to $45,455 for the quarter ended March 31, 2006. This change was due to increased funding of the loan from Boston Scientific.

Other income for the quarter ended March 31, 2007 was $142,857 compared to $1,279,974 for the quarter ended March 31, 2006. The decrease of $1,137,117 was primarily due to non-recurrence of a gain of $1,146,342 on the sale of the stock of Celsion (Canada) Limited recorded during the quarter ended March 31, 2006.

The net loss for the quarter ended March 31, 2007 was $2,357,670 compared to $1,783,555 for the quarter ended March 31, 2006. The increase of $574,115 is principally due to non-recurrence of a gain on the sale of Celsion (Canada) Limited of $1,146,342 that was recorded in the prior year, offset by the decrease in the operating loss of $685,031 in 2007 as well as the items outlined above.

Financial Condition, Liquidity and Capital Resources

Celsion's core business activity is the development of products to treat cancer and other diseases and to commercialize those products to generate a return on investment for its stockholders through one of several means including: (a) selling products directly to end users; (b) selling products through a distributor (as is the case with its Prolieve products); (c) licensing its technology to third parties and generating income through royalties and milestone payments; and (d) outright sale of a technology directly or, ultimately, though the sale of the entire Company. This business model will generate uneven cash flows, inasmuch as continuing development expenditures will not necessarily be matched by revenues from one of the above sources. In the event that annual development expenditures are not covered by current revenues, funding will be provided from other sources including any cash on hand, revenues provided as above, income generated from licensing agreements and debt or equity funding raised in the capital markets.

Since inception, our expenses have significantly exceeded our revenues, resulting in an accumulated deficit of $92,844,484 at March 31, 2007. We have incurred negative cash flows from operations since our inception and have funded our operations primarily through the sale of equity securities. As of March 31, 2007, we had total current assets of $12,013,609, including cash and short term investments of $7,552,387, compared with current liabilities of $3,680,882, resulting in a working capital surplus of $8,332,727. As of December 31, 2006, we had $9,032,674 in cash and short term investments and total current assets of $16,022,505 compared with current liabilities of $4,008,002, which resulted in working capital of $12,014,503 at the fiscal year end.

Net cash provided by the Company's operating activities for the three months ended March 31, 2007 was $152,298 compared to a use of $955,992 for the three months ending March 31, 2006. The increase of $1,108,290 was primarily the result of the receipt of the escrow funds of $1,850,000.

In the three months ended March 31, 2007, total assets and total liabilities decreased by $2,281,860 to $16,647,692 compared to $18,929,552 as of December 31, 2006.

The decrease in total assets was due to a number of factors, including:

- A decrease in cash, cash equivalents and short term investments of $1,480,287 as detailed in the statement of cash flows;
- A decrease in the escrow account of $1,824,740 related to the AMS settlement; and
- A decrease in accounts receivable of $769,327 as a result of lower sales in 1Q07 vs. 4Q06.

The decreases in total assets were offset by increases of:

- An increase in patent licensing fees of $1,574,937 related to the AMS settlement; and
- An increase in deposits of $133,772 due to initial payments to clinical research organizations and other retainers for professional services.

The decrease in total liabilities and equity was due to a number of factors, including:

- A decrease in other accrued liabilities of $319,155 resulting from reductions in (i) accrued bonuses and (ii) accrued costs related to lower costs of sales associated with the lower sales volume in 1Q07 vs. 4Q06;
- A decrease in deferred revenue of $142,857 which represents the license fee amortization in the first quarter of 2007; and
- An increase in accumulated deficit of $2,357,670 which represents the loss for the quarter ended March 31, 2007.

The decreases in total liabilities and equity were offset by increases in:

- An increase of $346,875 in accrued interest on loans payable which represents the interest expense on the BSC loan for the first quarter of 2007; and
- An increase of $198,579 in additional paid in capital to recognize stock based compensation expense for the quarter.

For fiscal year 2007, we expect to expend approximately $15,000,000 to commercialize our Prolieve system and for clinical testing of liver cancer and breast cancer treatment systems, as well as corporate overhead, all of which we expect to fund from cash on hand and revenues anticipated from the sale of our Prolieve system and related disposables. The foregoing is an estimate, based upon assumptions as to the scheduling of institutional clinical research and testing personnel, the timing of clinical trials and other factors, not all of which are fully predictable.

As disclosed under Note 12 to the condensed financial statements presented above, the Company entered into an agreement with Boston Scientific for the sale of the Prolieve system. The terms of the sale would provide for a $30,000,000 initial payment upon closing which is expected to occur in the third quarter of 2007, with approximately $15,000,000 of the initial payment to be used to repay the loan outstanding to Boston Scientific.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Our loan from Boston Scientific bears interest at a variable rate; therefore changes in prevailing interest rates would impact the amount owed under such loans. A one percentage point fluctuation in interest rates would not have a material impact.

Item 4. Controls and Procedures

We have carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. Based on that evaluation, our principal executive officer and principal financial officer concluded that as of March 31, 2007, which is the end of the period covered by this report, our disclosure controls and procedures are effective.

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15of the Securities Exchange Act of 1934 as amended that occurred during the quarter ended March 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

On April 27, 2006, American Medical Systems, Inc. and AMS Research Corporation (together referred to as "AMS") filed suit in the U.S. District Court for the District of Minnesota alleging infringement of two patents of AMS resulting from our manufacture, use and sale of the Prolieve Thermodilatation system. The complaint sought injunctive relief against the alleged infringement, unspecified trebled damages, plaintiff costs, expenses and attorney fees. On September 1, 2006, AMS amended the compliant alleging that Prolieve infringed upon two additional AMS patents.

On February 7, 2007, Celsion entered into an agreement with AMS that settled the patent dispute. Under the settlement terms, Celsion paid a licensing fee and will pay a royalty based on sales of its Prolieve product to acquire a product license to AMS' patents for the use of microwave energy to treat BPH and prostatitis. The agreement ended litigation between the two parties. The terms of the license agreement will not have a material impact on Celsion's sales or gross margin. The agreement was also reached with the concurrence of BSC in accordance with the Transaction Agreement between BSC and Celsion dated January 21, 2003 which granted BSC an option to purchase the Prolieve Assets and which required that Celsion obtain BSC's approval prior to entering into agreements related to the Prolieve business.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 6. Exhibits.

