DELCATH SYSTEMS, INC.
Form DEF 14A
April 29, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

Delcath Systems, Inc.

(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):

x 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:

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 10, 2015

Notice is hereby given that the 2015 Annual Meeting of Stockholders of Delcath Systems, Inc. will be held on Wednesday, June 10, 2015, at 9:30 a.m., local time, at the offices of Morgan, Lewis & Bockius LLP, located at 101 Park Avenue, New York, New York 10178, for the following purposes:

(1) To vote on the election of Roger G. Stoll, Ph.D. and Dennis H. Langer, M.D., J.D. as Class III directors, each to serve until the 2018 annual meeting of stockholders and until his successor is duly elected and qualified.

(2) To cast a non-binding, advisory vote on the compensation of our named executive officers (say-on-pay).

(3) To ratify the appointment by our Audit Committee of Grant Thornton, LLP as Delcath s independent registered public accounting firm for the fiscal year ending December 31, 2015.

(4) To adopt an amendment to Delcath s 2009 Stock Incentive Plan to increase the total number of shares of Delcath common stock reserved for issuance under the plan by 1,100,000 shares.

(5) To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

We are not aware of any other business to come before the meeting.

These items of business are more fully described in the Proxy Statement which accompanies this Notice of Annual Meeting.

The Board of Directors has fixed the close of business on April 21, 2015 as the record date for the Annual Meeting. Only stockholders of record of Delcath common stock at the close of business on that date are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement of the meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid envelope. Returning the proxy card does NOT deprive you of your right to attend the meeting and to vote your shares in person. The Proxy Statement explains proxy voting and the matters to be voted on in more detail. Please read the Proxy Statement carefully.

By Order of the Board of Directors

/s/ Roger G. Stoll
Roger G. Stoll, Ph.D.
Executive Chairman of the Board of Directors

/s/ Jennifer K. Simpson
Jennifer K. Simpson, Ph.D.
Interim President and Chief Executive Officer

New York, New York
April 29, 2015

Table of Contents

DELCATH SYSTEMS, INC.

PROXY STATEMENT

FOR

2015 ANNUAL MEETING OF STOCKHOLDERS

TABLE OF CONTENTS

Table of Contents

1301 Avenue of the Americas, 43FL

New York, New York 10019

PROXY STATEMENT

For the 2015 Annual Meeting of Stockholders to be held on June 10, 2015

The enclosed proxy is solicited by the Board of Directors of Delcath Systems, Inc. (Delcath, we, our, us or the Company) to be voted at our Annual Meeting of Stockholders (the Annual Meeting) to be held on Wednesday, June 10, 2015, at 9:30 a.m., local time, and at any adjournment or postponement of the meeting. The Annual Meeting will be held at the offices of Morgan, Lewis & Bockius LLP, located at 101 Park Avenue, New York, New York 10178. This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders, proxy card and Delcath s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the Form 10-K), is being first mailed on or about May 1, 2015, to our stockholders entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for

the Stockholder Meeting to Be Held on Wednesday, June 10, 2015

A copy of this Proxy Statement, the proxy card and our Annual Report on Form 10-K are available at:
https://materials.proxyvote.com/24661P

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Purpose of the Annual Meeting. At the Annual Meeting, stockholders will consider and vote on the following proposals:

the election of Roger G. Stoll, Ph.D. and Dennis H. Langer, M.D., J.D. as Class III directors, each to serve until the 2018 annual meeting of stockholders and until his or her successor is duly elected and qualified (Proposal 1);

a non-binding, advisory vote on the compensation of our named executive officers (say-on-pay) (Proposal 2);

the ratification of the appointment by our Audit Committee of Grant Thornton, LLP as Delcath s independent registered public accounting firm for the fiscal year ending December 31, 2015 (Proposal 3);

an amendment to Delcath s 2009 Stock Incentive Plan to increase the total number of shares of Delcath common stock reserved for issuance under the plan by 1,100,000 shares of Delcath common stock (Proposal 4); and

such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

1

Table of Contents

Stockholders Entitled to Vote.	Stockholders of record at the close of business on April 21, 2015 (the Record Date) of our common stock, $0.01 par value per share, are entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement of the meeting. At the close of business on the Record Date, there were 12,200,397 shares of Delcath common stock issued, outstanding and entitled to vote.
Number of Votes.	You have one vote for each share of Delcath common stock held by you on the Record Date.
Voting.	You may vote your shares in person or by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person if you have already voted by proxy. *Stockholders of Record*. If you hold your shares in your own name as a holder of record, you can vote your common stock by: completing the enclosed proxy card and returning it signed and dated in the enclosed postage-paid envelope. The persons named in the proxy card (the proxies or proxy holders) will vote your shares in accordance with your instructions in your completed and returned proxy card; or attending the Annual Meeting and delivering your completed proxy card in person or by completing a ballot at the meeting. Ballots will be available at the meeting. Please bring proof of identification with you to the Annual Meeting. *Beneficial Owners*. 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 on how to vote your shares. You must follow the instructions of your broker or other nominee in order for your shares to be voted. If your shares are not registered in your name and you plan to vote your shares in person at the meeting, you must obtain and bring with you to the meeting a legal proxy from the broker or other nominee holding your shares that confirms your beneficial ownership of the shares and gives you the right to vote your shares at the meeting.
Quorum.	A majority of our outstanding shares of common stock present in person or by proxy and entitled to be voted at the Annual Meeting constitutes a quorum. For purposes of determining the presence of a quorum for transacting business at the Annual Meeting, abstentions and broker non-votes (proxies from brokers or other nominees indicating that they have not received instructions from the beneficial owner(s) on a particular proposal(s) with respect to which the brokers or nominees do not have discretionary voting authority) will be treated as shares that are present for purposes of determining the presence of a quorum.

Table of Contents

Non-Routine Proposals; Broker Non-Votes.

Your broker or nominee will have discretionary authority to vote your shares with respect to routine proposals, but not with respect to non-routine proposals. It is therefore critical that you personally vote on the non-routine proposals as soon as possible.

Non-routine proposal. Proposal 1 (election of directors), Proposal 2 (say-on-pay) and Proposal 4 (amendment to the 2009 Stock Incentive Plan) are non-routine proposals.

Routine proposal. Proposal 3 (ratification of the appointment of our independent registered public accounting firm) is a routine proposal.

Vote Required; Treatment of Abstentions and Broker Non-Votes.

Proposal 1, the election of Class III directors the nominees receiving the highest number of affirmative votes of the shares present or represented by proxy and entitled to vote on such matter at the Annual Meeting shall be elected as directors.

Proposal 2, a non-binding, advisory resolution on the compensation of our named executive officers (say-on-pay) an affirmative vote of a majority of the shares present in person or represented by proxy and voting on such matter is required for approval of the advisory resolution.

Proposal 3, the ratification of the appointment of Grant Thornton, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 an affirmative vote of a majority of the shares present in person or represented by proxy and voting on such matter is required for approval.

Proposal 4, the amendment to the 2009 Stock Incentive Plan an affirmative vote of a majority of shares present in person or represented by proxy and voting on such matter is required for approval.

Abstentions are included in the number of shares present or represented and voting on each matter. Broker non-votes are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

Voting of Proxies.

Our Board of Directors recommends a vote **FOR** all director nominees listed in Proposal 1, **FOR** Proposal 2, **FOR** Proposal 3 and **FOR** Proposal 4. Your shares of common stock will be voted in accordance with the instructions contained in your signed proxy card. **If you return a signed proxy card without giving specific voting instructions with respect to a particular Proposal or Proposals to be acted upon at the meeting, proxies will be voted in favor of the Board of Directors recommendations with respect to that particular Proposal or those Proposals as set forth in this Proxy Statement.**

Other Matters.

