



Corporate Governance Guidelines

(a Delaware Corporation)

As adopted by the Board of Directors on December 24, 2003

The Board of Directors ("Board") of Celsion Corporation ("Company") is committed to maintaining good corporate governance practices. Therefore, the Board has approved, adopted, and endorsed these Corporate Governance Guidelines along with the Charters for its Audit Committee, Nominating and Governance Committee, and Compensation Committee (its "Standing Committees") to provide a framework for the corporate governance of the Company.

The Board's Role, Composition and Related Matters

1. Size of the Board. The Board has determined that currently it is appropriate that it have no fewer than three (3) and no more than nine (9) members. The Board will periodically review the appropriate size of the Board and, in accordance with the Company's Bylaws, the number of directors constituting the whole Board will be set by resolution of the Board of Directors from time-to-time. In addition, from time-to-time the Board will consider and, if it seems appropriate, revise the maximum and minimum membership parameters by means of amendment to the Company's Bylaws.
2. Composition of Board. The Board should be composed of a majority of independent directors, and the Board members should otherwise meet the requirements of The NASDAQ Stock Market LLC ("NASDAQ") for so long as the Company's Common Stock is listed thereon. At such time, if any, as the Company's Common Stock is listed on a different exchange, or begins trading through an automated quotation system such as the Nasdaq Stock Market, independence of Board members will be measured as required by the rules of such exchange or quotation system.
3. What Constitutes Independence. The Company will comply at all times with the requirements for independent directors as established by NASDAQ (or such other exchange or automated quotation system on which the Company's common stock may, at any time, be listed or traded), federal law and the rules and regulations of the Securities and Exchange Commission ("SEC").
4. Board Membership Criteria. The Nominating and Governance Committee shall develop and periodically review criteria for selecting candidates for election as directors generally and as members of specific Board committees and for identifying, evaluating (including inquiring into candidates' backgrounds), recruiting, and nominating candidates. In identifying candidates for membership on the Board and on Board committees, the Nominating and Governance Committee shall take into account such factors as it considers appropriate, which may include strength of character, maturity of judgment, career specialization, relevant skills and experience and the extent to which a particular candidate would fill a present need on the Board of Directors. The Nominating Committee also shall review existing members of the Board and determine whether such members should stand for reelection, taking into consideration any changes in the needs of the Board along with such other factors as the Nominating and Governance Committee considers appropriate. In all events, nominees for director and directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Company's stockholders. While the Board does not believe that it is appropriate to place an absolute limit on the number of Board of Directors of other public companies on which nominees for the Company's Board may serve, the number of such other Board seats, and the time commitment required by them, together with the possible benefits from service on such other Boards, are factors that the Nominating and Governance Committee shall take into consideration in evaluating potential candidates.
5. Directors' Change in Circumstances. If a director experiences a change in circumstances that reasonably could be expected to affect his or her qualifications to continue to serve as a director, including, but not limited to, a substantial change in his or her principal occupation or business association (including retirement), that director promptly shall inform the Nominating and Governance Committee. Promptly thereafter, the Nominating and Governance Committee shall determine whether the change in circumstances is such that, in the view of the Nominating and Governance Committee, the affected director no longer meets the criteria developed by the Nominating and Governance Committee for service as a director. In the event that the Nominating and Governance Committee determines that further service by the affected director is not appropriate, it shall so inform the affected director and the full Board

and, thereafter, the affected director shall offer to resign from the Board. The Board will decide whether to accept the resignation.

6. Director Orientation and Continuing Education. The Nominating and Governance Committee shall establish and oversee appropriate director orientation and training and continuing education programs, in each case relative to the Company's business and the directors' fiduciary duties. Such programs have the purpose of ensuring that all directors have a fundamental understanding of the Company's business and their duties and responsibilities as directors.
7. Responsibilities of the Board. The Board represents and acts on behalf of the Company's stockholders. In that role, among other things, the Board is responsible for:
 - i approving and monitoring fundamental financial and business strategies and major corporate actions;
 - i assessing corporate risks;
 - i providing counsel and oversight with respect to succession planning for, and development and compensation of, key executives;
 - i selecting the chief executive officer;
 - i approving compensation for each of the Company's officers other than its Chief Executive Officer in light of the recommendations with respect thereto by the Compensation Committee;
 - i reviewing and discussing management reports on the performance of the Company, its plans and prospects; and
 - i ensuring that processes are in place to maintain the integrity of the Company's financial statements, compliance with law and ethics, and the integrity of relationships with customers and suppliers.
8. Conflicts of Interests. The Board believes that it must offer a fair and competitive compensation package to the directors in order to attract and retain highly qualified individuals. The Compensation Committee shall periodically review Board compensation. Changes in Board compensation, if any, should come at the recommendation of the Compensation Committee, with full discussion and concurrence by the Board. Directors who are employees of the Corporation shall receive no additional remuneration for serving on the Board. Independent directors shall receive no additional remuneration, in the form of consulting, advisory, or other fees or other special benefits, beyond that provided for service on the Board. The Board is committed to fostering compensation programs and policies designed to encourage director stock ownership over the long-term. In the view of the Board, if appropriately designed and implemented, these programs and policies help align the interests of directors with those of the Company's stockholders.
9. Annual Review. The Board of Directors will engage in an annual self-evaluation. This evaluation will involve the Board as a collective body rather than directors on an individual basis.
10. Independent Advisors. The Board shall have the authority to engage, retain and terminate, at the Company's expense, independent advisors or experts as the Board may deem necessary or appropriate to assist the Board in the performance of its duties, and to approve any fees payable to such advisors or experts and the terms of their engagement.

