

Celsion CORP
Form DEF 14A
June 07, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

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Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Celsion Corporation
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

CELSION CORPORATION

997 LENOX DRIVE, SUITE 100

LAWRENCEVILLE, NJ 08648

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD FRIDAY, JULY 19, 2013

To Our Stockholders:

Notice is hereby given that the annual meeting (the "Annual Meeting") of the stockholders of Celsion Corporation, a Delaware corporation (the "Company"), will be held at 10:00 a.m., local time, on Friday, July 19, 2013 at the Harvard Club of New York, 35 West 44th Street, New York, NY 10036, for the following purposes, all as more fully described in the accompanying Proxy Statement:

- 1) To elect two Class III Directors, each to serve until the Annual Meeting of Stockholders in 2016 and until their successor is duly elected and qualified;
- 2) To approve, by a non-binding advisory vote, the 2013 executive compensation for the Company's executive officers;
- 3) To approve, by a non-binding advisory vote, the frequency by which future advisory votes on executive compensation will occur;
- 4) To ratify the selection of Stegman & Company as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013;

- 5) To grant discretionary authority to the Board of Directors to amend the Certificate of Incorporation of the Company, as amended, to effect, at any time on or prior to the date of the 2014 Annual Meeting of Stockholders, a reverse stock split at an exchange ratio within the specified range and to set the number of authorized shares effective immediately after the reverse stock split at 75 million shares;

- 6) To consider and act upon any other matters that may properly come before the Annual Meeting and any adjournment or postponement thereof.

The close of business on May 24, 2013 has been fixed as the record date for the determination of stockholders of the Company entitled to notice of, and to vote at, the Annual Meeting. Only stockholders of record at the close of business on May 24, 2013 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Annual Meeting. However, whether or not you expect to attend in person, please complete, sign, date and return the enclosed Proxy Card as promptly as possible in the envelope provided for that purpose. Returning your Proxy Card will ensure your representation and help to ensure the presence of a quorum at the Annual Meeting. Your proxy is revocable, as set forth in the accompanying Proxy Statement. Therefore, you may attend the Annual Meeting and vote your shares in person even if you send in your Proxy Card.

By Order of the Board of Directors

/s/ Jeffrey W. Church

Jeffrey W. Church

Corporate Secretary

June 7, 2013

Lawrenceville, NJ

YOUR VOTE IS IMPORTANT

THIS PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE COMPANY, ON BEHALF OF THE BOARD OF DIRECTORS, FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS. THE PROXY STATEMENT AND THE RELATED PROXY FORM ARE BEING DISTRIBUTED ON OR ABOUT JUNE 7, 2013. YOU CAN VOTE YOUR SHARES USING ONE OF THE FOLLOWING METHODS:

- **COMPLETE AND RETURN A WRITTEN PROXY CARD**
- **ATTEND THE COMPANY'S 2013 ANNUAL MEETING OF STOCKHOLDERS AND VOTE IN PERSON**

ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE URGED TO MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PREPAID ENVELOPE ENCLOSED FOR THAT PURPOSE. ANY STOCKHOLDER ATTENDING THE MEETING MAY VOTE IN PERSON EVEN IF HE OR SHE HAS RETURNED A PROXY CARD.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JULY 19, 2013. THE PROXY STATEMENT AND OUR 2012 ANNUAL REPORT TO SECURITY HOLDERS ON SECURITIES AND EXCHANGE COMMISSION FORM 10-K AND FORM 10-K/A ARE AVAILABLE AT WWW.PROXYVOTE.COM.

WHETHER OR NOT YOU INTEND TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE SIGN, DATE AND RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED PRE-ADDRESSED AND POSTAGE-PAID ENVELOPE OR SUBMIT YOUR VOTE VIA THE INTERNET AT WWW.PROXYVOTE.COM OR BY CALLING THE NUMBER PRINTED ON THE ACCOMPANYING VOTING DOCUMENT.

CELSION CORPORATION

PROXY

STATEMENT

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CELSION CORPORATION

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Celsion Corporation, a Delaware corporation (sometimes referred to in this Proxy Statement as the "Company", "Celsion", "we" or "us"), for exercise in voting at the Company's 2013 Annual Meeting of Stockholders to be held on Friday, July 19, 2013 (the "Annual Meeting") for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. We are first sending this Proxy Statement, accompanying Proxy Card, Notice of Annual Meeting of Stockholders and Annual Report on Securities and Exchange Commission ("SEC") Form 10-K and Amendment No. 1 to the Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012 (collectively our "2012 Annual Report on Form 10-K and Form 10-K/A") to our stockholders on or about June 7, 2013.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on Friday, July 19, 2013. The Proxy Statement and our 2012 Annual Report on Form 10-K and Form 10-K/A are available at www.proxyvote.com or you may request a printed or electronic set of the proxy materials at no charge. Instructions on how to access the proxy materials over the Internet and how to request a printed copy may be found on the Notice.

In addition, any stockholder may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to stockholders and will reduce the impact of annual meetings on the environment. A stockholder who chooses to receive future proxy materials by email will receive an email prior to next year's annual meeting with instructions containing a link to those materials and a link to the proxy voting website. A stockholder's election to receive proxy materials by email will remain in effect until the stockholder terminates it.

We are an oncology drug development company focused on the development of treatments for those suffering with difficult to treat forms of cancer. We are working to develop and commercialize more efficient, effective, targeted chemotherapeutic oncology drugs based on our proprietary heat-activated liposomal technology.

Our principal executive offices are located at 997 Lenox Drive, Suite 100, Lawrenceville, NJ 08648, and our telephone number is (609) 896-9100.

INFORMATION ABOUT THE ANNUAL MEETING

Date, Time and Place of the Annual Meeting

Our 2013 Annual Meeting will be held at 10:00 a.m., local time, on Friday, July 19, 2013 at the Harvard Club of New York, 35 West 44th Street, New York, NY 10036.

Who May Attend the Annual Meeting

Only stockholders who own our common stock, par value \$0.01 per share (our "Common Stock"), as of the close of business on May 24, 2013, the record date for the Annual Meeting (the "Record Date"), will be entitled to attend the Annual Meeting. In the discretion of management, we may permit certain other individuals to attend the Annual Meeting, including members of the media and our employees.

Who May Vote

Each share of our Common Stock outstanding on the Record Date entitles the holder thereof to one vote on each matter submitted to the stockholders at the Annual Meeting. Only stockholders who own Common Stock as of the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, there were 52,689,920 shares of our Common Stock issued and outstanding.

How to Vote

If you were a holder of our Common Stock as of the Record Date, you are entitled to vote at the Annual Meeting, and we encourage you to attend and vote in person. **HOWEVER, WHETHER OR NOT YOU INTEND TO ATTEND THE ANNUAL MEETING, THE BOARD OF DIRECTORS REQUESTS THAT YOU COMPLETE, SIGN, DATE AND RETURN THE ACCOMPANYING PROXY CARD IN ORDER TO ENSURE THE PRESENCE OF A QUORUM.**

A pre-addressed and postage-paid return envelope is enclosed for your convenience. Alternatively, you may cast your vote via the internet at www.proxyvote.com or by phone by calling the number printed on the accompanying voting document.

If your shares are held in the name of a bank, broker, or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a proxy and bring it to the Annual Meeting in order to vote.

Voting by Proxy

If you vote by proxy, the individuals named on the proxy, or their substitutes, will vote your shares in the manner you indicate.

If a beneficial owner who holds shares in street name does not provide specific voting instructions to their brokerage firm, bank, broker dealer or other nominee, under the rules of certain securities exchanges, including NASDAQ Marketplace Rules, the brokerage firm, bank, broker dealer or other nominee holding those shares may generally vote as the nominee determines in its discretion on behalf of the beneficial owner on routine matters but cannot vote on non-routine matters, the latter of which results in “broker non-votes.” Proposal No. 4 and Proposal No. 5 involve matters we believe to be routine. Accordingly, no broker non-votes are expected to exist in connection with those Proposals. Broker non-votes are expected in connection with Proposal No. 1, Proposal No. 2 and Proposal No. 3.