We are not aware of any matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any matters not described in this Proxy Statement are properly presented at the meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the meeting is adjourned or postponed, the proxy holders can vote your shares on the new meeting date as well, unless you have subsequently revoked your proxy.

Table of Contents

Revoking your Proxy.

Stockholders of Record. You can revoke your proxy at any time before it is voted at the Annual Meeting by doing any one of the following things:

giving our Corporate Secretary a written notice of revocation before (addressed to Barbra C. Keck, Corporate Secretary, Delcath Systems, Inc., 1301 Avenue of the Americas, 43FL, New York, New York 10019) or at the meeting; or

delivering a properly executed, later dated proxy card; or

attending the Annual Meeting and voting in person at the meeting. **Your attendance at the meeting in and of itself will not be sufficient to revoke your proxy.**

Beneficial Owners. If you instructed your broker or nominee to vote your shares, you can change your vote only by following your broker or nominee s instructions for doing so.

Expenses and Solicitation.

The costs of solicitation of proxies, including printing and mailing costs, will be borne by Delcath. In addition to the solicitation of proxies by mail, proxies may also be solicited personally by directors, officers and employees of Delcath, without additional compensation to these individuals. Delcath may request banks, brokers and other firms holding shares in their names that are beneficially owned by others to send proxy materials and obtain proxies from such beneficial owners, and will reimburse such banks, brokers and other firms for their reasonable out-of-pocket costs.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information regarding the beneficial ownership of our common stock as of April 21, 2015, held by: (i) each of our directors; (ii) each of our named executive officers in the Summary Compensation Table; (iii) all of our directors and executive officers as a group; and (iv) each person or group known by us to own beneficially more than 5% of the outstanding common stock. Except as indicated in the footnotes below, the address of the persons or groups named below is c/o Delcath Systems, Inc., 1301 Avenue of the Americas, 43FL, New York, New York 10019.

	Shares Beneficially Owned(1)	
Name of Beneficial Owner:	**Number**	**Percent**
Named Executive Officers and Directors:		
Jennifer K. Simpson, Ph.D.(2)	17,962	*
John Purpura(3)	23,705	*
Barbra C. Keck, M.B.A.(4)	13,350	*
Harold S. Koplewicz, M.D.	25,052	*
Laura A. Philips, Ph.D., M.B.A.(5)	22,646	*
Roger G. Stoll, Ph.D.(6)	21,645	*
Dennis H. Langer, M.D., J.D.		*
William D. Rueckert		*
Marco Taglietti, M.D.		*
Graham Miao(7)	3,186	*
Peter J. Graham, J.D.(8)	19,004	*
All directors and executive officers as a group (9 people)(9)	146,550	1.20%

* Less than 1%

(1) Except as indicated in these footnotes: (i) the persons named in this table have sole voting and investment power with respect to all shares of common stock beneficially owned; (ii) the number of shares beneficially owned by each person as of April 21, 2015, includes any vested and unvested shares of restricted stock and any shares of common stock that such person or group has the right to acquire within 60 days of April 21, 2015, upon the exercise of stock options; and (iii) for each person or group included in the table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the 12,169,706 shares of common stock outstanding on April 21, 2015, plus the number of shares of common stock that such person or group has the right to acquire within 60 days of April 21, 2015.

(2) Includes 17,401 shares of common stock, which Dr. Simpson has the right to acquire upon exercise of outstanding options exercisable within 60 days of April 21, 2015.

(3) Includes 22,393 shares of common stock, which Mr. Purpura has the right to acquire upon exercise of outstanding options exercisable within 60 days of April 21, 2015.

(4) Includes 12,988 shares of common stock, which Ms. Keck has the right to acquire upon exercise of outstanding options exercisable within 60 days of April 21, 2015.

(5) Includes 750 shares of common stock owned of record by Dr. Philips spouse, with respect to which Dr. Philips disclaims beneficial ownership, and 21,896 shares of common stock jointly owned by Dr. Philips and her spouse.

(6) Includes 4,687 shares of common stock, which Dr. Stoll has the right to acquire upon exercise of outstanding options exercisable within 60 days of April 21, 2015.

(7) As of September 30, 2014, Dr. Miao is no longer employed by us.

(8) Includes 18,067 shares of common stock, which Mr. Graham has the right to acquire upon exercise of outstanding options exercisable within 60 days of April 21, 2015. As of March 9, 2015, Mr. Graham is no longer employed by us.

(9) Includes 75,176 shares of common stock, which certain directors and executive officers have the right to acquire upon exercise of outstanding options exercisable within 60 days of April 21, 2015.

Table of Contents

CORPORATE GOVERNANCE

Board of Directors. We have six directors serving on the Board of Directors. The Board of Directors oversees the business affairs of the Company and monitors the performance of management. In accordance with our corporate governance principles, our Board does not involve itself in day-to-day operations. The directors keep themselves informed through discussions with the Executive Chairman of the Board, Roger G. Stoll, Jennifer K. Simpson, in her capacity as Interim Chief Executive Officer, or CEO, and other key executives, and by reading the reports and other materials that management sends them and by participating in Board and committee meetings. Our directors hold office until their successors have been elected and qualified unless the director resigns or is removed or by reason of death or other cause is unable to serve in the capacity of director.

Board Independence. The Board has determined that five of our six directors (each of Harold S. Koplewicz, Laura A. Philips, Dennis H. Langer, William D. Rueckert and Marco Taglietti) are independent directors within the meaning of the NASDAQ listing rules.

Attendance. The Board of Directors met 23 times in 2014 (including regularly scheduled and special meetings). During 2014, each director attended at least 75% of the aggregate of: (i) the total number of meetings of the Board (held during the period for which he or she served as a director) and (ii) the total number of meetings held by all committees of the Board of Directors on which he or she served (held during the period that he or she served). It is Delcath s policy that, absent unusual or unforeseen circumstances, all directors are expected to attend annual meetings of stockholders, and all attended our 2014 Annual Meeting.

Board Leadership Structure. Roger G. Stoll, Ph.D. was appointed Executive Chairman effective September 2014. Dr. Stoll has been a member of the Board of Directors since 2008.

Our current leadership structure, which separates the Chairman and Chief Executive Officer roles, is appropriate for Delcath because it allows our interim CEO and President to concentrate on Delcath s day-to-day operations, while providing for effective oversight by the Executive Chairman, who is involved in strategic and key matters, such as business strategy, major transactions and the broader business of Delcath. For a company like Delcath that is focused on the development, approval and commercialization of a specialized product in an extremely technical, highly regulated and intensely competitive industry, we believe our interim CEO and President is in the best position to lead our management team, in part because of the depth of her experience in conducting clinical trials in oncology, and to respond to the current pressures and needs of a company the stage of growth and development of Delcath, with assistance from our Executive Chairman who also focuses the Board s attention on the broader issues of corporate business strategy and corporate governance. We believe that splitting the roles between Executive Chairman, on the one hand, and CEO and President, on the other hand, minimizes any potential conflicts that may result from combining the roles of CEO, President and Executive Chairman, and maximizes the effectiveness of our management and governance processes to the benefit of our stockholders. Our interim CEO and President and Executive Chairman regularly consult with each other as part of this structure.

Board s Role in Risk Oversight. The Board as a whole is responsible for risk oversight, with reviews in certain areas being conducted by the relevant Board committees. Each of the Board s committees oversees the management of risks associated with their respective areas of responsibility. In performing this oversight function, the committees are assisted by management which provides visibility about the identification, assessment and monitoring of potential risks and management s strategy to mitigate such risks. Key members of management responsible for a particular area report directly to the Board committee charged with oversight of the associated function and, if the circumstances require, the whole Board. The Board committees review various risk exposures with the full Board and otherwise keep the full Board abreast of the committees risk oversight activities throughout the year, as necessary or appropriate.

