

Celsion CORP  
Form 424B3  
January 20, 2011

Filed pursuant to Rule 424(b)(3) and Rule 424(c)  
Under the Securities Act of 1933 in connection with  
Registration Statement No. 333-168314

PROSPECTUS SUPPLEMENT NO. 4 (TO PROSPECTUS DATED AUGUST 9, 2010)

CELSION CORPORATION  
Common Stock

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This Prospectus Supplement No. 4 supersedes the Prospectus Supplement No. 3 dated January 18, 2011 and supplements and amends the prospectus dated August 9, 2010, which we refer to as the Prospectus, which forms a part of our Registration Statement on Form S-1 (Registration Statement No. 333-168314). The Prospectus relates to the disposition from time to time of up to 2,444,434 shares of our common stock, which are held or may be held by the selling stockholder named in the Prospectus. We are not selling any common stock under the Prospectus and this Prospectus Supplement No. 4, and will not receive any of the proceeds from the sale of shares by the selling stockholder named in the Prospectus.

We are filing this Prospectus Supplement No. 4 to reflect an additional draw down by us pursuant to the common stock purchase agreement by and between us and Small Cap Biotech Value, Ltd., or SCBV, dated as of June 17, 2010, and to update, amend and supplement the information included or incorporated by reference in the Prospectus with the information contained in the current report described below and the information contained under the caption "Recent Developments" set forth below.

On January 18, 2011, we filed with the Securities and Exchange Commission a current report on Form 8-K (the "Current Report"). Accordingly, the Current Report is attached to this Prospectus Supplement No. 4.

This Prospectus Supplement No. 4 should be read in conjunction with, and delivered with, the Prospectus and is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement No. 4 supersedes the information contained in the Prospectus. All references in the Prospectus to "this prospectus" are hereby amended to read "this prospectus (as supplemented and amended)".

This Prospectus Supplement No. 4 is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, including any amendments or supplements to it.

Our common stock is listed on The NASDAQ Capital Market under the symbol "CLSN." On January 14, 2011, the last reported sale price of our common stock on The NASDAQ Capital Market was \$2.93.

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Investing in our common stock involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" beginning on page 6 of the accompanying prospectus, and under similar headings included in our recent quarterly and annual reports filed with the Securities and Exchange Commission.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying Prospectus to which this prospectus supplement relates are truthful or complete. Any representation to the contrary is a criminal offense.

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The date of this prospectus supplement is January 20, 2011.

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## Selling Stockholder

The table appearing under the caption "Selling Stockholder" on page 23 of the Prospectus is hereby supplemented by inserting the following additional text at the end of footnote (1) to such table:

On December 15, 2010, we delivered notice to SCBV to effect a draw down. In connection with this draw down, we issued an aggregate of 583,132 shares of our common stock to SCBV at an aggregate purchase price of \$1,159,788. The settlement date for this drawdown was December 30, 2010. The price at which SCBV purchased these shares from us was established under the common stock purchase agreement by reference to volume weighted average prices of our common stock on the NASDAQ Capital Market for the period beginning December 15, 2010 and ending December 29, 2010, net of a discount of 6% per share. Broker fees and other expenses associated with this draw totaled \$34,118.

## Recent Developments

The U.S. Food and Drug Administration (the "FDA") recently has designated our pivotal Phase III clinical study for ThermoDox®, in combination with radiofrequency ablation, as a Fast Track Development Program. We have received written guidance from the FDA stating that, assuming the results of our ongoing studies are adequate, we may submit our New Drug Application ("NDA") for ThermoDox® pursuant to Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act. A 505(b)(2) NDA provides that some of the information from the reports required for marketing approval may come from studies that the applicant does not own or for which the applicant does not have a legal right of reference and permits a manufacturer to obtain marketing approval for a drug without needing to conduct or obtain a right of reference for all of the required studies. The availability of Section 505(b)(2) and the designation of ThermoDox® as a Fast Track Development Program will provide us with an expedited pathway to approval. There can be no assurance, however, that the results of our ongoing studies will be adequate to obtain approval of ThermoDox® under Section 505(b)(2).