10.1	Settlement and License Agreement by and among Celsion Corporation, American Medical Systems, Inc. and AMS Research Corporation, dated February 7, 2007. (Confidential Treatment Requested. Filed herewith).
11	Statement Re. Computation of Earnings Per Share. (Filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Furnished herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Furnished herewith)

SIGNATURES

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

May 10, 2007

CELSION CORPORATION
Registrant

By: */s/ Michael Tardugno*
Michael Tardugno
President and Chief Executive Officer

By: */s/ Anthony P. Deasey*
Anthony P. Deasey
Chief Operating Officer and Chief Financial Officer
(Principal Financial and Chief Accounting Officer)

SETTLEMENT AND LICENSE AGREEMENT

This Settlement and License Agreement (this "Agreement") is entered into as of February 7, 2007, (the "Effective Date") by and between **CELSION CORPORATION**, a corporation organized and existing under the laws of the State of Delaware and having its principal place of business at 10220-L Old Columbia Road, Columbia, Maryland 21046 ("Celsion"), and **AMERICAN MEDICAL SYSTEMS, INC.** ("AMSI") and **AMS RESEARCH CORPORATION** ("AMSRC"), each a corporation organized and existing under the laws of the State of Delaware and having their principal place of business at 10700 Bren Road West, Minnetonka, Minnesota 55343 (AMSI and AMSRC are herein individually and together referred to as "AMS"). Celsion, AMSI and AMSRC are collectively, the "Parties" and each separately, a "Party".

WHEREAS, Celsion is, in part, in the business of developing, making, marketing and selling products, therapies and technologies that use heat generated by microwave energy to treat benign prostatic hyperplasia, including a product currently sold under the brand Prolieve Thermodilation System®;

WHEREAS, on September 28, 2006, AMS commenced an action against Celsion in the United States District Court for the District of Delaware (the "Court"), Civil Action No. 06-606-SLR (the "Pending Action"), alleging that Celsion infringed and is infringing AMS' U.S. Patent Nos. 5,220,927, 6,216,703, 7,089,064 and 7,093,601, which action remains pending;

WHEREAS, on November 16, 2006, Celsion filed counterclaims for declaratory judgment in the Pending Action;

WHEREAS, on September 27, 2006, the United States District Court for the District of Minnesota dismissed a similar patent infringement action filed by AMS on April 27, 2006,

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***** The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

against Celsion (Civil Action No. 06-1606 JMR/FLN) for lack of personal jurisdiction (the "Prior Action" and together with the Pending Action, the "Action");

WHEREAS, Celsion denies that its products or other business activities infringe AMS' patents and is prepared to defend against the Pending Action; and

WHEREAS, recognizing the costs, uncertainties and burdens of litigation, Celsion and AMS desire finally and forever to compromise, resolve and settle all asserted and unasserted claims relating to the allegations in the Action on mutually agreeable terms without admission of any liability by either, and without admission as to the merits of any of the contentions of the other.

NOW, THEREFORE, for and in consideration of the preambles set forth above and the mutual covenants, promises and agreements contained herein, the Parties, intending to be legally bound, do hereby agree as follows:

Article 1. Definitions

In addition to terms defined elsewhere in this Agreement, the following initially capitalized terms, whether used in the singular or plural, shall have the respective meanings set forth below:

Section 1.01 "Affiliate" shall mean any individual or entity which (directly or indirectly) is controlled by, controlling or under common control with a Party to this Agreement. For purposes of this definition, the direct or indirect ownership of fifty percent (50%) or more of the outstanding securities, membership interests or partnership interests of or by an entity, or the right to receive fifty percent (50%) or more of the profits or earnings of or by an entity, or the right to control the management or the board of directors or other governing body of or by an

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entity shall be deemed to constitute control. "AMS Parties" shall mean AMSI, AMSRC and their respective Affiliates.

Section 1.03 "Average Sales Price" shall mean the average invoiced sales price at which the Celsion Parties have actually sold Disposable Kits to non-Affiliate third parties during * including in such calculation of average invoiced sales price the actual sales price for any standard warranty sold for the Disposable Kits but not including any rebates actually granted to a customer and any reasonable and customary charges for taxes and shipping actually collected by Celsion on behalf of third parties; provided that, if the "Average Sales Price" as calculated is * per Disposable Kit for * , the "Average Sales Price" for that * shall be deemed * per Disposable Kit, and further provided that, if the "Average Sales Price" as calculated is * per Disposable Kit, the "Average Sales Price" for that * shall be deemed * per kit.

Section 1.04 "Celsion Parties" shall mean Celsion and its Affiliates.

Section 1.05 "Current Products" of a Party shall mean products and components thereof commercially available from that Party or its Affiliates at or before the Effective Date in the Technology Field, which for Celsion is the Prolieve Thermodilation System (depicted in Exhibit A) ("Celsion Current Products") and for AMS is the TherMatrx System (depicted in Exhibit B) ("AMS Current Products"). For purposes of clarity, a product that qualifies as of the Effective Date as a Current Product remains a Current Product even if the business or assets relating to such product line are sold to a permitted successor or assign to this Agreement.

Section 1.06 "Days" or "days" shall mean calendar days.

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

Section 1.07 "Dismissal Order" shall mean an Order of the Court dismissing the Pending Action in accordance with the provisions of Article 6 below, which order has become final and no longer subject to appeal or reconsideration.

Section 1.08 "Disposable Kits" shall mean the disposable catheter kit component of the Licensed Products. Disposable Kits do not include control units and other reusable apparatus or accessories that are marketed for use in connection with the Licensed Products. For the sake of clarity, the Disposable Kit component of the Celsion Current Products is depicted in Exhibit A hereto.

Section 1.09 "Disposable Kit Sold" shall mean a Disposable Kit that has been invoiced to a non-Affiliate third party by a Celsion Party, including Disposable Kits distributed for no consideration (but excluding a reasonable number of Disposable Kits distributed for no consideration solely for clinical trials and up to an additional one hundred (100) Disposable Kits distributed for no consideration).

Section 1.10 "Excluded Technology" shall mean products and methods that are designed or intended for use with or constitute any of the following:

(1) a system or therapy with integrated microwave and laser components;

(2) Treatment Catheters without an integrated compression balloon, such as the integrated compression balloon in the existing Prolieve Thermodilation® System depicted in Exhibit A hereto; or

(3) Treatment Catheters with an integrated temperature probe.

For the sake of clarity, while the license and covenant not to sue granted to Celsion herein do not cover Excluded Technology, nothing in this Agreement prohibits or restricts Celsion or its permitted successors or assigns with respect to Excluded Technology, and nothing in this Agreement prohibits or restricts AMS or its permitted successors or assigns from asserting claims against Excluded Technology.

***** The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

Section 1.11 "Including" shall mean, whether or not capitalized, including without limitation.