Risk Assessment of Compensation Programs. Our Compensation and Stock Option Committee annually evaluates whether our compensation programs encourage excessive risk-taking by employees at the expense of

Table of Contents

long-term Company value. Based upon its assessment, the Compensation and Stock Option Committee does not believe that our compensation programs encourage excessive or inappropriate risk-taking, motivate imprudent risk-taking or create risks that are reasonably likely to have a material adverse effect on the Company.

Director Continuing Education. Our directors are encouraged to attend educational programs provided by various universities, stock exchanges and other regulatory agencies to assist our directors in maintaining or enhancing their skills and abilities as directors and to update their knowledge and understanding of the pharmaceutical, medical device and biopharma industries and the regulatory environment in which Delcath operates and to which it is subject.

Board Committees. Our Board has three standing committees: an Audit Committee, a Compensation and Stock Option Committee and a Nominating and Corporate Governance Committee. No individual director is the chairman of more than one committee.

Audit Committee. The Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities with respect to the Company s financial statements, the Company s system of internal accounting and financial controls and the independent audit of the Company s financial statements. Functions of the Audit Committee include:

- the selection, evaluation and, where appropriate, replacement of our outside auditors;
- an annual review and evaluation of the qualifications, performance and independence of our outside auditors;
- the approval of all auditing services and permitted non-audit services provided by our outside auditors;
- the review of the adequacy and effectiveness of our accounting and internal controls over financial reporting; and
- the review and discussion with management and with our outside auditors of the Company s financial statements to be filed with the Securities and Exchange Commission (the SEC).

The current members of the Audit Committee are: William D. Rueckert (Chair), Dennis H. Langer and Laura A. Philips, each of whom is independent within the meaning of the NASDAQ listing rules and otherwise meet the financial statement proficiency requirements of the NASDAQ listing rules. The Board has determined that William D. Rueckert, Dennis H. Langer and Laura A. Philips each qualify as an audit committee financial expert as defined by SEC rules. During 2014, the Audit Committee met four times. Until June 10, 2014, the members of the Audit Committee were Tasos G. Konidaris, Laura A. Philips and Douglas G. Watson, at which time Mr. Watson ceased to be on the Audit Committee as he did not stand for re-election at the 2014 Annual Meeting. Mr. Watson was replaced by Gabriel Leung. On December 11, 2014, Mr. Rueckert and Dr. Langer were appointed to the Board of Directors and to serve on the Audit Committee and Mr. Konidaris and Mr. Leung resigned from the Board of Directors and Audit Committee. The Audit Committee has a written charter, which is available on our website; go to www.delcath.com, click on Investors, then Corporate Governance.

Compensation and Stock Option Committee. The Compensation and Stock Option Committee (the Compensation Committee) assists the Board of Directors in the discharge of the Board s responsibilities with respect to the compensation of Delcath s directors, executive officers, and other key employees and consultants. As further described in the Executive Compensation Compensation Discussion and Analysis section of this Proxy Statement, the Compensation Committee establishes our overall compensation philosophy and is authorized to approve the compensation payable to our executive officers, including our named executive officers, and other key employees, including all perquisites, equity incentive awards, cash bonuses, and severance packages. The Compensation Committee also administers certain of our employee benefit plans, including its equity incentive plans, and is responsible for assessing the independence of compensation consultants and legal advisors prior to engagement. The Compensation Committee exercises sole power to retain compensation consultants and advisors and to determine the scope of the associated engagements.

Table of Contents

The current members of the Compensation and Stock Option Committee are Laura A. Philips (Chair), Dennis H. Langer and Marco Taglietti, each of whom is independent within the meaning of the NASDAQ listing rules. During 2014, the Compensation and Stock Option Committee met two times. Until December 10, 2014, the members of the Compensation and Stock Option Committee were Laura A. Philips, Harold S. Koplewicz and Roger G. Stoll, at which time Dr. Langer and Dr. Taglietti were appointed to the Board of Directors and to serve on the Compensation and Stock Option Committee, replacing Dr. Koplewicz and Dr. Stoll, each of whom continue to serve on the Board of Directors. The Compensation and Stock Option Committee has a written charter, which is available on our website; go to www.delcath.com, click on Investors, then Corporate Governance.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee (the Nominating Committee) is responsible for identifying individuals qualified to become Board members, and recommends to the Board the director nominees to be proposed by the Board for election by the stockholders (as well as any director nominees to be appointed by the Board to fill interim vacancies). The Nominating Committee also recommends the directors to be selected for membership on each Board committee.

The Nominating Committee is also responsible for developing and recommending to the Board appropriate corporate governance guidelines and policies, and for leading the Board in its annual review of the Board s performance.

The current members of the Nominating Committee are Harold S. Koplewicz (Chair), William D. Rueckert and Marco Taglietti, each of whom is independent, within the meaning of the NASDAQ listing rules. During 2014, the Nominating Committee met two times. Until December 10, 2014, the members of the Nominating Committee were Laura A. Brege, Harold S. Koplewicz and Roger G. Stoll, at which time Mr. Rueckert and Dr. Taglietti were appointed to the Board of Directors and to serve on the Nominating and Corporate Governance Committee, replacing Ms. Brege and Dr. Koplewicz, each of whom continue to serve on the Board of Directors. The Nominating Committee has a written charter, which is available on our website; go to www.delcath.com, click on Investors, then Corporate Governance.

The Nominating Committee, with, when it deems it necessary, the assistance of a third-party search firm, identifies candidates for director nominees. In considering candidates for the Board, the Nominating Committee considers each candidate s credentials as a whole, including, but not necessarily limited to, outstanding achievement in a candidate s personal career, broad and relevant experience, integrity, sound and independent judgment, experience and knowledge of the business environment and markets in which the Company operates, business acumen, and willingness and ability to devote adequate time to Board duties. The Nominating Committee considers the diversity of its members in the context of the Board as a whole, including the personal characteristics, experience and background of directors and nominees to facilitate Board deliberations that reflect a broad range of perspectives.

Recommendations by Stockholders of Director Nominees. The Nominating Committee will consider any recommendation by a stockholder of a candidate for nomination as a director. If a stockholder wants to recommend a director candidate for consideration by the Nominating Committee, the stockholder should submit the name of the proposed nominee, together with the reasons why the stockholder believes the election of the candidate would be beneficial to the Company and its stockholders and the information about the nominee that would be required in a proxy statement requesting proxies to vote in favor of the candidate. The stockholder s submission must be accompanied by the written consent of the proposed nominee to being nominated by the Board and the candidate s agreement to serve if nominated and elected. Any such submission should be directed to the Nominating Committee at Delcath s principal office, 1301 Avenue of the Americas, 43FL, New York, New York 10019. If a stockholder intends to nominate a person for election to the Board of Directors at an annual meeting, the stockholder must provide Delcath with written notice of his or her intention no later than the deadline for receiving a stockholder proposal for inclusion in Delcath s proxy statement for such meeting (as described below under the heading Stockholder Proposals For the 2016 Annual Meeting), and must otherwise comply with our amended and restated certificate of incorporation. Copies of any recommendation received in accordance with these procedures will be distributed to each member of the Nominating Committee. One or more members of the Nominating Committee may contact the proposed candidate to request additional information.

Stockholder Communications with the Board of Directors. Any stockholder wishing to communicate with the Board or with any specified director should address his or her communication to the Board of Directors or to the particular director(s) in care of the Corporate Secretary, Delcath Systems, Inc., 1301 Avenue of the Americas, 43FL, New York, New York 10019. All such written communication, other than items determined by our legal counsel to be inappropriate for submission to the intended recipient(s), will be submitted to the Board or to the particular director(s). Any stockholder communication not so delivered, will be made available upon request to any director. Examples of stockholder communications that would be considered inappropriate for submission include, without limitation, customer complaints, business solicitations, product promotions, job inquiries, junk mail and mass mailings, as well as material that is unduly hostile, threatening, illegal or similarly unsuitable.