Thus, if you date, sign, and return the proxy card without indicating your instructions, your shares will be voted as follows:

Proposal No. 1. “FOR” (if authority to do so is not withheld) the election of the two Class III nominees for director, each to serve until the Company’s Annual Meeting of Stockholders in 2016 and his successor is duly elected and qualified;

Proposal No. 2. “FOR”, by a non-binding advisory vote, the proposal regarding the 2013 executive compensation for the Company’s executive officers;

Proposal No. 3. “FOR”, by a non-binding advisory vote, the proposal regarding the frequency by which future advisory votes on executive compensation will occur;

Proposal No. 4. “FOR” the ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the year ending December 31, 2013;

Proposal No. 5. “FOR” for the grant of discretionary authority to the Board of Directors to amend the Certificate of Incorporation of the Company, as amended, to effect, at any time on or prior to the date of the 2014 Annual Meeting of Stockholders, a reverse stock split at an exchange ratio within the specified range and to set the number of authorized shares effective immediately after the reverse stock split at 75 million shares; and

Other Business. In the discretion of your proxy holder (one of the individuals named on your proxy card), on any other matter properly presented at the Annual Meeting or any adjournment or postponement thereof.

You may revoke or change your proxy at any time before it is exercised by delivering to us a signed proxy with a date later than your previously delivered proxy, by voting in person at the Annual Meeting, or by sending a written revocation of your proxy addressed to our Corporate Secretary at our principal executive office. Your latest dated proxy card is the one that will be counted.

Quorum Requirement

A quorum is necessary to hold a valid meeting. The presence, in person or by proxy, of holders of our Common Stock entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting constitutes a quorum for the transaction of business. Abstentions and broker non-votes are counted as present for purposes of establishing a quorum. A "broker non-vote" occurs when a broker, bank or other holder of record holding shares for a beneficial owner properly executes and returns a proxy without voting on a particular proposal because such holder of record does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Vote Requirements

Proposal No. 1. The election of the Class III Directors at the Annual Meeting will be by a plurality of the votes cast. This means that the two director nominees receiving the greatest number of votes cast, in person or by proxy, by the holders of our Common Stock in the election of the Class III Directors, will be elected. Stockholders may not cumulate their votes in electing directors. Stockholders entitled to vote at the Annual Meeting may either vote "FOR" the nominees for election as a director or may "WITHHOLD" authority for the nominees. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below in Proposal No. 1. If a stockholder withholds authority to vote with respect to the nominees for director, the shares held by that stockholder will be counted for purposes of establishing a quorum, but will have no effect on the election of the nominees. Broker non-votes will have no effect on the election of the nominee;

Proposal No. 2. Stockholders may vote "FOR" or "AGAINST" or may "ABSTAIN" on Proposal No. 2 to approve, by a non-binding advisory vote, the 2013 executive compensation for the Company's executive officers. The affirmative vote of the holders of a majority of the shares of our Common Stock present in person or represented by proxy and entitled to vote on the proposal will be required to ratify the 2013 executive compensation for the Company's executive officers. Abstentions will have the same effect as a vote against Proposal No. 2, but broker non-votes will have no effect on Proposal No. 2;

Proposal No. 3. Stockholders may vote for "EVERY YEAR," "EVERY TWO YEARS," "EVERY THREE YEARS" or "ABSTAIN" on Proposal No. 3 to approve, by a non-binding advisory vote, the frequency by which future advisory votes on executive compensation will occur. The time period that receives the greatest number of votes cast by the holders of our Common Stock present in person or represented by proxy and entitled to vote on the proposal will be considered the recommendation of stockholders on this proposal. Abstentions and broker non-votes will have no effect on Proposal No. 3;

Proposal No. 4. Stockholders may vote "FOR" or "AGAINST" or may "ABSTAIN" on Proposal No. 4 regarding the ratification of the selection of Stegman & Company as the Company's independent registered public accounting firm for the year ending December 31, 2013. The affirmative vote of the holders of a majority of the shares of our Common Stock present in person or represented by proxy and entitled to vote on the proposal will be required to ratify the selection of Stegman & Company. Abstentions will have the same effect as a vote against Proposal No. 4; and

Proposal No. 5. Stockholders may vote "FOR" or "AGAINST" or may "ABSTAIN" on Proposal No. 5 regarding the grant of discretionary authority to the Board of Directors to amend the Certificate of Incorporation of the Company, as amended, to effect, at any time on or prior to the date of the 2014 Annual Meeting of Stockholders, a reverse stock split at an exchange ratio within the specified range and to set the number of authorized shares of our Common Stock effective immediately after the reverse stock split at 75 million shares. The affirmative vote of the holders of a majority of the outstanding shares of our Common Stock on the record date entitled to vote on the proposal will be

required to grant such discretionary authority to the Board of Directors. Abstentions will have the same effect as a vote against Proposal No. 5.

Other Matters

Our Board of Directors knows of no other matters that may be presented for stockholder action at the Annual Meeting. It is not anticipated that other matters will be brought before the Annual Meeting. If other matters do properly come before the Annual Meeting, or any adjournments or postponements thereof, however, persons named as proxies will vote upon them in their discretion.

Information about the Proxy Statement and the Solicitation of Proxies

The enclosed proxy is solicited by our Board of Directors and we will bear the costs of preparing, assembling, printing and mailing this Proxy Statement, accompanying Proxy Card, Notice of Annual Meeting of Stockholders and the Company's 2012 Annual Report on Form 10-K and Form 10-K/A, as well as any additional materials that we may furnish to stockholders in connection with the Annual Meeting. Copies of our solicitation materials will be furnished to brokerage houses, fiduciaries and custodians to forward to beneficial owners of stock held in the names of such nominees. We will, upon request, reimburse those parties for their reasonable expenses in forwarding proxy materials to their beneficial owners.

The solicitation of proxies will be by mail and direct communication with certain stockholders or their representatives by our officers, directors and employees, who will receive no additional compensation therefore.

We have also engaged Morrow & Co., LLC, 470 West Ave. Stamford Connecticut 06902, to assist with the solicitation of proxies for a fee of \$7,500 plus reasonable out of pocket expenses.

Annual Report

Our 2012 Annual Report on Form 10-K and Amendment No. 1 to the Annual Report on Form 10-K/A are being mailed to stockholders together with this Proxy Statement and contains financial and other information about Celsion, including audited financial statements for our fiscal year ended December 31, 2012. A copy of our 2012 Annual Report on Form 10-K and Amendment No. 1 to the Annual Report on Form 10-K/A, as filed with the SEC, but excluding exhibits, is available on our website and additional copies may be obtained without charge, upon written request directed to the Corporate Secretary, Celsion Corporation, 997 Lenox Drive, Suite 100, Lawrenceville, New Jersey 08648.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our Proxy Statement or 2012 Annual Report on Form 10-K and Amendment No. 1 to the Annual Report on Form 10-K/A may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate copy of either document to you if you write or call the Company at the following address or telephone number:

Celsion Corporation

997 Lenox Drive, Suite 100

Lawrenceville, New Jersey 08648

Attention: Corporate Secretary

(609) 896-9100

If you would like to receive separate copies of the Company's 2012 Annual Report on Form 10K, Amendment No. 1 to the Annual Report on Form 10-K/A and the Proxy Statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact the Company at the address and telephone number set forth above.

PLEASE COMPLETE, SIGN, DATE AND RETURN THE ACCOMPANYING WHITE PROXY CARD IN THE ENCLOSED PRE-ADDRESSED AND POSTAGE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE OR SUBMIT YOUR VOTE VIA THE INTERNET AT WWW.PROXYVOTE.COM OR BY CALLING THE NUMBER PRINTED ON THE ACCOMPANYING VOTING DOCUMENT.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth certain information known to the Company regarding the beneficial ownership of the Company's Common Stock as of June 3, 2013 by:

each person or group known by us to own beneficially more than 5% of the outstanding Common Stock;

each of our directors and the director nominees, as well as each executive officer named in the Summary Compensation Table appearing under the heading "Executive Compensation"; and

our directors and executive officers as a group.