Section 1.12 "Licensed Patent(s)" shall mean (a) all of the claims of AMS' patents and applications existing or filed as of the Effective Date that include subject matter directed to the Technology Field, including all of the claims of the issued patents listed on Exhibit C hereof (including the 927 Patent, the 703 Patent, the 064 Patent and the 601 Patent); and (b) continuations, continuations in part (to the extent of the part within the Technology Field and to the extent entitled to priority before the Effective Date), divisionals, reexaminations, reissuances, extensions and foreign counterparts of any of the foregoing, provided, however, that "Licensed Patent(s)" shall not include any patent that has expired or has been invalidated or canceled or declared unenforceable or any claims in any patent that have been invalidated, declared unenforceable or canceled where all right to appeal any such order of cancellation, unenforceability or invalidity has elapsed and the order has become final. "Licensed Patent(s)" shall include applications beneficially owned or controlled by an AMS Party as of the Effective Date even if then pending in the name of the inventors or another assignee and not yet formally assigned to the AMS Party.

Section 1.13 "Licensed Products" shall mean Celsion Current Products and Reasonable Modifications thereof developed, manufactured, used, marketed, offered for sale, sold, imported, licensed or distributed by or on behalf of a Celsion Party or a permitted successor or assign under this Agreement, directly or through their respective manufacturers, distributors, contractors, resellers, and other intermediaries. "Licensed Products" shall not include Excluded Technology.

Section 1.14 "927 Patent" shall mean United States Patent No. 5,220,927 while it is in effect.

***** The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

Section 1.15 "703 Patent" shall mean United States Patent No. 6,216,703 while it is in effect.

Section 1.16 "064 Patent" shall mean United States Patent No. 7,089,064 while it is in effect.

Section 1.17 "601 Patent" shall mean United States Patent No. 7,093,601 while it is in effect.

Section 1.18 "Product Related Activities: shall mean, research, development, testing, scale-up, clinical, prototyping, trial, sales, marketing and other business activities undertaken in the process of creating, seeking approval for and commercializing products.

Section 1.19 "Reasonable Modifications" shall mean improvements or modifications to Current Products primarily to improve materials, dimensions, software, manufacturability, quality or cost, provided such improvements or modifications are consistent with the function and treatment provided by the party's Current Products as of the Effective Date. For the sake of clarity, Reasonable Modifications to a party's current Treatment Catheter do not include, for example, adding (in the case of AMS) or removing (in the case of Celsion) an integrated compression balloon.

Section 1.20 "Returned Products" shall mean Disposable Kits (1) returned by non-Affiliate third parties to whom the Disposable Kits were sold and (2) for which Celsion has fully refunded to the third party (or extended a credit for) all consideration received for the returned Disposable Kits (with the exception of reasonable and customary shipping or handling charges, if applicable).

Section 1.21 "Technology Field" shall mean the field of microwave therapy for treating benign prostatic hyperplasia ("BPH") and prostatitis.

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Section 1.22 "Treatment Catheters" shall mean urethral catheters for applying heat or microwave energy to prostatic tissue.

Article 2. License Grant and Other Covenants

Section 2.01 Subject to the provisions herein, from the Effective Date, AMS, for itself and its Affiliates, hereby grants to Celsion and its Affiliates a perpetual, irrevocable (except for termination expressly permitted in Section 6 of this Agreement), non-exclusive, worldwide right and license under the Licensed Patents only within the Technology Field (excluding Excluded Technology) to (a) undertake Product Related Activities for Licensed Products and (b) develop, make, have made, market, use, authorize others to use, import, distribute, sell, have sold and offer to sell Licensed Products, for the life of the Licensed Patents (the "License").

Section 2.02 Celsion and its Affiliates may not sublicense the licensed rights granted above, but may engage third party contractors, consultants, outsourcers and agents to undertake Product Related Activities for Licensed Products and to exercise the licensed rights on their behalf such as, for example, in the manufacturing, assembly, sale, importation and marketing of Licensed Products.

Section 2.03 AMS represents that, as of the Effective Date, AMS is the sole owner of all title and interest to each of the Licensed Patents.

Section 2.04 AMS agrees (a) to provide to Celsion, promptly upon reasonable written request, information regarding the status of the Licensed Patents, including information on any new applications filed or patents issued or abandoned anywhere and any adverse claims made by third parties against any of the Licensed Patents, and (b) to take commercially reasonable steps to prosecute and maintain in effect the Licensed Patents.

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Section 2.05 Celsion and Affiliates will take commercially reasonable steps to comply with the marking provisions of 35 U.S.C. §287 with respect to Licensed Products and the Licensed Patents, consistent with Celsion's standard labeling practices.

Section 2.06 In order to maintain separate identity between the Current Products (and Reasonable Modifications thereof) being sold contemporaneously in the marketplace by each of the Parties, each of AMS and Celsion agrees from and after the Effective Date not to develop, make, use, sell, offer for sale or import Treatment Catheters in the Technology Field that are confusingly similar with respect to protectable packaging features and external trade dress to the Current Products available from the other Party as of the Effective Date. In the event a party reasonably believes that a product of the other in the Technology Field violates this Section, it shall provide prompt written notice to the other, describing the nature of the perceived violation and what in its view would cure the violation. The Party receiving the notice shall have a period of forty-five (45) days to investigate the allegation and respond to the other Party in writing with either a denial of the allegations, a request for further information or a proposed curative course of action. If the party responding to the notice requests further information, the Party who sent the notice shall promptly provide it and the time to respond shall commence again once the information is provided. If the curative action proposed by the Party who received the notice is acceptable to the other Party, the Party who received the notice shall have a reasonable period of time to implement the curative actions, taking into account factors such as the need for regulatory approvals for any changes. In the event the Party who received the notice denies the allegations and/or does not propose a remedy therefor that is reasonably acceptable to the other Party, the Party who sent the notice shall submit the matter to binding arbitration in accordance with the arbitration provisions of Section 8.05 (and subject to Section 6.02). The Parties will not,

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pending the opinion of the arbitration panel, seek interim relief. Each Party acknowledges and agrees that the products in the Technology Field commercially available as of the Effective Date from the other are not confusingly similar. For purposes of this Section 2.06, AMSI and AMSRC shall be deemed one Party.

Section 2.07 Except as stated in this Section and in Article 6 below, while the License is in effect, Celsion agrees not to challenge, or support or participate in a challenge of, the validity or enforceability of the Licensed Patents, including by initiating, participating or supporting a request for reexamination of the Licensed Patents, or by raising such claims in defense of a claim by AMS for a breach by Celsion of the provisions of this Agreement. Notwithstanding any other provision of this Agreement, the covenant in the prior sentence shall not apply and Celsion shall be free to bring claims and raise defenses (a) in connection with a claim by AMS for infringement relating to the Licensed Products in the event that AMS is seeking to terminate or has terminated the license grant in Section 2.01 above, or (b) with respect to products other than Licensed Products, including any Excluded Technology products, or (c) in the event AMS breaches a material provision of the Agreement such as the covenant not to assert or the release, or (d) if compelled by law or court order (such as a subpoena).