Compensation Committee Interlocks and Insider Participation. During 2014, Laura A. Philips (Chair), Harold S. Koplewicz, Roger G. Stoll, Marco Taglietti and Dennis H. Langer served as members of our Compensation and Stock Option Committee. None of the current members of the Compensation and Stock Option Committee, nor any who served during 2014, is a current or former officer or employee of Delcath at the time of their service on the Compensation and Stock Option Committee, nor did any Compensation and Stock Option Committee member engage in any related person transaction that would be required to be disclosed under Item 404 of Regulation S-K. During 2014, none of Delcath s executive officers served on the compensation committee (or equivalent) or on the board of directors of another entity whose executive officers served on the Compensation and Stock Option Committee or our Board of Directors.

Transactions with Related Persons. We have adopted a written policy for the review and approval or ratification of transactions between Delcath and Related Parties. Under the policy, our Nominating Committee will review the material facts of proposed transactions involving Delcath in which a Related Party will have a direct or indirect material interest. The Nominating Committee will either approve or disapprove Delcath s entry into the transaction or, if advance approval is not feasible, will consider whether to ratify the transaction. The Nominating Committee may establish guidelines for ongoing transactions with a Related Party, and will review such transactions at least annually. If the aggregate amount of the transaction is expected to be less than $200,000, such approval or ratification may be made by the Chair of the Committee. In determining whether to approve or ratify a transaction with a Related Party, the Nominating Committee (or Chair) will consider, among other factors, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party and the extent of the Related Party s interest in the transaction.

Certain transactions are deemed pre-approved under the policy, including compensation of executive officers and directors (except that employment of an immediate family member of an executive officer requires specific approval), and transactions with a company at which the Related Party s only relationship is as a non-officer employee, director, or less than 10% owner if the aggregate amount involved does not exceed 2% of the company s total annual revenues (or, in the case of charitable contributions by Delcath, 2% of the charity s total annual receipts). Pre-approval is not required if the amount involved in the transaction is not expected to exceed $120,000 in any calendar year.

For purposes of the policy, a Related Party is generally anyone who since the beginning of the last full fiscal year is or was an executive officer, director or director nominee, owner of more than 5% of the common stock, or immediate family member of any of such persons.

No related person transactions occurred during 2014.

Code of Ethics. We have adopted a Code of Business Conduct and Ethics that applies to the Company s directors, employees, officers and agents, and we have posted the text of the policy on our website at www.delcath.com.

Table of Contents

PROPOSAL 1: ELECTION OF DIRECTORS

Following the Annual Meeting, we expect our Board of Directors to consist of six directors divided into three equal classes. Directors hold office for staggered terms of three years (and until their successors are elected and qualified). One of the three classes is elected each year to succeed the directors whose terms are expiring. At the Annual Meeting, two Class III directors will be elected to the Board. Roger G. Stoll and Dennis H. Langer are currently serving as Class III directors and have been nominated for re-election to the Board as Class III directors by our Board of Directors upon the recommendation of the Nominating Committee. Each nominee has consented to be named as a nominee and to serve if elected. Should any of the nominees become unable to serve as a director (which the Board does not expect), the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement.

VOTE REQUIRED

Assuming a quorum is met, the nominees receiving the highest number of affirmative votes of shares present or represented by proxy and entitled to vote on such matter shall be elected as directors. Abstentions are included in the number of shares present or represented and voting on each matter. Broker non-votes are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ROGER G. STOLL, Ph.D. AND DENNIS H. LANGER, M.D., J.D.

Information About Directors and Director Nominees. The following table sets forth certain information about our directors standing for re-election and about our directors whose terms will continue after the Annual Meeting.

Name	Age	Position with Delcath	Director Since
Class I Directors Terms expiring at the 2016 Annual Meeting			
William D. Rueckert	62	Director	2014
Marco Taglietti, M.D.	55	Director	2014
Class II Directors Terms expiring at the 2017 Annual Meeting			
Harold S. Koplewicz, M.D.	62	Director	2006
Laura A. Philips, Ph.D. M.B.A.	57	Director	2007
Class III Directors Nominees to serve as Class III Directors for terms expiring at the 2018 Annual Meeting			
Roger G. Stoll, Ph.D.	72	Executive Chairman	2008
Dennis H. Langer, M.D., J.D.	63	Director	2014

Board Nominees *Class III Directors*.

Roger G. Stoll, Ph.D. was appointed as a Director in December 2008 and has served as our Executive Chairman since September 15, 2014. From 2002 to 2008, he served as Chairman, Chief Executive Officer and President of Cortex Pharmaceuticals, Inc. (OTCBB: CORX). In August 2008, he was appointed Executive Chairman of its board. He retired from Cortex Pharmaceuticals in August, 2012. From 2001 to 2002, he was a

Table of Contents

consultant to several east coast venture capital firms and startup ventures. From 1998 to 2001, he was Executive Vice President of Fresenius Medical Care-North America, in charge of the dialysis products division and the diagnostic systems business units, which included hemodialysis machines and dialysis filters equipment. From 1991 to 1998, Dr. Stoll was Chief Executive of Ohmeda, a global leader in anesthetic agents, critical care drugs and related operating room equipment and devices. He also served on the boards of directors of St. Jude Medical and the BOC Group, plc. From 1986 to 1991, Dr. Stoll held several executive management positions at Bayer, AG, including Executive Vice-President and General Manager for its worldwide Diagnostic Business Group. Prior to that, Dr. Stoll worked for American Hospital Supply Corp., where he rose from Director of Clinical Pharmacology to President of its American Critical Care Division. He began his pharmaceutical career at the Upjohn Company in 1972. Dr. Stoll obtained his B.S. in Pharmacy from Ferris State University, obtained a Ph.D. in Biopharmaceutics and Drug Metabolism at the University of Connecticut and was a post-doctoral fellow for two years at the University of Michigan. From 2008 and until its sale to H. Lundbeck A/S, Dr. Stoll served on the board of directors of Chelsea Therapeutics (NASDAQ: CHTP) and was a member of that board s audit and compensation committees. Dr. Stoll in the past also served on the boards of Questcor and Agensys, HIMA and PMA(now PhRMA). Dr. Stoll also serves on the School of Pharmacy Advisory Board of the University of Connecticut. The Nominating Committee considered Dr. Stoll s experience and qualifications, in addition to his relevant executive management and operational pharmaceutical and medical device experience, as well as the overall composition of the Board, in making the determination that Dr. Stoll should be a nominee for director of Delcath.