We determine beneficial ownership in accordance with the rules of the SEC. Under SEC rules, beneficial ownership for purposes of this table takes into account shares as to which the individual has voting or investment power as well as shares that may be acquired within 60 days. Shares of Common Stock subject to options that are currently exercisable or that become exercisable within 60 days of June 3, 2013 are treated as outstanding and beneficially owned by the holder of such options. However, these shares are not treated as outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated or as to the interests of spouses, the persons included in the table have sole voting and investment power with respect to all shares beneficially owned thereby.

NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED

NAME OF BENEFICIAL OWNER*	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF SHARES OF COMMON STOCK OUTSTANDING	
Sabby Healthcare Volatility Master Fund, Ltd. (3)	(1) 22,206,204	(2) 9.9	%
Max E. Link (4)	558,631	**	%

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Augustine Chow (5)	220,751	**	
Robert W. Hooper (6)	187,502	**	
Alberto Martinez (7)	225,376	**	
Frederick J. Fritz (8)	73,501	**	
Michael H. Tardugno (9)	1,122,037	2.04	%
Gregory Weaver (10)	157,710	**	
Nicholas Borys (11)	313,188	**	
Jeffrey Church (12)	171,788	**	
Directors and Executive Officers as a group (9persons)(13)	3,074,371	5.60	%

* The address of each of the individuals named is c/o Celsion Corporation, 997 Lenox Drive, Suite 100, Lawrenceville, NJ 08648.

** Less than 1%.

(1) Beneficial Ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

(2) Based on 61,154,295 shares of Common Stock outstanding as of June 3, 2013.

- Includes (i) 2,115,658 shares of our common stock over which Sabby Healthcare Volatility Master Fund, Ltd., Sabby Management, LLC and Hal Mintz share voting and dispositive power, based on the information provided in the Schedule 13G filed with the SEC on February 20, 2013 by Sabby Healthcare Volatility Master Fund, Ltd., Sabby Management, LLC and Hal Mintz, (ii) (A) 10,060,364 shares of our common stock that have been issued as of May 29, 2013 to Sabby Healthcare Volatility Master Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd. upon conversion of 12,500 shares of Series A 0% Convertible Preferred Stock and (B) warrants to purchase 5,030,182 shares of common stock purchased by Sabby Healthcare Volatility Master Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd. in the registered direct offering of our common stock that closed on February 26, 2013 (the "Warrants"), and (iii) 5,000,000 shares of our common stock issued to Sabby Healthcare Volatility Master Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd. in a registered direct offering of our common stock that closed on June 3, 2013. Based on the Schedule 13G, Sabby Management, LLC and Hal Mintz do not directly own any shares of our common stock, but each indirectly owns 2,115,658 shares of our common stock; Sabby Management, LLC indirectly owns 2,115,658 shares of common stock as the investment manager of Sabby Healthcare Volatility Master Fund, Ltd.; Mr. Mintz indirectly owns 2,115,658 shares of our common stock in his capacity as manager of Sabby Management, LLC; and each of Sabby Management, LLC and Hal Mintz disclaims beneficial ownership over shares of our common stock except to the extent of its pecuniary interest therein. Pursuant to certain blocker provisions set forth in the Warrants and in our Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock, Sabby Healthcare Volatility Master Fund, Ltd., Sabby Volatility Warrant Master Fund, Ltd. and their affiliates (collectively "Sabby") may not exercise the Warrants or convert shares of our Series A 0% Convertible Preferred Stock to the extent such conversion or exercise would result in the maximum beneficial ownership held by Sabby in the Company exceeding 9.99% of the number of shares of our common stock outstanding immediately after giving effect to such conversion or exercise (the "Beneficial Ownership Limitation"). As of May 29, 2013, all of the shares of the Series A 0% Convertible Preferred Stock were converted into 10,060,364 shares of our common stock and no Warrants have been exercised. In connection to each conversion, Sabby has represented to the Company that it would not own in excess of the Beneficial Ownership Limitation after given effect to such conversion. In connection with the registered direct offering of our common stock that closed on June 3, 2013, Sabby Healthcare Volatility Master Fund, Ltd. and Sabby Volatility Warrant Master Fund, Ltd. have agreed to waive their rights to purchase an aggregate of 5,000,000 shares of our common stock that would otherwise be purchasable upon the exercise of the Warrants until we have obtained our stockholders' approval of an increase in the number of authorized shares of our common stock to 75,000,000 in connection with a reverse stock split of the outstanding shares of common stock.
- (3)
- (4) Includes 178,246 shares of Common Stock underlying options currently exercisable or exercisable within 60 days of June 3, 2013.
- (5) Includes 186,209 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.
- (6) Includes 97,575 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.
- (7) Includes 50,001 shares of Common Stock underlying options currently exercisable or exercisable within 60 days of June 3, 2013.
- (8) Includes 32,501 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.
- (9) Includes 908,752 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.
- (10)

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Includes 157,710 shares of Common Stock underlying options currently exercisable or exercisable within 60 days of June 3, 2013.

- (11) Includes 277,501 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.
- (12) Includes 171,788 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.
- (13) Includes 2,060,283 shares of Common Stock underlying options and warrants currently exercisable or exercisable within 60 days of June 3, 2013.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's executive officers and directors and persons who beneficially own more than 10% of a registered class of our equity securities to file reports with the SEC regarding ownership and changes in ownership of such equity securities. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish to us copies of all reports that they file pursuant to Section 16(a). Subject to the following sentence, based solely on our review of the copies of such forms furnished between January 1, 2012 and December 31, 2012, or with respect to our fiscal year ended December 31, 2012, and on our discussions with directors and executive officers, we believe that, during the fiscal year ended December 31, 2012, all applicable Section 16(a) filing requirements were timely met.

CODE OF ETHICS

The Company has adopted a Code of Ethics and Business Conduct applicable to its directors, officers (including its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and other officers performing similar functions) and employees. This Code of Ethics constitutes a code of ethics applicable to senior financial officers within the meaning of the Sarbanes-Oxley Act of 2002 and SEC rules. A copy of the Code of Ethics and Business Conduct is available on the Company's website at <http://www.celsion.com> and any stockholder may obtain a copy by making a written request to the Company's Corporate Secretary, 997 Lenox Drive, Suite 100, Lawrenceville, NJ 08648. In the event of any amendments to or waivers of the terms of the Code of Ethics, such matters will be posted promptly to the Company's website in lieu of disclosure on Form 8-K in accordance with Item 5.05(c) of Form 8-K.

PROPOSAL NO. 1: ELECTION OF DIRECTORS

GENERAL

The Company's Certificate of Incorporation provides that the number of directors that constitutes the Board of Directors is to be fixed by, or in the manner provided in, our Bylaws, as amended (the "Bylaws"). The Certificate of Incorporation also provides that the Board of Directors is to be divided into three classes, designated as Class I, Class II and Class III, and it is the Company's practice to have such classes as even in size as possible. The Company's Bylaws provide that the Board of Directors is to consist of between three and nine directors, with the exact number to be fixed by action of the Board of Directors. The current number of directors has been fixed by the Board of Directors at seven.

The Board of Directors have nominated Dr. Max E. Link and Mr. Michael H. Tardugno to stand for re-election to the Board of Directors as Class III Directors, with terms expiring at the 2016 Annual Meeting of Stockholders and with the election and qualification of their successors. The proxies named in the Proxy Card provided with this Proxy Statement intend to vote "FOR" the election of Dr. Max E. Link and Mr. Michael H. Tardugno unless otherwise instructed. If you do not wish your shares to be voted for Dr. Max E. Link and Mr. Michael H. Tardugno, you must so indicate by marking the "WITHHOLD" authority box on the Proxy Card next to Dr. Max E. Link and Mr. Michael H. Tardugno in which event your shares will not be voted for Dr. Max E. Link and Mr. Michael H. Tardugno. In the event that Dr. Max E. Link and Mr. Michael H. Tardugno become unavailable, which is not expected, the designated proxies will vote in their discretion for a substitute nominee, or the Board may reduce the number of directors serving on the Board.