Section 2.08 Nothing in this Agreement shall be construed as conveying any express or implied license or right, to any patent owned, controlled or licensed by a Party or its Affiliates, to any other Party, person or entity, except as expressly and specifically set forth in this Agreement.

Article 3. Payments

Section 3.01 In consideration of the license rights, releases and other covenants and promises under this Agreement, Celsion shall pay the following fees to AMS:

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a.* in license fees due on the date of execution and delivery of this Agreement by all Parties and payable in full by February 20, 2007; and

b. Subject to Sections 3.02 and 3.03 below, a running royalty from * on Disposable Kits Sold of the lesser of: (i) * of the * or (ii) * per Disposable Kit Sold (the "Royalty"). The Royalty shall be automatically reduced to the lesser of (i) * of the * , or (ii) * per Disposable Kit Sold from and after the expiration or final cancellation, abandonment or invalidation date of the 927 Patent.

Section 3.02 The obligation to pay Royalties shall automatically cease and the License granted in Section 2.01 shall become fully paid-up and royalty-free from and after the earlier of (i) * , (ii) the expiration or cancellation, abandonment or invalidation of all of the Licensed Patents, or (iii) the prepayment of Royalties set forth in Section 3.03 below (such date, the "End of the Royalty Payment Term").

Section 3.03 Celsion shall have the right to prepay all the Royalties payable under this Agreement at any time prior to the End of the Royalty Payment Term on a discounted net present value basis using (i) a mutually agreed to discount rate of * and (ii) * (a) * or (b)

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* (the "Prepaid Royalty"). An example of the calculation of the Prepaid Royalty is provided in Exhibit D, which assumes the following for simplicity: (1) * (2) * (3) * (4) * . Celsion shall exercise the prepayment option by providing written notice thereof to AMS including its calculation of the Prepaid Royalty (the "Prepayment Notice"). The Parties agree that the Prepaid Royalty, if this option is exercised by * shall be no less than * . Thereafter, the Prepaid Royalty shall be * . Celsion shall pay the Prepaid Royalty to AMS within thirty (30) days of the date of its Prepayment Notice unless AMS notifies Celsion in writing within fifteen (15) days of the date of the Prepayment Notice that it disagrees with the calculation of the Prepaid Royalty. Failure of AMS to provide timely notice of disagreement shall constitute acceptance of the calculation of the Prepaid Royalty. The Parties shall endeavor expeditiously and in good faith to resolve any disagreements regarding the calculation of the Prepaid Royalty. If the Parties shall have been unable to agree on the amount of the Prepaid Royalty by the end of a thirty (30) day period from the date of the Prepayment Notice, the Parties shall engage an arbitrator to resolve the disagreement and determine on an expedited basis the Prepaid Royalty as of the date of the Prepayment Notice, with each side sharing equally in the costs and expenses of the arbitrator and the proceedings. The arbitrator shall have experience in royalty audits and calculations and the decision of the arbitrator shall be final and binding. Upon determination of the Prepaid Royalty after a dispute, Celsion shall pay the Prepaid Royalty if it

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still wishes to pre-pay the Royalties based on the amount calculated by the arbitrator, and AMS shall provide a receipt thereof.

Section 3.04 Only one Royalty is payable per Disposable Kit Sold regardless of whether such product embodies, uses or practices one or more claims in the Licensed Patents. Royalties are non-refundable (provided that a Dismissal Order has been entered and subject to the provisions of this Agreement relating to termination). Royalties not paid when due shall bear interest from the due date at the rate of * . Celsion shall be entitled to off-set royalties paid on Returned Products against subsequent Royalty payments.

Section 3.05 Until the End of the Royalty Payment Term, Celsion will pay the Royalties * for Disposable Kits Sold during * . At that time, Celsion shall furnish to AMS a statement showing the volume of Disposable Kits Sold during * (including Disposable Kits distributed for no consideration) and the calculation of the amount of Royalties due. Until the End of the Royalty Payment Term, such statements shall be furnished to AMS whether or not there are any Disposable Kits Sold during * . AMS' designated representative from a public accounting firm shall have the right, not more than once in each contract year during business hours with thirty (30) days' prior written notice to audit, at the place where they are typically located, the relevant books and records of Celsion and any Affiliates selling Licensed Products in order to verify the accuracy of Royalties paid under this Agreement for the current contract year and the two years before. Such representative shall execute a confidentiality and non-disclosure agreement acceptable to Celsion and the Affiliates in order to protect information that is made available to the representative. The representative shall not use

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the information provided or audited for any purpose other than to report to AMS the representative's findings regarding the accuracy of the payments of Royalties during the applicable audit period. The audit shall be at the sole expense of AMS, provided that, in the event the audit reveals an underpayment for any audit period of more than five (5) percent, Celsion shall reimburse AMS for the reasonable costs and fees charged to AMS by the representative.

Section 3.06 Payments made under this Agreement shall be by bank wire transfer in immediately available funds to such bank account as is designated in writing by AMS.

Section 3.07 AMS will notify Celsion in writing promptly following the issuance of any order or decision or the entry of any final judgment finding that any of the claims in any of the Licensed Patents is invalid or canceled.

Section 3.08 The fees set forth herein are part of a complex patent settlement between the Parties hereto. Accordingly, each Party expressly agrees that neither it nor anyone under its control or acting on its behalf shall rely on, use or attempt to use this Agreement, its terms, or any portion of it, in a manner adverse to or in support of the Licensed Patents (except as expressly provided herein or except for the purpose of enforcing this Agreement in any dispute between the Parties concerning a breach of this Agreement), or as evidence or in support of or against any of the following: (i) a royalty rate that would have been agreed to in an arm's length transaction for a license under the Licensed Patents; (ii) that a license under the Licensed Patents should be granted to any other party; (iii) that a pattern of licensing exists under the Licensed Patents; or (iv) that any holder of the Licensed Patents would not suffer irreparable harm from any infringement the Licensed Patent.

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Article 4. Mutual Releases and Covenants Not to Sue

Section 4.01 The AMS Parties, for themselves and any successors and assigns, hereby release, acquit and discharge Celsion and its Affiliates, and their respective directors, officers, employees, agents, customers, distributors, successors and assigns (the "Celsion Released Parties"), from all causes of action, demands, claims, counterclaims, losses, damages and liabilities of any nature, whether known or unknown and asserted or unasserted, which could have been brought prior to the Effective Date of this Agreement, with respect to the Celsion Current Products and their Product Related Activities, including, without limitation, all claims and counterclaims that AMS Parties have asserted or could have asserted in or related to the Action, or arising under the Licensed Patents (all of the above collectively, the "AMS Released Claims"). For the sake of clarity, this Section 4.01, within its scope as of the Effective Date of the Agreement, shall apply to any permitted assignee of or successor to this Agreement.