Board Meetings

1. Scheduling and Selection of Agenda Items for Board Meetings. To the extent possible, Board meetings should be scheduled well in advance. The Board expects to hold a minimum of four meetings per year, and shall meet at least quarterly. However, the Board may determine that more meetings are required. The Chairman is responsible for the preparation of the agenda for each Board meeting and for its distribution to the directors in advance of each meeting. In setting the agenda, the Chairman shall consult with the Company's Chief Executive Officer and Chief Financial Officer, as well as with the Chairpersons of the Nominating and Governance, Audit, and Compensation Committees of the Board in setting each agenda. In addition, each other Board member is encouraged to suggest inclusion of items in the agenda.
2. Board Material Distributed in Advance. Information important to the Board's understanding of matters to be discussed at a Board meeting should be distributed in advance so that meeting time may be conserved and the discussion focused and effective. When appropriate, sensitive subject matters or other items may be discussed at a meeting without advance distribution of written materials to the Board. The Board expects that the Chairman and members of management will regularly provide directors with information about the Company's business, whether or not in connection with a particular meeting of the Board, so that the Board will be fully informed on an ongoing basis.
3. Director's Attendance and Participation. Most meetings will be held at the Company's headquarters in Columbia, Maryland, but may be held elsewhere. Directors' attendance at regularly scheduled meetings is required. Attendance in person is preferred, but attendance by teleconference or similar communication equipment from time to time is

permissible. Each Board member is expected to ensure that other existing and planned future commitments will not materially interfere with his or her attendance at meetings of the Board and of any Standing Committee or other committee on which he or she may serve and, generally, with his or her service as a director. Each Board member is expected to become familiar with the Company's business and the duties and responsibilities of a director of a publicly traded company and to stay abreast of changes and developments in these areas.

4. Management Attendance and Board Access to Management. Key members of management ordinarily should attend Board meetings. The Board encourages management to schedule attendance at Board meetings by employees who can provide insight into the items being discussed or who should be given exposure to the Board because of their roles in the Company's business. The Board is encouraged to meet with management on a regular basis to foster open communication and to keep informed as to the Company's business matters and circumstances that reasonably could be expected to affect such business. The Board should have complete access to the Company's management.
5. Executive Sessions of Independent Directors. Notwithstanding the foregoing, the Independent directors shall meet in executive session without any members of management present on a regular basis and whenever else such sessions are necessary, but no less frequently than once a year. The Independent directors may designate a director to preside at each of these executive sessions.
6. Confidentiality. The Board believes that maintaining the confidentiality of sensitive, material, non-public information about the Company and all deliberations of the Board and its committees is imperative.

Committee Matters

1. Board Committees. The Board currently has three Standing Committees — Audit, Compensation, and Nominating and Governance. The Board, from time to time, should consider whether to add other standing or ad hoc committees, disband a current committee, charge a committee with additional responsibilities, or reassign responsibilities among committees.
2. Audit Committee Membership. The Audit Committee must have at least three members. In addition to the requirement that a majority of the Board satisfy the independence standards discussed above, members of the Audit Committee must also satisfy the independence requirements for Audit Committee members established by the SEC and NASDAQ (or such other exchange or automated quotation system on which the Company's common stock may, at any time, be listed or traded).
3. Committee Charters. The Board has adopted written charters for each of the three Standing Committees. These Charters are subject to periodic evaluation and revision by the particular Committee and the Board. The current Charters for the Standing Committees will be available on the Company's website, at www.celsion.com.
4. Committee Assignments and Chairpersons. The Board is responsible for the appointment of individual directors to the Standing Committees and any other standing or ad hoc committees that the Board may designate in the future. In the first instance, the Board has the authority to appoint a Chairperson for each Standing and other committee; provided, however, that the Board may delegate this authority to the relevant Standing or other committee in accordance with its Charter or the resolutions by which it was created. Each independent director should be a member of at least one Standing Committee, and each Standing Committee Chairperson should have previous service on that Standing Committee. Only independent directors may serve on the Audit, Compensation, and Nominating and Governance Committees, except as the Charters of those Standing Committees or the rules and regulations of the SEC or NASDAQ (or such other exchange or automated quotation system on which the Company's common stock may, at any time, be listed or traded) otherwise may provide.
5. Frequency of Committee Meetings and Committee Agendas. The Chairperson of each Standing Committee or other standing or ad hoc committee, in consultation with the Chairman of the Board and appropriate members of management, should determine the frequency of such Standing or other committee meetings and shall be responsible for the development of the agenda for each meeting. All agendas and minutes of committee meetings shall be made available to all directors. The Chairman of the Board and all independent directors may attend and participate in discussions of any Standing Committee or other standing or ad hoc committee of the Board, although formal action by any such committee will only be through the vote of the members of the relevant committee, in accordance with its Charter or the resolutions by which it was created. Most Committee meetings will be held at the Company's headquarters in Columbia, Maryland, but may be held elsewhere. Directors should treat attendance at meetings of Standing Committees and other standing or ad hoc committees of the Board with the same priority as meetings of the Board. Attendance in person is preferred, but attendance by teleconference or similar communication equipment from time to time is permissible.
6. Resources. Each Standing Committee shall have the authority to engage, retain, or terminate, at the Company's