Class III Director Nominees (If elected, term would expire in 2016)

Dr. Max E. Link. Dr. Link has served as a director of the Company since 1997 and has been the Chairman of the Board of Directors since October 2001. Dr. Link currently serves on the board of directors of a number of pharmaceutical and biotechnology companies. From 1993 to 1994, Dr. Link served as Chief Executive Officer of Corange, Ltd., a life science company that was subsequently acquired by Hoffmann-La Roche. From 1971 to 1993, Dr. Link served in numerous positions with Sandoz Pharmaceuticals (currently the generic division of Novartis), culminating in his appointment as Chairman of its Board of Directors in 1992. From 2001 to 2003, Dr. Link served as Chairman and Chief Executive Officer of Centerpulse Ltd. Dr. Link currently serves as Chairman of the Board of Directors of each of Alexion Pharmaceuticals, Inc. and Cytrx Corporation. Dr. Link holds a Ph.D. in Economics from the University of St. Gallen (Switzerland).

Mr. Michael H. Tardugno. Mr. Tardugno was appointed President and Chief Executive Officer of the Company on January 3, 2007 and was elected to the Board of Directors on January 22, 2007. Prior to joining the Company and for the period from February 2005 to December 2006, Mr. Tardugno served as Senior Vice President and General Manager of Mylan Technologies, Inc., a subsidiary of Mylan Inc. From 1998 to 2005, Mr. Tardugno was Executive Vice President of Songbird Hearing, Inc., a medical device company spun out of Sarnoff Corporation. From 1996 to 1998, he was Senior Vice President of Technical Operations world wide for a division of Bristol-Myers Squibb, and from 1977 to 1995, he held increasingly senior executive positions including Senior Vice-President of World-wide Technology Development and Manufacturing with Bausch & Lomb and Abbott Laboratories. Mr. Tardugno holds a B.S. degree in Biology from St. Bonaventure University and completed the Harvard Business School Program for Management Development.

The Board of Directors concluded that each of Dr. Link and Mr. Tardugno has the requisite experience, qualifications, attributes and skill necessary to serve as a member of the Board of Directors based on, among other things, his:

Leadership attributes and management experience;
Management experience in the pharmaceutical industry; and
Professional and educational background.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR”

THE ELECTION OF ALL NOMINEES NAMED ABOVE.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below is certain information regarding the Company's current directors and the nominees (who are currently serving as directors), as well as the Company's non-director executive officers.

<u>NAME</u>	<u>AGE</u>	<u>POSITION(S)</u>	<u>CLASS</u>
Max E. Link, Ph.D.	72	Chairman, Director	III
Michael H. Tardugno	62	President, Chief Executive Officer and Director	III
Robert W. Hooper	66	Director	II
Alberto R. Martinez, M.D.	63	Director	II
Augustine Chow, Ph.D.	60	Director	I
Frederick J. Fritz	62	Director	I
Gregory Weaver	57	Senior VP, Chief Financial Officer	
Nicholas Borys, M.D.	53	Vice President and Chief Medical Officer	
Jeffrey W. Church	56	Senior VP, Corporate Strategy and Investor Relations and Corporate Secretary	

Continuing Class I Directors (Term Expires in 2014)

Dr. Augustine Chow. Dr. Augustine Chow was appointed to the Board of Directors in March 2007. Dr. Chow has served as the Chief Executive Officer of Harmony Asset Limited since 1996, an investment company listed on the Toronto Stock Exchange and the Hong Kong Stock Exchange and specializing in China and Hong Kong. Dr. Chow has served as Executive Director of Kaisun Energy Group Ltd. since 2008 and currently serves as an independent director of Medifocus Inc. From 1990 to 1998, Dr. Chow was the Chief Executive Officer of Allied Group of Companies based in Hong Kong. Prior to this, Dr. Chow held a senior position with Brunswick Corporation and Outboard Marine Corporation and was responsible for all business activities in South East Asia and China. Dr. Chow's qualifications include a number of Bachelors, Masters and Doctoral degrees. Among them include a MSc from London Business School, a Ph.D. in the Transfer of Technology from the University of South Australia, and an Engineering Doctorate and Ph.D. from City University of Hong Kong.

Mr. Frederick J. Fritz. Mr. Fritz was appointed to the Board of Directors in July 2011. Mr. Fritz is currently the CEO & Founder of NeuroDx, a development stage diagnostic device company focused on the neurosurgery market. Mr. Fritz joined NeuroDx from Valeo Medical, a biotech company he founded in 2003 to develop the world's first non-invasive diagnostic test for endometriosis. Prior to that, Mr. Fritz was President and CEO of Songbird Hearing, a medical device company spun out of Sarnoff Corporation. Mr. Fritz began his career in marketing management and new product development. He joined Schering Plough's Wesley Jessen in 1985 as VP Marketing and Sales in 1986. He was promoted to general manager of Schering's Over the Counter pharmaceutical business in 1988 and of the

podiatric products business in 1990. He was President of Coleman North America from 1995-1997. Mr. Fritz holds a Bachelor's degree in engineering (summa cum laude) from University of Illinois and an MBA degree from Harvard University.

Continuing Class II Directors (Term Expires in 2015)

Mr. Robert W. Hooper. Mr. Hooper has served as a director of the Company since July 2010. He is currently President of Crows Nest Ventures, Inc. a privately held company, which provides advisory and consulting services to the healthcare industry. From 1997 to 2001, Mr. Hooper served as President North America for IMS Health Incorporated, a healthcare information and market research company listed on The New York Stock Exchange. From 1993 to 1997, he served as President of Abbott Laboratories Canada. From 1989 to 1993, he served as Managing Director, Australia/Asia for Abbott Laboratories. Prior to that, he held increasingly senior positions at E.R. Squibb and Sterling Winthrop Labs. Mr. Hooper holds a B.A degree in Biology from Wilkes University.

Dr. Alberto R. Martinez. Dr. Martinez has served as a director of the Company since December 2010. He is currently a consultant to the healthcare industry. From 2007 to 2008, Dr. Martinez served as the President and Chief Operating Officer of Talecris Biotherapeutics, Inc., a publicly traded life science company. Prior to that, Dr. Martinez served as Talecris' President and Chief Executive Officer from October 2005 until June 2007. Prior to that, he held increasingly senior positions as Executive Vice President of Worldwide Commercial Operations at ZLB Behring (subsequently renamed CSL Behring). Prior to ZLB Behring, Dr. Martinez served in various international positions at Sandoz Pharmaceuticals (currently the generic pharmaceuticals division of Novartis) in Brazil, Switzerland, Spain and the U.S. for eighteen years. Dr. Martinez completed his undergraduate and graduate studies at the University of Sao Paulo and received his medical degree from the University of Sao Paulo in 1973. After completing his residency in Pediatrics in 1975, he studied Business and Marketing Administration at the Fundacao Getulio Vargas in Sao Paulo, Brazil.

The Board of Directors concluded that all of the continuing directors have the requisite experience, qualifications, attributes and skill necessary to serve as a member of the Board of Directors based on, among other things, his:

Leadership attributes and experience

Management experience in the pharmaceutical industry and/or business experience in countries in which the Company is conducting its clinical trials; and

Professional and educational background.

Executive Officers

Following are the biographical summaries for each of the Company's executive officers. Each executive officer is elected by, and serves at the pleasure of the Board of Directors.

Mr. Michael H. Tardugno. Mr. Tardugno's biographical information appears above under the heading "Class III Director Nominees".

Dr. Nicholas Borys. Dr. Borys joined Celsion on October 1, 2007 as Vice President and Chief Medical Officer of the Company. In this position, Dr. Borys manages the clinical development and regulatory programs for Celsion. Dr. Borys has over 20 years of experience in all phases of pharmaceutical development with a focus on oncology. Immediately prior to joining Celsion, Dr. Borys served as Chief Medical Officer of Molecular Insight Pharmaceuticals, Inc., a molecular imaging and nuclear oncology pharmaceutical company, from 2004 until 2007. From 2002 until 2004 he served as the Vice President and Chief Medical Officer of Taiho Pharma USA, a Japanese start-up oncology therapeutics company. Prior to that he held increasingly senior positions at Cytogen Corporation, Anthra Pharmaceuticals, Inc., Amersham Healthcare, Inc. and Hoffmann La-Roche Inc. Dr. Borys obtained his premedical degree from Rutgers University and holds an M.D. degree from American University of the Caribbean.