Section 4.02 The Celsion Parties, for themselves and any successors and assigns, hereby release, acquit and discharge AMS and its Affiliates and their respective directors, officers, employees, agents, customers, distributors, successors and assigns (the "AMS Released Parties"), from all causes of action, demands, claims, counterclaims, losses, damages and liabilities of any nature, whether known or unknown and asserted or unasserted, which could have been brought prior to the Effective Date of this Agreement, with respect to the AMS Current Products and their Product Related Activities, including, without limitation, all claims and counterclaims that Celsion Parties have asserted or could have asserted in or related to the Action (all of the above collectively, the "Celsion Released Claims"). For the sake of clarity, this Section 4.02, within its scope as of the Effective Date of the Agreement, shall apply to any permitted assignee of or successor to this Agreement.

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Section 4.03 Each of AMSI, AMSRC, for itself and its Affiliates and their respective successors and assigns, hereby covenants and agrees that from and after the Effective Date it/they will not (directly or indirectly) assert, institute, bring, or prosecute against any of the Celsion Released Parties any action, claim, demand or other proceeding based on or relating to (i) any of the AMS Released Claims or (ii) the Celsion Current Products and Reasonable Modifications thereof. AMS' foregoing covenant not to sue does not include and expressly excludes any claims relating to Excluded Technology and any claims by AMS Parties against Celsion Released Parties for breach or failure to comply with a provision of this Agreement.

Section 4.04 Celsion, for itself and its Affiliates and their respective successors and assigns, hereby covenants and agrees that from and after the Effective Date it/they will not (directly or indirectly) assert, institute, bring or prosecute against any of the AMS Released Parties any action, claim, demand or other proceeding based on or relating to (i) any of the Celsion Released Claims or (ii) the AMS Current Products and Reasonable Modifications thereof. Celsion's foregoing covenant not to sue does not include and expressly excludes any claims by Celsion Parties against AMS Released Parties for breach or failure to comply with a provision of this Agreement.

Section 4.05 THE PARTIES ACKNOWLEDGE THAT THEY MAY HEREAFTER DISCOVER CLAIMS OR FACTS IN ADDITION TO OR DIFFERENT FROM THOSE WHICH THEY NOW KNOW OR BELIEVE TO EXIST WITH RESPECT TO THE RELEASED CLAIMS, THE FACTS AND CIRCUMSTANCES ALLEGED IN THE ACTION, AND/OR THE SUBJECT MATTER OF THE SETTLEMENT AND LICENSE AGREEMENT, WHICH, IF KNOWN OR SUSPECTED AT THE TIME OF EXECUTING THE SETTLEMENT AND LICENSE AGREEMENT, MAY HAVE MATERIALLY AFFECTED

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THIS DOCUMENT. NEVERTHELESS, THE PARTIES HEREBY ACKNOWLEDGE THAT THE RELEASES PROVIDED IN SECTION 4.01 AND SECTION 4.02 WAIVE ANY RIGHTS, CLAIMS OR CAUSES OF ACTION THAT MIGHT ARISE AS A RESULT OF SUCH DIFFERENT OR ADDITIONAL CLAIMS OR FACTS. THE PARTIES ACKNOWLEDGE THAT THEY UNDERSTAND THE SIGNIFICANCE AND POTENTIAL CONSEQUENCE OF SUCH A RELEASE OF UNKNOWN CLAIMS AND OF SUCH A SPECIFIC WAIVER OF RIGHTS.

Article 5. Dismissals

Section 5.01 The Parties agree to enter into and cause to be filed in the Pending Action, promptly upon the execution of this Agreement, and in any event within two (2) business days of payment in full of the license fees due pursuant to Section 3.01(a), a Stipulated Order of Dismissal of all claims and counterclaims, with prejudice, in the Pending Action, substantially in the form annexed hereto as Exhibit E, with each Party agreeing to assume its own costs and expenses, including attorney fees. If the Court does not issue the Dismissal Order substantially in the form annexed hereto as Exhibit E, the Parties agree to meet and confer in good faith in an effort to reach an amicable resolution consistent with the requirements of the Court, and to resubmit the Stipulated Order of Dismissal in a mutually agreed form that meets the requirements of the Court. AMS further agrees not to file any appeal or request for reconsideration or other relief in or relating to the Prior Action, and to allow the dismissal of the Prior Action to become final. In the event there is no Dismissal Order by the 60th day after the Effective Date, unless the Parties otherwise agree in writing, this Agreement shall become null and void, AMS shall return to Celsion all payments made to it by Celsion under this Agreement, and the Parties will return to the status quo ante as if this Agreement had never been entered into.

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Section 5.02 The Stipulated Order of Dismissal referred to in Section 5.01 is "with prejudice" to the full extent available under United States law. The foregoing dismissal "with prejudice" and prohibition shall not apply to the prosecution or defense of a claim by one Party against another Party for breach or enforcement of this Agreement. Further, a Party shall not be in breach of this Agreement to the extent that the Party or its Affiliates are required by legal compulsion to aid any court, regulatory agency or other instrumentality of government in any proceeding against the other Party, but the Party under such obligation shall provide notice thereof to the other Party to the extent not prohibited by law.

Section 5.03 The Parties hereby agree that neither the giving of any consideration hereunder nor its acceptance shall operate as or be evidence of any admission of liability for any claim hereby released, and further agree that, by the execution of this Agreement, the Parties do not admit the truthfulness of any of the claims or allegations made by any opposing Party; rather, such claims, allegations and liability have been, and are hereby, expressly denied by each of the Parties.

Article 6. Term and Termination

Section 6.01 This Agreement shall be in effect in accordance with its terms from the Effective Date until there are no longer any Licensed Patents in effect or pending anywhere. The releases and discharges set forth in Section 4.01 and Section 4.02, the covenants not to sue set forth in Section 4.03 and Section 4.04, Article 7 and Sections 8.04-8.06 shall survive the expiration of this Agreement, and the releases and discharges set forth in Section 4.01 and Section 4.02, Article 7 and Sections 6.02 and 8.04-8.06 shall survive any termination of this Agreement that is permitted under Section 6.02 below.