Dennis H. Langer, M.D., J.D. was appointed as a Director in December 2014. Dr. Langer has served as a Director of several specialty pharmaceutical, biotechnology and diagnostic companies, and has been CEO and/or co-founder of several health care companies. Dr. Langer has been a director of Myriad Genetics, Inc., a medical diagnostic company, and Dicerna Pharmaceuticals, Inc., a biopharmaceutical company, since 2004 and 2007, respectively. From January 2013 to January 2014, Dr. Langer served as Chairman and Chief Executive Officer of AdvanDx, Inc., a medical diagnostic company. From 2005 to 2010, Dr. Langer served as a Managing Partner of Phoenix IP Ventures, a private equity/venture capital firm specializing in life sciences. Previously, he was President, North America, of Dr. Reddy s Laboratories, Limited. From September 1994 until January 2004, Dr. Langer held several high-level positions at GlaxoSmithKline plc, and its predecessor, SmithKline Beecham, including most recently as a Senior Vice President of Research and Development. Prior to SmithKline Beecham, Dr. Langer was President and CEO of Neose Technologies, Inc., and before that held R&D and marketing positions at Eli Lilly, Abbott and Searle. At the beginning of his career, he was a Chief Resident at Yale University School of Medicine, and held clinical fellowships at Harvard Medical School and the National Institutes of Health. Previously, Dr. Langer served as a Director of Ception Therapeutics, Inc. (acquired by Cephalon, Inc.), Cytogen Corporation (acquired by EUSA Pharma Inc.), Pharmacopeia, Inc. (acquired by Ligand Pharmaceuticals, Inc.), Sirna Therapeutics, Inc. (acquired by Merck and Co., Inc.), and Transkaryotic Therapies, Inc. (acquired by Shire plc). Dr. Langer is a Clinical Professor in the Department of Psychiatry, Georgetown University School of Medicine. Dr. Langer received a J.D. from Harvard Law School, an MD from Georgetown University School of Medicine, and a B.A. in Biology from Columbia University. The Nominating Committee considered Dr. Langer s experience and qualifications, in addition to his relevant executive management and operational pharmaceutical experience, as well as the overall composition of the Board, in making the determination that Dr. Langer should be a nominee for director of Delcath.

Continuing Directors.

Class I Directors Terms Expiring at the 2016 Annual Meeting.

William D. Rueckert was appointed as a Director in December 2014. Mr. Rueckert has served on many public and private corporate boards in both the life science and banking industries. He is currently President of Oyster Management Group, LLC, an investment partnership specializing in community banking. From 2007 until 2012 he served on the board of Novogen Ltd. (ASX, NASDAQ) a biotechnology company based in Sydney, Australia. He acted as Chairman from 2010 until 2012, and as acting CEO led the restructuring of the company,

Table of Contents

spinning off its major subsidiary, Marshall Edwards, Inc. (now MEI Pharma, Inc. NASDAQ.) He is currently a director of MEI Pharma, Inc. (NASDAQ), a San Diego based company that is developing novel oncology therapies. Until its sale to H. Lundbeck A/S, he was a director of Chelsea Therapeutics International, Ltd. (NASDAQ) whose drug candidate, Northera, was approved by the FDA in 2014. He has also served on the boards of several banks including Westport Bank and Trust, Lafayette American Bank and Hudson United Bank (all NASDAQ.) He currently serves on the board of Fairfield County Bank, a mutually owned, community bank based in Ridgefield, Connecticut. Among his civic associations, Mr. Rueckert is a Director and President of the Cleveland H. Dodge Foundation, Co-Chairman of the Board of Trustees of Teachers College, Columbia University, a Director of the Y Retirement Fund, a Trustee of International House, an Emeritus Director of the YMCA of Greater New York and a Director of Wave Hill, Inc. He earned a BA in Spanish in 1977 from the University of New Hampshire. The Nominating Committee considered Mr. Rueckert s experience and qualifications, in addition to his relevant executive management and operational pharmaceutical experience, as well as the overall composition of the Board, in making the determination that Mr. Rueckert should serve as a director of Delcath.

Dr. Marco Taglietti, M.D. was appointed as a Director in December 2014. Dr. Taglietti serves as CEO and on the Board of Directors of NASDAQ-listed SCYNEXIS, Inc., a pharmaceutical company committed to the discovery, development and commercialization of novel anti-infectives; and NephroGenex, Inc., a pharmaceutical company focused on the development of therapeutics to treat kidney disease. Prior to its recent acquisition in February 2014, Dr. Taglietti served as Executive Vice President, Research and Development, and Chief Medical Officer of Forest Laboratories. He also served as President of the Forest Research Institute. Prior to joining Forest Labs in 2007, Dr. Taglietti held the position of Senior Vice President, Head of Global Research and Development, at Stiefel Laboratories, Inc. for three years. He joined Stiefel after 12 years at Schering-Plough Corporation where he last held the position of Vice President, Worldwide Clinical Research for Anti-Infectives, Oncology, CNS, Endocrinology and Dermatology. Dr. Taglietti began his career at Marion Merrell Dow Research Institute. He received his medical degree and board certifications from the University of Pavia in Italy. The Nominating Committee considered Dr. Taglietti s experience and qualifications, in addition to his relevant executive management and operational pharmaceutical experience, as well as the overall composition of the Board, in making the determination that Dr. Taglietti should serve as a director of Delcath.

Class II Directors Terms Expiring at the 2017 Annual Meeting.

Harold S. Koplewicz, M.D., was appointed a Director in September 2006 and served as Chairman of the Board from February 2007 to September 2013. He is one of the nation s leading child and adolescent psychiatrists, honored by the American Psychiatric Association, the American Society for Adolescent Psychiatry and the American Academy of Child & Adolescent Psychiatry. In November 2009, he founded and became the President of the Child Mind Institute, the nation s only independent nonprofit dedicated to transforming mental health care for the world s children. In May 2006, he was appointed by then-New York Governor George Pataki to the position of Director of the Nathan S. Kline Institute for Psychiatric Research, where he was the third person to hold this position since the institution s founding in 1952. During his tenure, which ended January 2011, he doubled the amount of federal funding for NKI. In 2007, Dr. Koplewicz became the first Vice Dean of External Affairs at the NYU Langone Medical Center. Under his leadership, over $500 million in philanthropic support was raised for the Medical Center. Dr. Koplewicz founded the NYU Child Study Center in 1997 and served as its Director for twelve years. Under his leadership, the NYU Child Study Center made remarkable contributions to the field through expert clinical care, a robust research portfolio, and advocacy for child mental health. A graduate of Albert Einstein College of Medicine, Dr. Koplewicz completed his psychiatric residency at New York Hospital Westchester Division, a fellowship in Child Psychiatry at Columbia University s College of Physicians and Surgeons, a NIHM Research Fellowship at the New York State Psychiatric Institute, and the Executive Program in Health Policy and Management at Harvard University s School of Public Health. He has served as a member of the National Board of Medical Examiners and as a Commissioner of the New York State Commission on Youth, Crime and Violence and Reform of the Juvenile Justice System. Since 1997, he has been Editor-in-Chief of the Journal of Child and Adolescent Pyschopharmacology. He has also served as a member of

Table of Contents

the of the working group organized by the U.S. Assistant Surgeon General and the U.S. Department of Health and Human Services to address the effects of terrorism on children s mental health. The Nominating Committee considered Dr. Koplewicz s experience and qualifications, in addition to his leadership skills and valuable insights in the medical field, as well as the overall composition of the Board, in making the determination that Dr. Koplewicz should serve as a director of Delcath.

Laura A. Philips, Ph.D., M.B.A., was appointed as a Director in May 2007. Dr. Philips is the Co-Founder, President and CEO of Spheryx, Inc., an analytical services and instruments company with a patented, revolutionary approach to the characterization of colloids, Total Holographic Characterization. Prior to Spheryx she was CEO of WellGen, Inc. from 2012-2014. She serves on the Board of Directors of Boyce Thompson Plant Research Institute, a biological research institute associated with Cornell University and The POGIL Project, a non-profit organization with an innovative approach to math and science education backed by NSF and used in 1000 colleges and universities. She serves on the Advisory Board of Diamer Biosciences, an innovative diagnostics company focused on neurodegenerative disease. From 2010-2011 Dr. Philips served on the board of directors of China Yongxin Phamaceuticals (OTCBB:CYXN) a leading retailer, wholesaler and distributor of pharmaceuticals and health and beauty products in Northeastern China. From 2003-06 Dr. Philips was Chief Operating Officer and Chief Financial Officer at NexGenix Pharmaceuticals, a niche pharmaceutical start-up company. Prior to joining NexGenix, she was Vice President at AMDeC, a biomedical research and development consortium in New York. She held a variety of executive positions at Corning, Incorporated, from 1997-2002 including director of product development, strategic planning and business manager. Dr. Philips served in the Clinton Administration both as a Fellow in the White House Office of Science and Technology Policy and as a Presidential Appointee to the position of Senior Policy Advisor to Sec. Ronald Brown in the Dept. of Commerce. She was Congressional Science Fellow and Legislative Advisor for Technology Policy to Sen. Joseph Lieberman in 1994-5. Dr. Philips was on the Faculty of Cornell University in the Dept of Chemistry from 1987-1993. During the period from 1985 through 1987 she was an NIH Post-Doctoral Fellow at the University of Chicago in the Department of Chemistry. She holds a PhD in Chemistry from the University of California, Berkeley and an MBA from Cornell University. The Nominating Committee considered these qualifications, in addition to her financial expertise and audit committee experience, as well as the overall composition of the Board, in making the determination that Dr. Philips should serve as a director of Delcath.