Mr. Gregory Weaver. Mr. Weaver has served as Celsion's Senior Vice President and Chief Financial Officer since July 2011 and was a director and Chairman of the Audit Committee on the Board of the Company from 2005 to 2011. From February 2009 to August 2010, Mr. Weaver served as Senior Vice President and Chief Financial Officer of Poniard Pharmaceuticals, a public oncology drug development company. From 2007 to 2008, Mr. Weaver served as Chief Financial Officer of Talyst, Inc., a privately-held pharmacy information product company. In 2006, he served as Senior Vice President and Chief Financial Officer of Sirna Therapeutics, a public RNAi therapeutics company until it was acquired by Merck & Co., Inc. in December 2006. From 2002 to 2005, Mr. Weaver was Chief Financial Officer of Natestch Pharmaceuticals, a public drug delivery company. From 1999 to 2002, Mr. Weaver was Chief Financial Officer of Ilex Oncology Inc., a public oncology drug development company, and from 1996 to 1998, he was Chief Financial Officer of Prism Technologies, a privately-held medical device company. Prior to that, Mr. Weaver held increasingly senior positions with Fidelity Capital and Arthur Andersen LLP. Mr. Weaver also served as a director and Chairman of the Audit Committee of SCOLR Pharmaceuticals, a public drug delivery company from 2007 to 2009. Mr. Weaver is a Certified Public Accountant and received his MBA degree from Boston College and his B.S. in accounting from Trinity University.

Mr. Jeffrey W. Church. Mr. Church was appointed as Senior Vice President, Corporate Strategy and Investor Relations effective July 8, 2011. Mr. Church joined Celsion in July 2010 as Vice President, Chief Financial Officer and Corporate Secretary. Immediately prior to joining Celsion, Mr. Church served as Chief Financial Officer and Corporate Secretary of Alba Therapeutics Corporation, a privately held life science company from 2007 until 2010. From 2006 until 2007, he served as Vice President, CFO and Corporate Secretary for Novavax, Inc., a vaccine development company listed on The NASDAQ Global Select Market. From 1998 until 2006, he served as Vice President, CFO and Corporate Secretary for GenVec, Inc., a life science and biotechnology company listed on The NASDAQ Capital Market. Prior to that, he held senior financial positions at BioSpherics Corporation and Meridian Medical Technologies, both publicly traded companies. He started his career with Price Waterhouse from 1979 until 1986. Mr. Church holds a B.S. degree in accounting from the University of Maryland and is a Certified Public Accountant.

LEGAL PROCEEDINGS

None of the Company's directors or officers has been a part of any legal proceeding within the last 10 years that is subject to disclosure under Item 401(f) of Regulation S-K.

BOARD LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT

Board Leadership

Our Board of Directors has adopted a leadership structure that it believes is appropriate for Celsion, including an independent Chairman of the Board. Currently, Dr. Link serves as Chairman of the Board and Mr. Tardugno serves as President and Chief Executive Officer. The Board believes that the Company and its stockholders have been well served by the current leadership structure due to Dr. Link's and Mr. Tardugno's experience and in-depth knowledge of the Company and the industry. The Company believes that at this time the separation of these roles permits the Chairman of the Board to focus on oversight of the Company's long-term corporate development goals while the President and Chief Executive Officer focuses on the strategic direction of the Company and oversees the day to day performance of the other executive officers in executing the Company's business plan.

Board Oversight of Risk

The Board of Directors is responsible for oversight of the various risks facing us. In this regard, the Board seeks to understand and oversee the most critical risks relating to our business and operations, allocate responsibilities for the

oversight of risks among the full Board and its committees, and see that management has in place effective systems and processes for managing risks facing the Company. Overseeing risk is an ongoing process, and risk is inherently tied to our strategy and to strategic decisions. Accordingly, the Board considers risk throughout the year and with respect to specific proposed actions. The Board recognizes that it is neither possible nor prudent to eliminate all risk. Indeed, purposeful and appropriate risk-taking is essential for the Company to be competitive and to achieve its business objectives.

While the Board oversees risk, management is charged with identifying and managing risk. We have robust internal processes and a strong internal control environment to identify and manage risks and to communicate information about risk to the Board. Management communicates routinely with the Board, Board committees and individual directors on the significant risks identified and how they are being managed. Directors are free to, and indeed often do, communicate directly with senior management.

The Board implements its risk oversight function both as a whole and through delegation to various committees. These committees meet regularly and report back to the full Board. Our Audit Committee and Compensation Committee (as described below) play significant roles in carrying out the risk oversight function.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors presently maintains separately designated Audit, Compensation, and Nominating and Governance Committees.

Audit Committee

The Audit Committee consists of Dr. Max Link, Chairman, Dr. Augustine Chow and Mr. Frederick J. Fritz. The Audit Committee operates under a written charter as amended and restated effective May 4, 2007. A copy of the charter, as may be amended from time to time, is available on our web site, located at <http://www.celsion.com>, in lieu of triennial filing with our proxy statement in accordance with Instruction 2 to Item 407 of Regulation S-K. Additional copies of the charter are available upon written request to the Company. All members of the Audit Committee meet the independence standards established by the SEC and NASDAQ.

The Audit Committee assists the Board in fulfilling its responsibility to oversee management's implementation of the Company's financial reporting process. In discharging its oversight role, the Audit Committee reviewed and discussed the audited financial statements contained in the Company's 2012 Annual Report on Form 10-K with the Company's management and the Company's independent registered public accounting firm. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States.

The Board of Directors has determined that Dr. Max Link is qualified to serve as the "audit committee financial expert" as defined by Item 407(d)(5) of Regulation S-K and that Dr. Chow and Mr. Fritz meet the financial literacy requirements under applicable NASDAQ rules.

Compensation Committee

The Compensation Committee is responsible for establishing and administering the compensation policies applicable to the Company's directors, officers and key personnel, for recommending compensation arrangements to the Board of Directors and for evaluating the performance of senior management. The Compensation Committee operates under a written charter effective as of December 24, 2003. A copy of the charter, as may be amended from time to time, is available on our web site, located at <http://www.celsion.com>, in lieu of triennial filing with our proxy statement in accordance with Instruction 2 to Item 407 of Regulation S-K. Additional copies of the charter are available upon written request to the Company. The Compensation Committee does not delegate the authority to approve compensation policies and actions affecting the Company's named executive officers or directors. The Compensation Committee applies discretion in determining compensation for the Company's executives. The Compensation Committee has not established any equity or other security ownership requirements or guidelines in respect of its executive officers. The President and Chief Executive Officer assists the Compensation Committee in evaluating the performance of other executive officers and by providing information to directors as and when requested, such as salary surveys and compensation paid by the Company's competitors, to the extent such information is publicly available. Members of the Compensation Committee undertake to verify such information prior to referring to it in determining executive compensation. The compensation of the President and Chief Executive Officer is determined

by the Compensation Committee based on the Compensation Committee's evaluation of his performance and with reference to such external or competitive data as they consider necessary. The compensation of the other named executive officers is determined by the Compensation Committee based on its evaluation of their individual performance and the recommendations of the President and Chief Executive Officer.

Mr. Hooper (Chairman) and Drs. Link and Martinez currently comprise the Compensation Committee. All members of the Compensation Committee are independent under the applicable NASDAQ rules.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for identifying and recruiting new members of the Board of Directors when vacancies arise, identifying and recruiting nominees for election as directors, reconsideration of incumbent directors in connection with nominations for elections of directors and ensuring that the Board of Directors is properly constituted to meet its corporate governance obligations. The Nominating and Governance Committee operates under a written charter effective as of December 24, 2003 and amended on February 27, 2006. A copy of the charter, as may be amended from time to time, is available on our web site, located at <http://www.celsion.com>, in lieu of triennial filing with our proxy statement in accordance with Instruction 2 to Item 407 of Regulation S-K. The current members of the Nominating and Governance Committee are Dr. Link (Chairman) and Dr. Martinez, each of whom is deemed to be independent under applicable NASDAQ rules.