In addition, on October 1, 2010, the Company was advised that after reviewing data from 401 patients enrolled in our pivotal Phase III clinical study (the HEAT study) for ThermoDox®, the Data Monitoring Committee (the "DMC") for this trial unanimously recommended that the trial continue to enroll patients with the goal of reaching the 600 patients required to complete the study. The DMC, comprised of an independent group of medical and scientific experts, reviews study data at regular intervals to ensure the safety of all patients enrolled in the trial, the quality of the data collected, and the continued scientific validity of the trial design. In addition, the DMC has recommended, and confirmed such recommendation on November 24, 2010, a hold on enrollment of additional patients in this trial in Japan in accordance with the requirements of the DMC's charter pending review by the DMC of certain safety and efficacy data as required by the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan. The DMC is expected to complete its review of this data at its next regularly scheduled meeting in early February 2011. The Company expects that the DMC will permit resumption of enrollment of patients in Japan after it has completed review of this data, but there can be no assurance that such permission will be granted by the DMC in February or at all. Notwithstanding this review period for patients in Japan, patient enrollment in this trial is continuing at 66 sites in ten other countries and the trial is over 82% enrolled toward the goal of 600 patients.

ATTACHMENT TO PROSPECTUS SUPPLEMENT #4

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): January 11, 2011

CELSION CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-15911  
(Commission File  
Number)

52-1256615  
(IRS 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)

N/A

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

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

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On January 12, 2011, Celsion Corporation (the “Company”) entered into a Securities Purchase Agreement (the “Purchase Agreement”) with a select group of institutional investors, including certain officers and directors of the Company, to sell up to 5,000 shares of 8% redeemable convertible preferred stock (the “Preferred Stock”) with a stated value of \$1,000 and warrants (the “Included Warrants”) to purchase up to 2,083,333 shares of common stock in a registered direct offering. The Preferred Stock and Included Warrants will be sold in units (the “Units”), with each Unit consisting of one share of Preferred Stock and an Included Warrant to purchase up to 416.6666 shares of common stock at an exercise price of \$3.25 per whole share of common stock. The Units are being offered and sold to unaffiliated third party investors at a negotiated purchase price of \$1,000 per Unit and to officers and directors at an at-the-market price of \$1,197.92 per Unit in accordance with the NASDAQ Stock Market Rules. Each share of Preferred Stock is convertible into shares of common stock at an initial conversion price of \$2.40 per share, subject to adjustment in the event of stock splits, recapitalizations or reorganizations that affect all holders of common stock equally. The Company expects to receive gross proceeds from the offering of approximately \$5.1 million, before deducting placement agents' fees and estimated offering expenses. Concurrent with the issuance and sale of the Units, the Company shall issue a warrant (the “Placement Agent Warrant”) to purchase up to 350 shares of Preferred Stock at an exercise price of \$1,000 per whole share of Preferred Stock to Dominick & Dominick LLC, as placement agent.

The Units are being offered and sold pursuant to the Company’s shelf registration statement on Form S-3 (Registration No. 333-158402), which was declared effective by the Securities and Exchange Commission on April 17, 2009, as supplemented by prospectus supplements dated January 12, 2011 and January 13, 2011 filed with the Securities and Exchange Commission pursuant to Rule 424(b) under the Securities Act of 1933, as amended.

The foregoing is only a brief description of the material terms of the Purchase Agreement, Preferred Stock and Warrants, and does not purport to be a complete description of the rights and obligations of the parties thereunder and is qualified in its entirety by reference to the Certificate of Designation for the Preferred Stock, the form of Included Warrant, the Placement Agent Warrant and the form of Purchase Agreement that are filed as Exhibits 3.1, 4.2, 4.3 and 10.2 to this Current Report on Form 8-K and incorporated by reference herein.

On December 5, 2008, the Company entered into a Development, Product Supply and Commercialization Agreement for ThermoDox® with Yakult Honsha Co. (the “Yakult Agreement”) pursuant to which the Company granted to Yakult an exclusive license, solely in the Japanese market, to make, sell, import and use ThermoDox® for the indications set forth in the Yakult Agreement in consideration of certain milestone and royalty payments, including an \$18 million milestone payment upon approval of ThermoDox® by the Japanese Ministry of Health, Labor and Welfare for the treatment of primary liver cancer (the “Approval Milestone”). On January 11, 2011, the Company entered into an amendment to the Yakult Agreement (the “Amendment”) that provides for (i) a payment by Yakult to the Company of \$2 million, which was received by the Company on January 12, 2011, in consideration of a partial reduction in the Approval Milestone, and (ii) if and when the DMC permits the resumption of patient enrollment in Japan for pivotal Phase III clinical study for ThermoDox®, as discussed under Item 8.01 of this Current Report on Form 8-K, a payment by Yakult to us of an additional \$2 million in consideration of an additional, partial reduction in the Approval Milestone. Assuming payment by Yakult of the \$4 million contemplated by the Amendment and the partial reductions in the Approval Milestone related thereto, the aggregate Approval Milestone that we may receive in the future will have been reduced by approximately forty percent (40%). Among other separate prescribed events, receipt by the Company of the second \$2.0 million from Yakult is a mandatory conversion event for the Preferred Stock. A copy of the Amendment to the Yakult Agreement is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