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Section 6.02 Except for termination of this Agreement as expressly set forth in Section 5.01 above and in this Section 6.02, the Parties covenant and agree that this Agreement (including the License) may not be terminated, revoked, rescinded or canceled by either Party, but the Parties shall have available as set forth in Section 8.05 other monetary and injunctive remedies for any breach of this Agreement by the other Party.

a. AMS may terminate this Agreement, after thirty (30) days written notice and opportunity to cure, and seek an injunction and damages, in the event that Celsion is found to be in material breach of this Agreement pursuant to the proceedings contemplated in Section 8.05, and fails to cure the breach (including payment of any damages awarded as a result of the arbitration) within sixty (60) days after the release of the decision finding it to be in breach becomes final. If AMS terminates the Agreement pursuant to this Section and seeks damages, AMS may not seek damages for the period of time prior to October 11, 2006.

b. In the event that AMS so terminates the Agreement and pursues a claim against Celsion neither Party shall reference or rely upon the terms of the Agreement as a measure of damages or as a factor relevant to an injunction (but may rely on this Agreement otherwise to the extent needed to seek to enforce it), although Celsion may off-set payments made to AMS pursuant to this Agreement against any damages and other sums awarded to AMS for sales of the same products.

c. Notwithstanding the above, if Celsion prepays the Royalties, the Agreement (including the License) cannot be terminated for any reason except in the event of a breach by Celsion of its covenants in Section 2.07 (after written notice of the

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breach by AMS and thirty (30) days' opportunity to cure) and the Parties will have available all other remedies provided at law for a breach of the Agreement.

Article 7.

Confidentiality

Section 7.01 The Parties acknowledge that the terms and conditions of this Agreement are considered confidential, and it is understood that the confidentiality of this Agreement is part of the consideration for this Agreement. None of the Parties nor their attorneys or other representatives will directly or indirectly, disclose to third parties or publicize in any media other than as specified herein, including but not limited to the internet, newspapers, magazines, radio or television, the terms and conditions of this Agreement, except (i) as necessary to enforce this Agreement, (ii) as reasonably necessary in connection with audits, regulatory inquiries, or financial or legal due diligence (including due diligence by prospective employers, employees, customers and purchasers), (iii) as may be required by law, including with respect to securities and other regulatory filings, and (iv) internally within its companies to those with a need to know, and to attorneys, accountants and other professional advisors for the purpose of seeking their advice.

Section 7.02 If any Party to this Agreement is compelled by subpoena or order to disclose information about the terms and conditions of this Agreement, the Party compelled to make such statements or disclosures shall where possible (and where not otherwise prohibited by law) provide not less than five business days written notice to the other Parties hereto (or as much notice as is possible under the circumstances) before making such statements or disclosures, so that the Party interested in preventing the disclosure shall have the opportunity at its expense to seek appropriate protection from a court of competent jurisdiction.

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Section 7.03 The Parties shall jointly issue a mutually agreed to press release announcing the execution of this Agreement and the dismissal of the Pending Action. No other news release, publicity or other public announcement, either written or oral, regarding the terms of this Agreement shall be made by either Party or its Affiliates, except as required by law, without the prior written agreement of the other Party, which shall not be unreasonably withheld. Once information has been publicly released in accordance with this Section 7, the information contained in such release may be subsequently released by either Party without the prior approval or consent of the other Party.

Article 8. Miscellaneous

Section 8.01 Subject to the remainder of this Section 8.01, this Agreement and the terms, covenants, conditions, provisions, obligations, undertakings, rights and benefits hereof shall be binding upon, and shall inure to the benefit of, the Parties and their respective officers, directors, predecessors, successors, Affiliates, principals, partners, and permitted assigns. This Agreement may be assigned to a third party with the express prior written consent of the other Party hereto (or in the case of Celsion as the assigning party, the consent only of AMSI), which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, each Party shall have the right, without obtaining the other Party's consent, to assign or transfer this Agreement and the rights and obligations contained herein to a successor to or purchaser of all or substantially all of the assets or business of the assigning or transferring Party to which this Agreement pertains (whether by sale of assets or stock or other equity, merger, consolidation or otherwise), or to an Affiliate or from one Affiliate to another, including in the case of Celsion as the assigning party to non-Affiliate entity Boston Scientific. In that case, the assigning party shall provide written notice of the assignment to the other party within five (5) days of the

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consummation of the transaction, and shall obtain from the assignee a writing whereby the assignee binds itself to all of the terms and conditions of this Agreement and steps into the shoes of the assignor as of the effective date of the assignment. The assignee shall become a "Party" to the Agreement in lieu of the assigning party. In the event an AMS Party or one of its successors or assigns sells, assigns or transfers one or more of the Patents, any such sale, assignment or transfer shall be subject to the licenses granted and releases and covenants given in this Agreement, and AMS shall provide to Celsion or Celsion's permitted assignee at the time of the sale, assignment or transfer a written, signed undertaking from the purchaser, assignee or transferee of the Licensed Patent(s) agreeing to be bound to the terms and conditions of this Agreement.

Section 8.02 Any notice required or permitted to be given or sent under this Agreement shall be hand delivered or sent by express delivery service or certified or registered mail, postage prepaid, or by facsimile transmission (with written confirmation copy by registered first-class mail) to the Parties at the addresses and facsimile numbers indicated below.

If to Celsion, to:
Celsion Corporation
10220-L Old Columbia Road
Columbia, MD 21046
Attn: President and
Chief Executive Officer
Fax: (410) 290-5394

with copies to:
Venable LLP
Two Hopkins Plaza
Suite 1800
Baltimore, MD 21201
Attn: Michael J. Baader
Fax: (410) 244-7742

If to AMS, to:
American Medical Systems, Inc.
10700 Bren Road West
Minnetonka, MN 55343
Attn: Executive Vice President and
Chief Operating Officer
Fax: (952) 930-6157

with copies to:
American Medical Systems, Inc.
10700 Bren Road West
Minnetonka, Minnesota 55343
Attn: Larry Getlin, Esq.
Fax: (612) 930-6695

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Any such notice shall be deemed effective on the date actually received. A Party may change its address or its facsimile number by giving the other Party written notice, delivered in accordance with this Section.

Section 8.03 This Agreement constitutes the complete, final and exclusive agreement between the Parties with respect to the subject matter hereof and supersedes and terminates all prior and contemporaneous agreements, drafts, term sheets and understandings between the Parties, whether oral or in writing, relating to such subject matter. There are no (and the Parties have not relied on any) covenants, promises, agreements, warranties, representations, understandings, either oral or written, between the Parties that are not set forth expressly in this Agreement. No subsequent alteration, amendment, change, waiver or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party. Each Party in deciding to execute this Agreement has not relied on any understanding, agreement, representation or promise by the other Party which is not explicitly set forth herein.

Section 8.04 In the event of any dispute relating to the interpretation or performance of this Agreement, the Parties shall attempt to resolve their differences without resort to adversary proceedings for a period of at least thirty (30) days following notice of a dispute. However, nothing herein shall preclude any Party from resorting to the judicial process as noted below in Section 8.05.