MEETINGS OF THE BOARD AND ITS COMMITTEES

During the year ended December 31, 2012, there were a total of six regular meetings of the Board of Directors. Dr.'s Link, Chow and Martinez, and Messer's Tardugno, Hooper and Fritz attended all of the meetings of the Board of Directors and the committees on which they served that were held during the period for which they were a director or committee member, respectively. During the year ended December 31, 2012, the Audit Committee met four times, the Compensation Committee met twice and the Nominating and Governance Committee met once.

DIRECTOR NOMINATIONS

The Nominating and Governance Committee

The role of the Nominating and Governance Committee is to act on behalf of the Board of Directors to ensure that the Board of Directors and its standing committees are appropriately constituted to meet their fiduciary and corporate governance obligations. In this role, the Nominating and Governance Committee is responsible for identifying and recruiting new members of the Board of Directors when vacancies arise, identifying and recruiting nominees for election as directors and reconsidering incumbent directors in connection with nominations for elections of directors. The Nominating and Governance Committee is also charged with: (i) reviewing and recommending changes in the size and composition of the Board of Directors and its committees; (ii) developing and maintaining criteria and processes for selecting candidates for election as directors; (iii) identifying and recruiting candidates to stand for election as directors and determining whether incumbent directors should stand for reelection; (iv) ensuring that the Company and the Board of Directors operates in accordance with current best practices; (v) providing for ongoing director training and education; (vi) reporting to the Board of Directors on Nominating and Governance Committee activities; (vii) annually reviewing the Nominating and Governance Committee's performance of its responsibilities and duties; and (viii) annually reviewing the Nominating and Governance Committee Charter, the structure and the processes and membership requirements of the Nominating and Governance Committee and recommending to the Board any improvements or amendments that the Nominating and Governance Committee considers appropriate or necessary.

Director Qualifications

It is a policy of the Nominating and Governance Committee that candidates for director be determined to have unquestionable integrity and the highest ethical character. Candidates must demonstrate the ability to exercise sound, mature and independent business judgment in the best interests of the stockholders as a whole and may not have any interests that would, in the view of the Nominating and Governance Committee, impair their ability to exercise independent judgment or otherwise discharge the fiduciary duties owed as a director. Candidates must have

experience and demonstrated achievement in one or more fields of business, professional, governmental, communal, scientific or educational endeavors which will complement the talents of the other members of the Board of Directors and further the interests of the Company, bearing in mind the composition of the Board of Directors and the current state of the Company and the biotechnical/biopharmaceutical industry generally. In particular, the Nominating and Governance Committee believes it is important for one or more members of the Board of Directors to have in-depth experience in the biotechnical/biopharmaceutical industry. The Nominating and Governance Committee has determined that one or more of its members, including the incumbents nominated to stand for reelection at the Annual Meeting, have such biotechnical/biopharmaceutical experience.

Candidates are expected to have an appreciation of the major issues facing public companies of a size and operational scope similar to the Company, including contemporary governance concerns, regulatory obligations of a public issuer, strategic business planning, competition in a global economy, and basic concepts of corporate finance. Candidates must also have the willingness and capability to devote the time necessary to participate actively in meetings of the Board of Directors and committee meetings and related activities, the ability to work professionally and effectively with other members of the Board of Directors and Company management, and the ability and intention to remain on the Board of Directors long enough to make an effective contribution. Among candidates who meet the foregoing criteria, the Nominating and Governance Committee also considers the Company's current and anticipated needs, including expertise, diversity and balance of inside, outside and independent directors.

Although the Nominating and Corporate Governance Committee does not have a formal diversity policy, it endeavors to comprise the Board of Directors of members with a broad mix of professional and personal backgrounds. Thus, the Nominating and Corporate Governance Committee accords some weight to the individual professional background and experience of each director. Further, in considering nominations, the Nominating and Corporate Governance Committee takes into account how a candidate's professional background would fit into the mix of experiences represented by the then-current Board of Directors. When evaluating a nominee's overall qualifications, the Nominating and Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily required of all prospective nominees. In addition to the aforementioned criteria, when evaluating a director for re-nomination to the Board of Directors, the Nominating and Corporate Governance Committee will also consider the director's history of attendance at board and committee meetings, the director's preparation for and participation in such meetings, and the director's tenure as a member of the Board of Directors.

Director Independence

In addition, in accordance with the rules of the SEC and NASDAQ, the Company requires that at least a majority of the directors serving at any time on the Board of Directors be independent, that at least three directors satisfy the financial literacy requirements for service on the Audit Committee and that at least one member of the Audit Committee qualify as an "audit committee financial expert" under those rules.

The Board of Directors has determined that Dr. Max Link is qualified to serve as the "audit committee financial expert" as defined by Item 407(d)(5) of Regulation S-K and that Dr. Link, Dr. Chow and Mr. Fritz meet the financial literacy requirements under applicable SEC and NASDAQ rules. The Board of Directors has also determined that of the six currently serving directors, Drs. Max E. Link, Augustine Chow, Alberto Martinez and Messer's Robert W. Hooper and Frederick J. Fritz, are independent under applicable SEC and NASDAQ rules. Dr. Max Link acts as the chairman of our Audit Committee. In considering the independence of the non-employee Director nominated for election, Dr. Link has no relationship with the Company other than as a Director.

Nominating and Governance Committee Process

In selecting candidates for the Board of Directors, the Nominating and Governance Committee begins by determining whether the incumbent directors whose terms expire at the annual meeting of stockholders desire and are qualified to continue their service on the Board of Directors. Under its charter, the Nominating and Governance Committee is charged with considering incumbent directors as if they were new candidates. However, the Nominating and Governance Committee recognizes the significant value of the continuing service of qualified incumbents in promoting stability and continuity, providing the benefit of the familiarity and insight into the Company's affairs and enhancing the Board of Directors' ability to work as a collective body. Therefore, it is the policy of the Nominating and Governance Committee, absent special circumstances, to nominate qualified incumbent directors whom the Nominating and Governance Committee believes will continue to make important contributions to the Board of

Directors and who consent to stand for re-election. If any member of the Board of Directors does not wish to continue in service or if the Nominating and Governance Committee or the Board of Directors decides not to re-nominate a member, there is an existing vacancy on the Board of Directors, or the Board of Directors, upon the recommendation of the Nominating and Governance Committee, elects to expand the size of the Board of Directors, the following process would be followed:

The Nominating and Governance Committee develops a profile for candidates' skills and experience, based on the criteria described above.

The Nominating and Governance Committee initiates a search, polling members of the Board of Directors and management, and retaining a search firm if the Nominating and Governance Committee deems this appropriate.

The Nominating and Governance Committee has a policy with respect to stockholders' suggestions for nominees for directorships. Under this policy, stockholder nominees are given identical consideration as nominees identified by the Nominating and Governance Committee.

The process by which stockholders may submit potential nominees is described below under "Stockholder Recommendation Process."

The Nominating and Governance Committee then determines the eligibility and suitability of any candidate based on the criteria described above and the Nominating and Governance Committee's search profile.

The Chairman of the Board of Directors and at least one member of the Nominating and Governance Committee interview prospective candidate(s) who satisfy the qualifications described above.

The Nominating and Governance Committee offers other members of the Board of Directors the opportunity to interview the candidate(s) and then meets to consider and approve the final candidate(s).

The Nominating and Governance Committee seeks endorsement of the final candidate(s) from the full Board of Directors.

The final candidate(s) are nominated by the Board of Directors for submission to a stockholder vote or elected to fill a vacancy.

Stockholder Recommendation Process

The Nominating and Governance Committee will consider for nomination any qualified director candidates recommended by our stockholders. Any stockholder who wishes to recommend a director candidate is directed to submit in writing the candidate's name, biographical information and relevant qualifications to our Secretary at our principal executive offices. All written submissions received from our stockholders will be reviewed by the Nominating and Corporate Governance Committee at the next appropriate meeting. The Nominating and Corporate Governance Committee will evaluate any suggested director candidates received from our stockholders in the same manner as recommendations received from management, committee members or members of our board. The Company or the Nominating and Governance Committee may require a stockholder who proposes a nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility or suitability of the proposed nominee to serve as director of the Company. See the section titled "Stockholder Nominations and Proposals for the 2013 Annual Meeting of Stockholders" later in this Proxy Statement.