Director Compensation 2014. The Compensation Committee reviews and recommends to the Board of Directors appropriate director compensation programs for service as directors, committee chair, and committee members. The following table summarizes the Board of Directors compensation framework in 2014:

	Chairperson Retainer(1)	Member Retainer(1)	Fee per Meeting (in person)(2)	Fee per Meeting (via telephone)
Board of Directors	$65,000(3)	$30,000	$ 1,000/$2,000	$ 500
Audit Committee	$16,000		$ 1,500	$ 1,500
Compensation Committee	$12,000		$ 1,000	$ 1,000
Nominating Committee	$12,000		$ 1,000	$ 1,000

(1) All cash retainers are paid on a quarterly basis.
(2) The fee per meeting is $1,000 for all board members except the Board Chair who receives a $2,000 fee per meeting.
(3) After Dr. Stoll s appointment as Executive Chairman in September 2014, we no longer paid a Board of Directors Chairperson retainer or meeting fees. In lieu of such payments, Dr. Stoll receives $10,000 per month for his services as Executive Chairman, as well as temporary housing assistance.

In addition, non-employee directors are granted shares of restricted stock equal to the number of shares having a grant date fair value equal to $25,000 rounded to the next highest share and vest one year from grant, except that our non-employee Board Chair will be granted shares of restricted stock equal to the number of shares having a grant date fair value of $37,500 rounded to the next highest share. Upon their initial appointment

Table of Contents

in 2014, non-employee directors were granted 30,000 options to purchase shares of our common stock that vest ratably over three years from grant. The shares of restricted stock and options will be granted pursuant to Delcath s 2009 Stock Incentive Plan, as amended (the 2009 Plan).

Additionally, we reimburse all non-employee directors for their reasonable out-of-pocket travel expenses incurred in attending meetings of our Board of Directors or any committees of the Board.

The following table sets forth the compensation awarded to, earned by or paid to each director who served on our Board of Directors in 2014.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Options Awards	All Other Compensation	Total
Laura A. Brege(2)	54,692	25,002			79,694
Tasos G. Konidaris(2)	63,973	25,002			88,975
Harold S. Koplewicz, M.D.	54,659	25,002			79,661
Gabriel Leung(2)	82,390	37,502			119,892
Laura A. Philips, Ph.D., M.B.A.	66,000	25,002			91,002
Roger G. Stoll, Ph.D.(3)	41,554	25,002			66,556
Douglas G. Watson	29,269				29,269
Dennis H. Langer, M.D. J.D.(4)	3,148		25,993		29,141
William D. Rueckert(4)	4,027		25,993		30,020
Marco Taglietti, M.D.(4)	3,148		25,993		29,141

(1) The amounts included in the Stock Awards column represent the grant date fair value for each director s restricted stock awards granted during the fiscal year ended December 31, 2014, computed in accordance with Financial Accounting Standards Board s Accounting Standards Codification (FASB ASC) Topic 718. Each director was granted 9,616 shares of restricted stock at $2.60, the closing price of Delcath s common stock on July 7, 2014, with the exception of Gabriel Leung who was granted 14,424 shares of restricted stock. As of December 31, 2014, Dr. Phillips, Dr. Stoll and Dr. Koplewicz each held 9,616 shares of restricted stock.

(2) Ms. Brege and Messrs. Konidaris and Leung each resigned from the Board of Directors effective as of December 11, 2014. The stock awards granted during 2014 were forfeited in connection with their resignations.

(3) The amounts included for Dr. Stoll include compensation prior to September 2014, when he was appointed Executive Chairman. Compensation earned in connection with his position as Executive Chairman are described below under Executive Compensation.

(4) Dr. Langer, Mr. Rueckert and Dr. Taglietti each were appointed to the Board of Directors effective as of December 11, 2014.

Information About Our Executive Officers. The following table provides information concerning the current executive officers of Delcath. In addition, information concerning Roger G. Stoll, our Executive Chairman, is provided under Information About Directors and Director Nominees

Name	Age	Office Currently Held
Jennifer K. Simpson, Ph.D.	46	Interim President and Chief Executive Officer
Barbra C. Keck, M.B.A.	37	Senior Vice President, Finance, Principal Accounting Officer, Principal Financial Officer and Secretary
John Purpura	53	Executive Vice President, Regulatory Affairs and Quality Assurance

The following is a brief description of the business experience of the following officers:

Jennifer K. Simpson joined Delcath as Executive Vice President, Global Marketing in March of 2012 and was promoted to Executive Vice President, Global Head of Business Operations in April 2013 and Interim Co-President and Co-Chief Executive Officer, Executive Vice President, Global Head of Business Operations in

September 2013. In September 2014, Dr. Simpson was named Interim President and Chief Executive Officer. From 2011 to 2012, Dr. Simpson served as the Vice President, Global Marketing, Oncology Brand Lead at ImClone Systems, Inc. (a wholly owned subsidiary of Eli Lilly and Company), where she was responsible for all product commercialization activities and launch preparation for one of the late-stage assets. From 2009 to 2011, Dr. Simpson served as the Vice President, Product Champion and from 2008 to 2009 as the Associate Vice President, Product Champion for ImClone s product Ramucirumab. From 2006 to 2008, Dr. Simpson served as Product Director, Oncology Therapeutics Marketing at Ortho Biotech (now Janssen Biotech), a Pennsylvania-based biotech company that focuses on innovative solutions in immunology, oncology and nephrology. Earlier in her career, Dr. Simpson spent over a decade as a hematology/oncology nurse practitioner and educator. Dr. Simpson earned a Ph.D. in Epidemiology from the University of Pittsburgh, an M.S. in Nursing from the University of Rochester, and a B.S. in Nursing from the State University of New York at Buffalo.

Barbra C. Keck. joined Delcath as Controller in January 2009, was promoted to Vice President in October 2009 and to Senior Vice President in 2015. Prior to joining Delcath, she was an audit assistant with Deloitte & Touche, LLP from August 2008 to December 2008. From June 2006 to August 2008, Ms. Keck was the Assistant to the Vice President and Dean of Baruch College, Zicklin School of Business, and from September 2005 to May 2006 she was the Donor Relations and Communications Manager for Young Audiences New York. From 2002 to 2005, Ms. Keck was the Manager, UD Arts Series at the University of Dayton, where she also served as the Manager, Arts and Cultural Events from 1999 to 2002. Between those positions, from 2002 to 2003, she was the Director of Teacher Programs at the Muse Machine. Ms. Keck served as the General Manager of Dayton Bach Society and the Manager of UD Arts Series from 1999 to 2002. She earned her M.B.A. in Accountancy from Baruch College and Bachelor of Music in Music Education from the University of Dayton.