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Section 8.05 This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of Delaware, without giving effect to conflict of law principles. All disputes under this Agreement shall be resolved by binding arbitration with the seat of arbitration in Wilmington, Delaware, pursuant to the rules for commercial arbitration of the American Arbitration Association (AAA). There shall be three arbitrators, one selected by AMS and one by Celsion, and the third selected by the other two arbitrators. The arbitrators shall have experience in patent and licensing disputes, and shall be required to issue a reasoned opinion by majority of the arbitrators. Reasonable discovery and expert testimony shall be allowed in the proceedings. The arbitrators shall have the authority to decide requests for preliminary relief pending a final reasoned opinion. An order by the arbitrators granting such preliminary relief shall be enforceable by the Court. Each Party hereby expressly consents and submits to, and acknowledges the personal jurisdiction of the Court in accordance with the foregoing in connection with this Agreement. The Parties each agree that they shall not seek rescission, cancellation, avoidance, or termination of this Agreement in a future proceeding under this Section except to the extent expressly permitted by this Agreement.

Section 8.06 In the event that any Party shall pursue any action against any other Party relating to or arising out of a breach of this Agreement, the prevailing Party shall be entitled to recover as part of the arbitral award its reasonable fees and costs and other legal expenses from the losing Party under such laws as may govern any such dispute.

Section 8.07 If any provision of this Agreement is declared illegal, invalid or unenforceable, it is mutually agreed that this Agreement shall endure except for the part declared invalid or unenforceable. In the event that the terms and conditions of this Agreement are materially altered, the Parties will, in good faith, renegotiate the terms and conditions of this

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Agreement to reasonably replace such invalid or unenforceable provisions in light of the intent of this Agreement.

Section 8.08 Each Party agrees to execute, acknowledge and deliver promptly such further reasonable instruments, and to do such other reasonable acts, as may be reasonably necessary or appropriate in order to carry out the purposes and intent of this Agreement including without limitation, any required customs clearance submissions, rights clearances or licensed user acknowledgements.

Section 8.09 Except for such remedies that are expressly foreclosed by this Agreement, any failure or forbearance by any of the Parties to exercise any right or remedy with respect to enforcement of this Agreement or any instrument executed in connection herewith shall not be construed as a waiver of any of such Party's rights or remedies, nor shall such failure or forbearance operate to modify this Agreement or such instruments in the absence of a writing as provided above. No waiver of any of the terms of this Agreement shall be valid unless in writing and signed by all Parties to this Agreement. The waiver by any Party hereto of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any Party, nor shall any waiver operate or be construed as a rescission of this Agreement.

Section 8.10 Nothing in this Agreement shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties hereto or any of their respective Affiliates, agents or employees, or any other legal arrangement that would impose liability upon one party for the act or failure to act of the other Party. Neither Party shall have any power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

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Section 8.11 Each Party represents and warrants to the other Parties hereto that the execution and delivery of this Agreement (i) are within its powers, (ii) have been duly authorized by all necessary corporate action, and (iii) do not contravene any provision of any agreements to which it is a party or any law to which it is subject. In addition, each Party represents and warrants to the other Parties that (a) its undersigned officer is duly authorized to execute and deliver this Agreement, (b) there are no other persons whose consent or joinder in this Agreement is necessary to make fully effective those provisions of this Agreement that obligate, burden or bind it, and (c) upon execution and delivery by all Parties, this Agreement shall be its legal, valid, and binding obligation and enforceable in accordance with its terms. Each of the Parties to this Agreement further represents and warrants to the other Parties hereto that it has not transferred or assigned to any third party or encumbered the right to bring, pursue, make, seek damages on or settle any of the claims released by it or its Affiliates in this Agreement.

Section 8.12 Each Party acknowledges that it has had the opportunity to consult with legal counsel of its choice, has had a full opportunity to investigate all claims and defenses, has read this document in its entirety and fully or satisfactorily understands its content and effect, it has not been subject to any form of duress in connection with this settlement, is completely satisfied with the settlement reflected in this Agreement, and accordingly agrees to be bound as described in this Agreement.

Section 8.13 Except as otherwise expressly provided in this Agreement, each Party shall bear its own costs, expenses and taxes in the negotiation, execution and performance of this Agreement.

Section 8.14 This Agreement has been jointly negotiated and drafted by the Parties through their respective counsel and no provision shall be construed or interpreted for or against

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any of the Parties on the basis that such provision, or any other provisions, or the Agreement as a whole, was purportedly drafted by the particular Party.

Section 8.15 This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of each of the Parties hereto. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be an original as against either Party whose signature appears thereon, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized representatives of the Parties as of the date(s) set forth below.

[Signature Pages Follow]

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* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

CELSION CORPORATION

By: _____

Name: _____

Title: _____

STATE OF _____ §
§
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of _____, for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 2007.

_____

Notary Public, State of _____

Notary Seal:

_____

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

AMERICAN MEDICAL SYSTEMS, INC.

By: _____

Name: _____

Title: _____

STATE OF _____ §
§
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of _____, for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 2007.

_____
Notary Public, State of _____

Notary Seal:

_____

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

AMS RESEARCH CORPORATION

By: _____

Name: _____

Title: _____

STATE OF _____ §
§
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, the _____ of _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of _____, for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 2007.

_____

Notary Public, State of _____

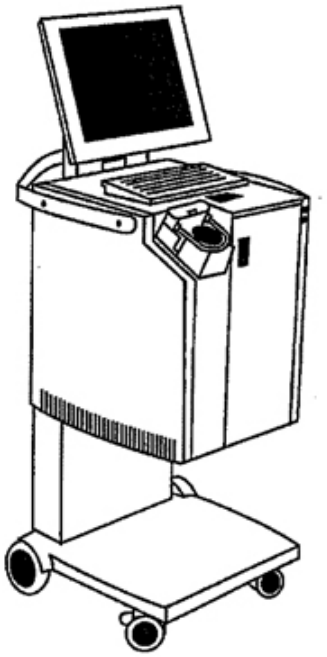
Notary Seal:

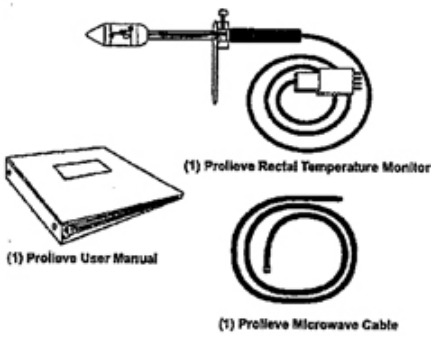
_____

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

Prolieve Console, Ship Kit



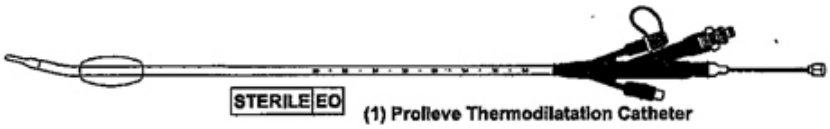


(1) Prolieve System Console

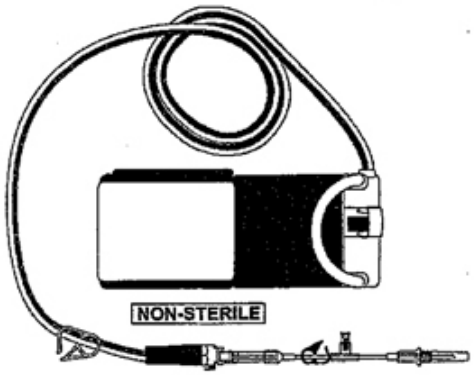
Prolieve Console as Shipped consists of:

Prolieve System Console
Rectal Temperature Monitor
Microwave Cable
Prolieve Use Manual

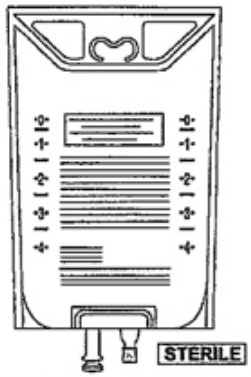
Prolieve Disposable Kit



(1) Prolieve Thermodilatation Catheter



(1) Prolieve Heat Exchanger



(1) 500ml Bag Sterile Water

Prolieve Disposable kit consists of:

Sterile Prolieve Thermodilatation Catheter
Heat Exchanger Cartridge with IV bag Spike Assembly
IV bag 500 ml Sterile Water
Instructions For Use

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

TherMatrx System

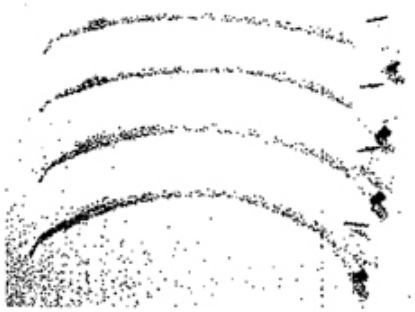
TMX-3000

TMX-2000

Base Components:
- Console
- Treatment Catheters
- Temperature Sensors
- Rectal Probe
- Laptop (TMX-2000)

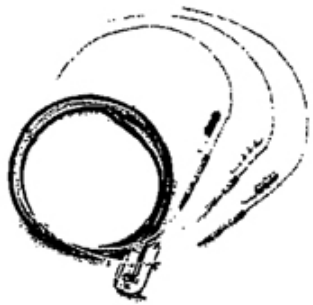
Accessories
- Power Reduction Button
- Power Cord
- Cart
- Thermo Paper
- Mapping Extensions
- Reference Sensor
- Operator Manual & Instructions for Use

Treatment Catheters



Rectal Probe

Temperature Sensors and Patient Cable



Power Reduction Button and Power Cable

Exhibit C

United States Patent No. 4,967,765

United States Patent No. 5,220,927

United States Patent No. 5,249,585

United States Patent No. 5,344,435

United States Patent No. 5,496,271

United States Patent No. 6,216,703

United States Patent No. 6,522,931

United States Patent No. 6,640,138

United States Patent No. 7,089,064

United States Patent No. 7,093,601

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Exhibit D

(See assumptions in Section 3.03)

*****

37

***** The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

Exhibit E

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

AMERICAN MEDICAL SYSTEMS, INC. and AMS RESEARCH CORPORATION	)	
Plaintiffs,	)	
	)	Civil Action No. 06-606 (SLR)
v.	)	
CELSION CORPORATION,	)	
Defendant.	)	

STIPULATION AND ORDER OF DISMISSAL

WHEREAS, Plaintiffs American Medical Systems, Inc. and AMS Research Corporation and Defendant Celsion Corporation have settled their differences and agreed pursuant to their Settlement Agreement, which is incorporated herein by reference, to entry of this Stipulation and Order of Dismissal to resolve this action.

WHEREFORE, the parties agree, subject to order of the Court, as follows:

1. This Court has jurisdiction over the subject matter of this action and has personal jurisdiction over the parties. Venue is proper in this District.

2. This Court shall retain jurisdiction to enforce this Order of Dismissal and the terms of the parties' Settlement Agreement, consistent with the arbitration provisions therein.

3. This action, including all claims and counterclaims brought therein, is dismissed with prejudice pursuant to the Settlement Agreement.

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

4. Each party shall bear its own respective costs and expenses, including attorney fees.

Dated: February ___, 2007

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Anne S. Gaza (#4093)
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Chicago, IL 60661
Telephone: (312) 775-8000
Facsimile: (312) 775-8100

Attorneys for Plaintiffs American Medical Systems, Inc. and AMS Research Corporation

Dated: February ___, 2007

Mary B. Graham (#2256)
Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899
(302) 658-9200
mgraham@mnat.com

OF COUNSEL:
Julie A. Petruzzelli
Venable LLP
575 7th Street, N.W.
Washington, D.C. 20004
(202) 344-4000

Attorneys for Defendant Celsion Corporation

SO ORDERED, this day of February 2007

UNITED STATES DISTRICT JUDGE

* The asterisk denotes that confidential portions of this exhibit have been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential portions have been submitted separately to the Securities and Exchange Commission.

Exhibit 11

CELSION CORPORATION
COMPUTATION OF EARNINGS PER SHARE

	Three Months Ended March 31,	
	2007	2006
Net loss attributable to common stockholders	$ (2,357,670)	$ (1,783,555)
Net loss per common share*	$ (0.22)	$ (0.17)
Weighted average shares outstanding	10,746,869	10,732,411

* Common stock equivalents have been excluded from the calculation of net loss per share as their inclusion would be anti-dilutive.

Exhibit 31.1

CELSION CORPORATION
CERTIFICATION

I, Michael Tardugno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celsion Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15 (f)), for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 10, 2007

/s/ Michael Tardugno

Michael Tardugno
Chief Executive Officer
Celsion Corporation

Exhibit 31.2

CELSION CORPORATION
CERTIFICATION

I, Anthony P. Deasey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Celsion Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d–15 (f)), for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 10, 2007

/s/ Anthony P. Deasey

Anthony P. Deasey
Chief Financial Officer
Celsion Corporation

Exhibit 32.1

CELSION CORPORATION
CERTIFICATION
PURSUANT TO 18 UNITED STATES CODE § 1350

The undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended March 31, 2007 of Celsion Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2007

/s/ Michael Tardugno
Michael Tardugno
Chief Executive Officer

Exhibit 32.2

CELSION CORPORATION
CERTIFICATION
PURSUANT TO 18 UNITED STATES CODE § 1350

The undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended March 31, 2007 of Celsion Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2007

/s/ Anthony P. Deasey
Anthony P. Deasey
Chief Financial Officer