Revisions to Process

The Nominating and Governance Committee and stockholder recommendation processes have been developed to provide a flexible framework to permit the director nomination process to move forward effectively. The Nominating and Governance Committee intends to review these processes from time to time in light of the Company's evolving needs and changing circumstances, as well as changes in legal requirements and stock exchange listing standards. The Nominating and Governance Committee may revise these processes or adopt new ones based on such periodic reviews.

STOCKHOLDER COMMUNICATIONS

The Board of Directors has adopted a process through which interested stockholders may communicate with the Board of Directors. Stockholders who wish to send communications to the Board of Directors, or any particular director, should address such communications to the Corporate Secretary, at the Company's headquarters in Lawrenceville, New Jersey. The envelope containing any such communication should be prominently marked "To the Attention of the Board of Directors" or to a particular committee or director, and the communication should include a representation from the stockholder indicating the stockholder's address and the number of shares of the Company's Common Stock beneficially owned by the stockholder. Our Corporate Secretary is primarily responsible for monitoring communications from stockholders. Depending upon the content of a particular communication, as he deems appropriate, our Corporate Secretary will: (i) forward the communication to the director, directors or committee to whom it is addressed; (ii) attempt to handle the inquiry directly, for example where it is a request for information about the Company or it is a stock-related matter; or (iii) not forward communications such as solicitations, junk mail and obviously frivolous or inappropriate communications. At each meeting of the Board of Directors, the Corporate Secretary will present a summary of all communications, whether or not forwarded, received since the last meeting and will make those communications available to the directors on request.

BOARD ATTENDANCE

The Board of Directors strongly encourages, but does not require, all directors, to the extent reasonable and practicable, to attend the Company's annual meetings of stockholders in person. All of the current Board members were present at the Company's 2012 Annual Meeting of Stockholders.

DIRECTOR COMPENSATION**2012 DIRECTOR COMPENSATION TABLE**

The following table sets forth the cash and noncash compensation paid to the Company's directors who are not employed by the Company or any of its subsidiaries ("Non-Employee Directors") for the year ended December 31, 2012. The compensation paid to any director who was also one of our employees during fiscal year 2012 is presented in the "Summary Compensation Table" and the information that follows that table. Such employee directors do not receive separate compensation for service on the Board.

Name	Fees Earned and Paid (\$)	Stock Awards (\$)	Option Awards (\$) (1)(2)	Total (\$)
Max E. Link	\$66,700	—	51,100	117,800
Augustine Chow	36,700	—	36,500	73,200
Robert W. Hooper	39,500	—	36,500	76,000
Alberto Martinez	35,500	—	36,500	72,000
Frederick J. Fritz	36,700	—	36,500	73,200

(1) The value reported for Option Awards is the aggregate grant date fair value of stock options granted to the Non-Employee Directors in 2012, determined in accordance with FASB ASC Topic 718, disregarding adjustments for forfeiture assumptions. The assumptions for making the valuation determinations are set forth in the Note 10 in the financial statements included in the Company's 2012 Annual Report on Form 10-K as filed with the SEC on March 18, 2013. The grant date fair values of stock option awards to directors during the year ended December 31, 2012 were as follows:

Name	Number	Exercise Price	Expires	Grant Date
	of Options			Fair Value
	Granted			
Max E. Link	35,000	\$ 2.06	2/22/2022	51,100
Augustine Chow	25,000	\$ 2.06	2/22/2022	36,500
Robert W. Hooper	25,000	\$ 2.06	2/22/2022	36,500
Alberto Martinez	25,000	\$ 2.06	2/22/2022	36,500
Frederick J. Fritz	25,000	\$ 2.06	2/22/2022	36,500

Each of these stock options was granted on February 22, 2012 and vests in three equal installments commencing on the first anniversary of the date of grant.

The following table presents the aggregate number of outstanding unexercised options held by each of our (2) Non-Employee Directors as of December 31, 2012. None of the Non-Employee Directors held any other outstanding stock awards on that date.

Director	Number of Options Outstanding
Max E. Link	203,245
Augustine Chow	170,000
Robert W. Hooper	95,000
Alberto Martinez	70,000
Frederick J. Fritz	55,000

During the year ended December 31, 2012, each Non-Employee Director of the Company received annual cash compensation in the amount of \$25,000 payable quarterly, and an additional \$1,000 for attendance at special meetings of the Board of Directors and each meeting of a committee of the Board of Directors that was not held in conjunction with a meeting of the Board of Directors. Each non-employee director is reimbursed for his out-of-pocket costs of attending meetings of the Board of Directors and of committees of the Board of Directors. The Chairman of the Board received an additional annual cash fee of \$15,000, the Chairman of the Audit Committee received an additional annual cash fee of \$8,000 and the Chairman of the Compensation Committee received an additional annual cash fee of \$5,000.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Hooper and Dr.'s Link and Martinez each served on the Compensation Committee of the Board of Directors for 2012. During 2012, no member of our Compensation Committee is or was a current or former executive officer or employee of the Company, or had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of certain relationships and related party transactions. None of the Company's executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director or member of the Compensation Committee during 2012.

STOCK OWNERSHIP AND RETENTION GUIDELINES FOR NON-EMPLOYEE AND EXECUTIVE DIRECTORS

The Board of Directors believes that, as a matter of sound corporate governance, non-employee and executive directors should have a significant personal financial stake in our performance. Consequently, in February 2011, the Board of Directors adopted stock ownership guidelines for non-employee and executive directors. Our corporate governance guidelines require that each non-employee director acquire and hold shares of our common stock having an aggregate value equal to two times the director's total compensation in the first year of service and that our executive director acquire and hold shares of our common stock having an aggregate value equal to the executive's

director's total compensation in the first year of service. Each director will have satisfied the applicable ownership guideline if the aggregate value requirement is met by February 2014, or within three years after his or her appointment to the board, whichever is later.

Shares of our common stock that count toward satisfaction of these ownership guidelines include, unless beneficial ownership therein is disclaimed: (i) shares owned outright by the director or executive officer or their immediate family members residing in the same household, whether held individually or jointly; (ii) shares held in a trust, family limited partnership or similar entity solely for the benefit of the director or executive officer and/or their immediate family members; (iii) shares of restricted stock and restricted stock units awarded under our equity incentive plans, including vested and unvested awards; and (iv) shares acquired upon stock option exercise, but not shares underlying unexercised stock options.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibility to oversee management's implementation of the Company's financial reporting process. In discharging its oversight role, the Audit Committee reviewed and discussed the audited financial statements contained in the Company's 2012 Annual Report on Form 10-K with the Company's management and the Company's independent registered public accounting firm. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States.

The Audit Committee met privately with the Company's independent registered public accounting firm and discussed issues deemed significant by the independent registered public accounting firm, including those required by AU 380 (Communication with Audit Committees), as amended. In addition, the Audit Committee discussed with the independent registered public accounting firm its independence from the Company and its management, including the matters in the written disclosures and the letter received from the independent registered public accounting firm as required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and considered whether the provision of non-audit services by the independent registered public accounting firm was compatible with maintaining the independent registered public accounting firm's independence. The Audit Committee also met with the independent registered public accounting firm, with and without management present, to discuss the results of the independent registered public accounting firm's examination, their evaluation of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions outlined above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's 2012 Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Members of the Audit Committee

Max E. Link (Chairman)

Augustine Chow

Frederick J. Fritz

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section describes the material elements of compensation awarded to, earned by or paid to Michael H. Tardugno, our Chief Executive Officer, Gregory Weaver, our Senior Vice President and Chief Financial Officer, Nicholas Borys, our Vice President and Chief Medical Officer, and Jeffrey W. Church, our Senior Vice President, Corporate Strategy and Investor Relations. These individuals are listed in the Summary Compensation Table below and are referred to in this discussion as the “Named Executive Officers.”