John Purpura joined Delcath as Executive Vice President, Regulatory Affairs and Quality Assurance in November 2009. Prior to joining Delcath, he was with E-Z-EM, Inc. as Vice President and then Executive Director of International Regulatory Affairs from 2007 to 2008 and Head of Regulatory Affairs for North America and Latin America from 2008 to 2009. Prior to E-Z-EM, Inc., Mr. Purpura had an 11-year career with Sanofi-Aventis, ultimately serving as Associate Vice President for Regulatory CMC from 2005 to 2007. From 1985 to 1995, he had various quality and regulatory management roles with Bolar Pharmaceuticals, Luitpold Pharmaceuticals and Eon Labs Manufacturing. He earned his M.S. in Management & Policy and B.S. degrees in Chemistry and Biology at the State University of New York at Stony Brook.

Table of Contents

Executive Compensation.

Our Compensation Committee is composed entirely of independent directors and oversees our executive compensation program and determines all compensation for our executive officers. 2014 was a transformative year in which we implemented a significant number of changes while re-aligning our resources, improving efficiencies and re-directing our energies on a more focused business strategy. As a result of the transition, we made changes to our Named Executive Officers pursuant to our leadership transition plan. The term Named Executive Officers (NEOs) refers to those individuals who served as our principal executive officer and our principal financial officer in 2014 and our three other highest paid executive officers in 2014, as noted below:

Name	Title
Jennifer K. Simpson, Ph.D.	Interim President and Chief Executive Officer
Graham G. Miao[(1)]	Former Interim Co-President and Co-Chief Executive Officer, Executive Vice President, Chief Financial Officer
Roger G. Stoll, Ph.D.	Executive Chairman
Barbra C. Keck, M.B.A.	Senior Vice President, Finance, Principal Accounting Officer, Principal Financial Officer and Secretary
John Purpura	Executive Vice President Regulatory Affairs, Quality Assurance
Peter J. Graham, J.D.[(2)]	Former Executive Vice President, General Counsel, Chief Compliance Officer and Global Human Resources

(1) Dr. Miao s employment ended on September 30, 2014.
(2) Mr. Graham s employment ended on March 9, 2015.

Leadership Transition. Dr. Simpson and Dr. Graham Miao served respectively as interim Co-President and Co-CEO and interim Co-President, Co-CEO and CFO of Delcath since September 2013. Dr. Miao left the Company at the end of September 2014 to pursue other opportunities. Effective in September 2014, the Company announced the reorganization of the Company s leadership under which Dr. Jennifer Simpson was appointed interim President and CEO. Also in September 2014, Barbra Keck assumed the responsibilities of Principal Financial Officer and Dr. Roger G. Stoll, who has been a member of the Delcath Board of Directors since 2008, was appointed to the newly created position of Executive Chairman. See section titled Board Leadership Structure for more information about the role and responsibilities of the Executive Chairman position. Dr. Stoll succeeds Gabriel Leung, who stepped down from his position as Non-Executive Chairman of the Board. The employment of Peter J. Graham, who had served as our Executive Vice President, General Counsel, Chief Compliance Officer and Global Human Resources, ended on March 9, 2015.

Performance Highlights of 2014. The Company continued to face significant challenges in 2014. In light of such challenges, we believe we took important steps towards transforming the Company, including reducing cash spend, re-aligning employee headcount to support the Company s strategy going forward, improving operational efficiencies and better allocating our resources to help pursue a more focused business strategy. In 2014, the Company underwent significant down-sizing while undertaking a substantial review of strategic business alternatives. Based upon the review process, the Board believed that the greatest potential opportunity to create increased shareholder value was through the leadership reorganization (described in Leadership Transition) in combination with an expanded clinical development strategy for CHEMOSAT/Melphalan HDS that focuses on the treatment of hepatocellular carcinoma (HCC), Intrahepatic Cholangiocarcinoma (ICC), and Ocular Melanoma (OM) and our continued European Union commercialization. Our proprietary technology is designed to administer high-dose chemotherapy directly to the liver, while controlling the systemic exposure. We believe we took several important transitional steps in 2014 and early 2015 to help re-establish our Company and position us for future success, including the:

- strategic review of Delcath s business and implementation of the leadership transition plan;

Table of Contents

achievement of cash guidance and a continuation of our efforts to focus resources on our clinical development program;

development and execution of a more focused business strategy intended to help maximize the Company s resources;

initiation of the global hepatocellular carcinoma (HCC) Phase 2 clinical trial program. This program is the first to open in our clinical development program and will allow us to evaluate the effectiveness and safety of CHEMOSAT/Melphalan HDS in this tumor type;

opening of four new CHEMOSAT sites in Europe which allows us to continue to grow our commercial efforts in Europe while establishing potential clinical trial sites for the various trials in our clinical development program;

treatment of the 100th patient in Europe;

submission of a manuscript for publication of the Phase 3 study previously completed in the U.S.;

several presentations on the effectiveness and safety of CHEMOSAT/Melphalan HDS in patients with various forms of liver cancer at the European Society of Surgical Oncology (ESSO) and Society of Surgical Oncology (SSO) meetings in Europe and the United States by key clinicians in Europe and the US; and

opening of the European Union Registry which will collect additional safety, efficacy and quality of life (QoL) data from commercial treatments.

Pay Decision Highlights for 2014. As discussed above, the Company continued to face significant challenges in 2014. Although we achieved certain financial and strategic objectives, we unfortunately did not achieve all of our fiscal 2014 goals and we were disappointed in our total shareholder return which was impacted substantially over the past year. To align our programs with shareholder interests, the Compensation Committee made the following decisions related to executive compensation for 2014:

No merit increases were awarded for 2014.

Annual incentive payout was reduced to 39% of target in 2014, even though a 75% achievement of the goals established at the beginning of the year was achieved. The Compensation Committee and the Board of Directors believed that the overall performance of the company was unsatisfactory and discretionary downward adjustments to the bonus payouts were warranted to better align with shareholder interest. In 2014, the annual incentive plan was based solely on company performance objectives established at the beginning of the fiscal year.

No equity grants were made to the NEOs in 2014, with the exception of Mr. Stoll who received 75,000 stock options in association with his election as the Executive Chairman of the Board in September 2014.

Providing no equity incentive awards to our NEOs and employees was a difficult decision made by the Compensation Committee and Board as the Company did not have enough shares available to grant out of its pool of available shares. As a result, retention of our NEOS and employees remains a key concern of the Company. As of the end of 2014 and with a depressed stock price, employees of the Company including the NEOs, have little to no vested, unvested or outright equity ownership in the Company. The Company is seeking shareholder approval in this proxy of 1.1 million additional shares under its 2009 Stock Incentive Plan to be able to provide equity awards to its NEOs and key employees going forward to be able to better align our employees interests with that of our shareholders.

Employee Retention Program. On November 14, 2013, the Board approved an Employee Retention Program which consisted of a cash bonus component and an equity award component. The Employee Retention Program was implemented for certain of our key employees, including the Company s executive officers, to help retain our executives and ensure stability during our ongoing transition period. The executive officers of the Company are eligible to receive a cash retention bonus equal to fifty percent (50%) of their current annual base salary if the executive officer remains employed by the Company on March 31, 2015, or if the executive officer is terminated without cause or leaves for good reason prior to March 31, 2015. In addition, as a component of the Employee Retention Program, the executive officers were awarded, on November 14, 2013, a number of stock options to purchase Company common stock with a value equal to ten percent (10%) of the executive officer s annual salary (as calculated using the Black Scholes model utilizing historical trading volatility), priced as of the close of business on the date of grant, to vest in full on March 31, 2015 if the officer remains employed by the Company on that date. The stock option award was granted under and subject to the Company s 2009 Stock Incentive Plan and the Company s standard stock option grant letter (provided that the options will vest upon a qualifying termination of employment). The program was implemented to assure that the company could have the appropriate management team in place to appropriately manage operations while it underwent an extensive strategic business review and transition. The uncertainty of the strategic business review process and the negative effect of the previous FDA decision necessitated implementation of this provision.