This Current Report contains forward-looking statements that involve risk and uncertainties, such as statements related to the anticipated future payment and milestone events under the Amendment and the Yakult Agreement the

amount of net proceeds expected from the offering. The risks and uncertainties involved include the Company's ability to satisfy certain conditions on a timely basis or at all, as well as other risks detailed from time to time in the Company's Securities and Exchange Commission filings, including its annual report on Form 10-K for the fiscal year ended December 31, 2009 and its quarterly report on Form 10-Q for the fiscal period ended September 30, 2010.

The legal opinion, including the related consent, of Seyfarth Shaw LLP is filed as Exhibit 5.1 to this Current Report.

On January 13, 2011, the Company issued a press release announcing the offering. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

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

On January 14, 2011, the Company filed a Certificate of Designation to its Certificate of Incorporation designating 5,350 shares of the Company's authorized preferred stock as "8% Series A Redeemable Convertible Preferred Stock." The Preferred Stock has a stated value of \$1,000 per share, accrues a dividend at 8% per annum payable quarterly, and is subject to mandatory redemption on January 14, 2013. The shares of Preferred Stock also are convertible to shares of the Company's common stock at an initial conversion rate of \$2.40 per share at the option of the holder or upon the occurrence of certain mandatory conversion events. The shares of Preferred Stock were sold in the Offering as described in Item 1.01 of this Current Report on Form 8-K. A copy of the Certificate of Designation is filed herewith as Exhibit 3.1 and incorporated herein by reference.

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Item 8.01 Other Events.

On October 1, 2010, the Company was advised that after reviewing data from 401 patients enrolled in its pivotal Phase III clinical study (the HEAT study) for ThermoDox®, the Data Monitoring Committee (the “DMC”) for this trial unanimously recommended that the trial continue to enroll patients with the goal of reaching the 600 patients required to complete the study. The DMC, comprised of an independent group of medical and scientific experts, reviews study data at regular intervals to ensure the safety of all patients enrolled in the trial, the quality of the data collected, and the continued scientific validity of the trial design. In addition, the DMC has recommended, and confirmed such recommendation on November 24, 2010, a hold on enrollment of additional patients in this trial in Japan in accordance with the requirements of the DMC’s charter pending review by the DMC of certain safety and efficacy data as required by the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan. The DMC is expected to complete its review of this data at its next regularly scheduled meeting in early February 2011. The Company expects that the DMC will permit resumption of enrollment of patients in Japan after it has completed review of this data, but there can be no assurance that such permission will be granted by the DMC in February or at all. Notwithstanding this review period for patients in Japan, patient enrollment in this trial is continuing at 66 sites in ten other countries and the trial is over 82% enrolled toward the goal of 600 patients.

On June 17, 2010, the Company entered into a financing arrangement, sometimes referred to as a Committed Equity Financing Facility (the “CEFF”), with Small Cap Biotech Value, Ltd. (the “Purchaser”) that provides that, upon the terms and subject to the conditions set forth therein, the Purchaser is committed to purchase up to \$15.0 million worth of the Company’s common stock over the 24-month term of the Purchase Agreement, up to a maximum of 2,404,434 shares, under certain specified conditions and limitations. As of January 12, 2011, the Company has sold 1,069,919 shares of its common stock to the Purchaser pursuant to the CEFF for aggregate net proceeds of \$2,502,089, including 583,132 shares that were sold on December 30, 2010 for aggregate net proceeds of \$1,125,670.



Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
3.1	Certificate of Designation for 8% Series A Redeemable Convertible Preferred Stock.
4.1	Form of Preferred Stock Certificate.
4.2	Form of Common Stock Warrant.
4.3	Preferred Stock Warrant.
5.1	Opinion of Seyfarth Shaw LLP.
10.1	The 2nd Amendment To The Development, Product Supply And Commercialization Agreement, effective January 7, 2011, by and between the Company and Yakult Honsha Co., Ltd.*
10.2	Securities Purchase Agreement.
99.1	Press Release of Celsion Corporation dated January 13, 2011. Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act * of 1934, amended, and the omitted material has been separately filed with the Securities and Exchange Commission.

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SIGNATURES

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

CELSION CORPORATION

Dated: January 18, 2011

By: /s/ Jeffrey W. Church  
Jeffrey W. Church  
Vice President and Chief Financial  
Officer

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EXHIBIT INDEX

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