expense, independent advisors or experts as such Standing Committee may deem necessary or appropriate to assist the Standing Committee with the performance of its duties, and to approve any fees payable to such advisors or experts and the terms of their engagement. Any other standing or ad hoc committee created by the Board after the date of hereof shall have such authority to engage, retain or terminate advisors or experts as is set forth in its charter or in the resolutions by which it was created.

Management Responsibility and Review

1. Role of Management. The Board recognizes that it is management's responsibility to carry out the policies and strategies established by the Board of Directors and to carry out the operation of the Company's business. To this end, the Board acknowledges that it should not interfere in management's discharge of its responsibilities but should provide oversight and encouragement of, and guidance to, management.
2. Conflicts of Interest. No principal officer of the Company elected by the Board may serve on the board of a significant competitor or customer, or significant potential competitor or customer. Principal officers should normally avoid serving on the board of a major or potential major supplier, contractor, or consultant. All principal officers should consult with the Company's chief executive officer, or equivalent officer, before accepting an appointment to any outside board of directors. The chief executive officer, or equivalent officer, will consult with the Board prior to any principal officer accepting a position on the board of any major or potential major supplier, contractor, or consultant, and will inform the Board of any outside board memberships accepted by a principal officer.
3. Disclosure Controls and Internal Control. Management shall design, implement, and be responsible for maintaining disclosure controls and procedures and adequate procedures for internal control over financial reporting, in accordance with, and as required by, the rules and regulations of the SEC.

Independent Auditors and Accounting Matters

1. Relationship with Board and Audit Committee. The Audit Committee shall ensure that it and the full Board of Directors maintain effective communications with the Company's independent accountants. The Audit Committee should implement a procedure with the assistance of the independent accountants to ensure delivery of all required reports by the independent accountants to the Company.
2. Prohibited Services. The Audit Committee shall implement policies and procedures to ensure that the independent accountants do not perform any prohibited services at the same time that such accountants are conducting an audit of the Company, in each case in accordance with the rules and regulations of the SEC. Further, the Audit Committee shall pre-approve certain services provided by the independent accountants in accordance with the rules and regulations of the SEC and the Company's Audit Committee Charter.
3. Hiring Policies. The Audit Committee shall consider recommending to the Board policies to ensure that the Corporation's independent accountants do not perform any auditing services for the Corporation if the chief executive officer, chief financial officer, controller, chief accounting officer, or any equivalent officer was employed by the independent accountants and participated in any capacity in the audit of the Corporation during the one-year preceding the date of the initiation of the audit.
4. Auditor Rotation. The Audit Committee shall regularly review with the independent accountants the tenure of the lead or coordinating audit partners responsible for reviewing the audit to ensure proper rotation in accordance with the rules and regulations of the SEC.

Other

1. No Personal Loans. The Company shall not, directly or indirectly, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) in violation of the rules and regulations of the SEC.
2. Equity Compensation Plans. The Company shall submit all equity compensation plans and arrangements, and any material revisions or amendments thereto, to the Stockholders of the Company for approval in accordance with, and if required by, the rules of NASDAQ (or such other exchange or automated quotation system on which the Company's common stock may, at any time, be listed or traded).
3. Implementation and Alteration of these Guidelines. Implementation of and changes to these guidelines shall be the responsibility of the Board of Directors, working with the Chief Executive Officer.

4. Notification to Exchange of Non-Compliance with Listed Company Standards. These guidelines will be available on the Company's website.
5. Disclosure of Guidelines. An appropriate officer of the Company shall prepare and transmit notice of any material noncompliance by the Company with the corporate governance requirements of the listing standards of the principal market or transaction reporting system on which the Company's securities are traded or quoted (i.e., the New York Stock Exchange, The American Stock Exchange or the Nasdaq Stock Market), promptly after an executive officer of the Company becomes aware of any such noncompliance, as required by such market or system.