Introduction

The Company is an oncology drug development company and as such is unlikely, in the short to medium term, to generate revenues and income sufficient to cover product development costs. As a result, the Company’s executive compensation philosophy is geared to ensuring that executive compensation aligns the interests of management and stockholders by emphasizing rewards for Company performance, while remaining competitive with compensation paid by other clinical stage biotechnology companies.

The Compensation Committee has adopted the following executive compensation approaches, which the Company believes help to achieve the objectives for the executive compensation program and incorporate many compensation features that are generally favored by stockholders:

A significant amount of the executives’ compensation is at-risk. For fiscal year 2012, approximately 48% of Mr. Tardugno’s target total direct compensation was performance-based and/or linked to the value of the Company’s stock price. As used in this discussion, the term “total direct compensation” means the aggregate amount of the executive’s base salary, target annual incentive awards, and long-term equity incentive awards based on the grant-date fair value of such awards as determined under the accounting principles used in the Company’s audited financial statements.

Executives’ bonuses under the Company’s annual incentive program are principally based on the achievement of specific performance objectives established at the beginning of the fiscal year by the Compensation Committee.

Executives’ equity awards are granted in the form of stock options that help to align the executives’ interests with those of stockholders as the options will not have value unless the Company’s stock price appreciates after the option is granted. The awards also provide a retention incentive as they vest over a multi-year period.

The Company does not provide any tax gross-up payments or material perquisites to our Named Executive Officers (except for initial relocation expenses, the objective of which is to keep all affected employees, executive or otherwise, whole for expenses incurred in joining the Company).

Executive Compensation Philosophy and Procedures

The Compensation Committee attempts to design executive compensation programs to achieve three principal objectives.

The program is intended to attract, motivate and retain talented executives with total compensation that is competitive within the drug development and broader pharmaceutical and biotechnology industry;

The program is intended to create an alignment of interests between the Company's executives and stockholders such that a significant portion of each executive's compensation varies with business performance and is dependent on a rising stock price performance; and

The program is designed to award behavior which results in optimizing the commercial potential of the Company's development program.

The Compensation Committee's philosophy is to pay competitive total compensation, comprised of annual salaries, annual cash incentives and long-term equity awards (primarily stock options), which is geared to provide total compensation that is directly linked with the Company's performance. The Compensation Committee considers the elements of the compensation package to be reflective of compensation packages given to executives of companies of similar size in our industry. Compensation packages are designed to pay competitive salaries between the 50th and the 75th percentile level of the industry as described below, reward superior annual performance through incentive compensation awards and to allow executives to participate in increases in stockholder value through stock option and other stock-based grants.

In determining executives' compensation levels, the Compensation Committee relies primarily on its experience and judgment to provide a package that appropriately balances the need to attract and retain key executive talent with the creation of incentives that will enhance the growth of the Company and provide value for stockholders. As part of its decision-making process, the Compensation Committee takes into account the role and experience of each executive and reviews industry surveys (specifically, the Radford Global Life Sciences Survey, which covers a broad cross-section of the biotechnology, pharmaceuticals and life science industries and in which the Company participates) for information on the compensation paid to their executive officers by companies in our industry that are similar in size, breadth, stage of development or complexity to the Company. However, this data is used by the Compensation Committee as background information only, and in reviewing this survey data, the Compensation Committee does not focus on any particular company used in the survey. The Compensation Committee also does not specifically "benchmark" compensation at any particular level against this survey data.

In light of the straightforward nature of the Company's executive compensation arrangements, the Compensation Committee believes it has not been necessary to retain independent compensation consultants. To assist the Compensation Committee with its responsibilities, we provide briefing materials prepared or summarized by management. Our Chief Executive Officer participates in the collection and dissemination of survey information and interacts with the Compensation Committee in reviewing some of the elements of yearly performance and compensation of the other members of the executive management team. The Compensation Committee believes that an appropriate level of input from our Chief Executive Officer provides a necessary and valuable perspective in helping the Compensation Committee formulate its own independent views on compensation. The Compensation Committee takes measures to ensure its independence with respect to the Chief Executive Officer's compensation. The Compensation Committee meets separately to make all final determinations on the compensation levels for named executive officers.

A discussion of each individual element of compensation and the compensation for each Named Executive Officer for 2012 follows.

Annual Salaries

The Company participates in an ongoing industry survey as described above. The Compensation Committee compares base salary for Company executives with the levels provided to similarly situated executives and generally targets base salaries at levels between the 50th and the 75th percentile of survey companies.

In early 2012, after reviewing each executive's job responsibilities, individual performance, our corporate performance, competitive market data and our total compensation expense, the salaries of each of the named executives was increased by approximately 3%.

Incentive Compensation

The Company has an incentive compensation plan in which all members of our senior management participate. The plan is performance-driven based on Company and personal operational objectives generally established annually by the Compensation Committee in consultation with the Chief Executive Officer. These operational objectives include the completion of certain development projects, fund raising, cost controls, business development and profit and loss goals. They typically do not, however, include share price objectives as we believe all of the operating objectives are ultimately directed at creating Stockholder value. These objectives are designed to achieve timely and efficient product development including completion of clinical studies and regulatory approvals. Each member of senior management is individually evaluated based on the achievement of the Company's overall operational objectives and his personal objectives. This component of compensation is provided, among other reasons, to create incentives for members of senior management to meet short and medium term performance goals of the Company, without regard to stock price. Objectives are weighted in terms of overall importance to meeting the Company's operating plan.

The total annual incentive compensation a member of senior management can earn is based on his level within management, with more senior members of management eligible to earn a higher percentage of their base salary as incentive compensation than less senior members. We believe it is appropriate for executives to have a greater percentage of their compensation “at-risk” based on performance as they generally have a greater role in the achievement of objectives that we believe promote the growth of the Company and the creation of value for stockholders. The actual amount of incentive compensation paid to any member of senior management is determined on a sliding scale dependent on how successful such member of senior management was in achieving the objectives upon which his or her incentive compensation was targeted and the relative importance to the Company of the objectives achieved. The Compensation Committee retains complete discretion to adjust any incentive compensation down and retains discretion as to whether to grant any incentive compensation to any individual member of senior management at all.

Under the incentive compensation plan for 2012, the Compensation Committee established a number of annual corporate goals that include research and development, regulatory, manufacturing, organizational and financial goals which we believe were essential to building stockholder value. These corporate goals were designed to be achieved during the annual performance period and their relative weighting is based upon our assessment of the importance of each goal in creating value for the Company and our stockholders. If all of the stated goals were achieved, the overall corporate performance rating would have been approximately 100%. Each corporate goal was established so that significant levels of achievement were required to meet the goal. Following the conclusion of the annual performance period, the level of achievement for each corporate goal was assessed by the Compensation Committee. The Compensation Committee determined whether each corporate goal had been met, exceeded, or not satisfied. In addition, in assessing corporate performance, the Compensation Committee had the discretion to factor in other significant corporate events that occurred during the performance period which could have resulted in an upward or downward adjustment in the determination of corporate performance. After taking into account the level of attainment of each corporate goal and other appropriate corporate performance factors, the Compensation Committee assigned the overall corporate performance rating, which ranged from 0% to 100%. The aggregate of all individual bonuses awarded under the policy cannot exceed the total available bonuses available so that the cost of bonuses ultimately reflects our overall performance and is not inflated by the sum of any individual performance rating.

After the corporate performance rating is determined by the Compensation Committee, the individual performance of each Named Executive Officer is reviewed by the organization in consultation with Mr. Tardugno in order to determine the appropriate annual performance percentage rating to be assigned to the executive for the performance period. Each Named Executive Officer’s actual annual performance-based incentive compensation payment is based on a combination of the corporate performance rating and his or her individual performance. The actual annual performance bonus compensation award for each Named Executive Officer is determined in our sole discretion, and the maximum payout for each Named Executive Officer could be up to 100% of his or her target annual performance-based compensation target.

The Named Executive Officers were each assigned a target annual incentive for 2012 ranging from 35% to 100% of base salary. The table below shows the target annual incentive assigned to each Named Executive Officer for 2012 both as a dollar amount and as a percentage of base salary.

Name	Target Annual Incentive for Entire 2012 Year(\$)	Target Annual Incentive for Entire Year (% of Base Salary)
Michael H. Tardugno	424,676	