Executive Compensation Philosophy. Our Compensation Committee is responsible for formulating and establishing our overall compensation philosophy with respect to our executive officers. The Company believes that a strong executive management team comprised of talented individuals in key positions at the Company is critical to the development and growth of our business and to increasing stockholder value. Accordingly, a key objective of executive compensation is to attract and retain talented and experienced individuals, while motivating them to perform and make decisions consistent with the Company s business objectives, goals and culture. We emphasize pay-for-performance by linking executive compensation to Company performance. For each executive, the amount of pay that is actually realized is primarily driven by the Company s performance and each executive s contribution to that performance.

Our executive compensation decisions are based on the following fundamental philosophies and objectives of our Compensation Committee:

- compensation should be based on an individual s level of responsibility, individual performance and Company performance. As employees progress to more senior positions, their compensation should be increasingly linked to Company performance because they are more able to affect our results;

- compensation programs should motivate executives to manage our business to meet our short- and long-term objectives, by rewarding them for meeting these objectives; and

- compensation programs should prioritize retaining our executives. In light of our recent changes in leadership and performance challenges, we must focus on retaining and motivating our current leaders to help achieve our desired results.

Executive Compensation Program. Our Compensation Committee uses formal policies and processes to evaluate and assess the compensation of our executive officers. These policies and processes are reflected in compensation decisions for 2014 and signify our Compensation Committee s commitment to align executive compensation with the business objectives and performance of the Company. Our Compensation Committee used or will use the following compensation components, processes and programs to review, assess and establish executive compensation:

Compensation Components. The three primary components of executive compensation are base salary, annual incentive cash awards and long-term equity incentive awards:

- *Base Salary*. We pay our executive officers a base salary, which our Compensation Committee reviews and determines annually. Base salaries are used to compensate our executive officers for performing the core responsibilities of their positions and to provide them with a level of security with respect to a portion of their total compensation. Base salaries are set in part based on the executive s unique skills, experience and expected contribution to the Company, as well as individual performance, including the impact of such performance on our business results, and the period of the executive s performance.

Table of Contents

Decisions regarding base salary increases take into account the executive s current base salary, third-party benchmark and survey data, and the salary compensation paid to executive officers within and outside the Company, as well as the Company s overall performance and its success in achieving its operational and strategic goals and objectives, and the executive officer s contribution to Company performance. Upon the appointment of Dr. Simpson as Interim President and Chief Executive Officer, she was granted a stipend of an additional $6,000 per month in recognition of her duties as the Interim President and Chief Executive Officer.

Annual Incentive Cash Awards. Annual incentive compensation is intended to establish a direct correlation between annual cash awards and the performance of the Company. The Company s Annual Incentive Plan (AIP) is an annual incentive cash bonus plan designed to align the interests of participants with the interests of the Company and its stockholders. The AIP is designed to strengthen the link between a participant s pay and his or her overall performance and the Company s performance, focus participants on critical individual and corporate objectives, offer a competitive cash incentive, and encourage and reward performance and competencies critical to the Company s success

Long-Term Incentive Compensation. In addition to using base salaries and annual incentive cash bonuses, which our Compensation Committee views as short-term compensation, a portion of our executive compensation is in the form of long-term equity compensation. Our Long-Term Incentive Plan (LTIP) is an annual equity-based incentive plan designed to align participants interests with those of the Company and its stockholders by rewarding participants for their contributions to the long-term success of the Company. The LTIP is designed to incentivize Company leaders to focus on the long-term performance of the Company, offer participants competitive, market-based long-term incentive award opportunities, and strengthen the link between a participant s compensation and his or her overall performance and the Company s overall performance. We believe the LTIP assists us in achieving an appropriate balance between our short- and long-term.

For executive officers, the Compensation Committee determines the number of awards to grant based on its consideration of awards to executives in similar positions at similarly situated companies. Grants generally are made to each named executive officer upon his or her joining the Company with additional grants being made annually as determined by the Compensation Committee. Equity incentive awards are granted pursuant to the Company s 2009 Stock Incentive Plan, as amended (the 2009 Plan).

Interface of Executive Officers with Compensation Committee in Determining Compensation. The Compensation Committee, based on input from the Company s Chief Executive Officer and Executive Chairman, (or, as applicable, Interim Chief Executive Officer), determines the compensation of our executive officers. The CEO and Executive Chairman assist the Compensation Committee by providing performance assessments and compensation recommendations for each of the Company s executive officers, including the named executive officers (other than the CEO). The final decisions regarding the compensation for the named executive officers is then independently assessed and approved by the Compensation Committee. Other than completing a self-evaluation performance review, and submitting it to the Compensation Committee, the CEO does not participate in the formulation or discussion of her compensation. The Executive Chairman provides the performance review for the interim CEO and submits that review to the Compensation Committee for its consideration. The Executive Chairman also has discussions with the full committee related to all the performance items submitted for the named executive officers. Upon completion of these reviews, final decisions related to the compensation of the CEO (or Interim CEO, as the case may be) require approval of the full Board of Directors after recommendations are made by the Compensation Committee.

Role of Compensation Consultants. The Compensation Committee retained PM&P as its independent compensation consultant to assist the Compensation Committee in evaluating executive compensation programs. PM&P reports directly to the Compensation Committee, and is not permitted to perform services for management unless approved by the Compensation Committee. PM&P provided periodical review of selected aspects of our executive compensation program in 2014. Representatives of PM&P attended some of the regularly scheduled meetings of the Compensation Committee, as well as some of the preparatory meetings with

Table of Contents

the Compensation Committee Chair, and attended some of the Compensation Committee executive sessions as requested. The Compensation Committee has evaluated PM&P s independence, taking into account the factors specified in the NASDAQ listing standards and the absence of other relationships between PM&P and the Company, its directors and executive officers. Based on its review of such factors, and based on PM&P s independence policy, which was shared with the Compensation Committee, the Compensation Committee concluded that PM&P is independent and that the work of PM&P has not raised any conflict of interest.

Inputs to Committee Decision Making.

Performance Evaluation Process. The Company utilizes a formal annual performance review program to evaluate our executives competencies, as well as individual performance objectives. The competencies in the program include: commitment to quality, integrity and ethics, as well as results oriented, teamwork, dependability, job knowledge and productivity. Each executive performs a self-evaluation and also is rated by the CEO on his or her competencies at year end and a final average total rating is calculated. Corporate performance objectives, which are set at the beginning of the year, are linked to the Company s overall performance and attainment of these objectives. Following completion of the performance year, the CEO submits performance evaluations and recommendations for each executive to the Executive Chairman who after review with the CEO then submits information to the Compensation Committee. The Committee reviews the completed individual performance evaluation forms for our executive officers including the CEO and assesses the Company s overall performance relative to the achievement of corporate objectives. The information gathered as part of this evaluation process was used by our Compensation Committee to assist it in making compensation decisions. While the Company conducts its performance evaluations annually, the 2014 AIP was based solely on the achievement of corporate performance goals.

Peer Group Review. The Compensation Committee, with the assistance of PM&P, generally reviews the peer group on a regular basis. Due to the unique nature of the Company s business, we continually face challenges as we strive to develop the most appropriate mix of companies to comprise our peer group. The challenges we face include:

We are an early commercial stage company with limited product revenues ($1.1M in 2014). As a result, a typical revenue range for peer selection purposes is more challenging due to our relatively small size.

We are a medical device company and specialty pharmaceutical company. Our proprietary technology is designed to administer high-dose chemotherapy and other therapeutic agents to diseased organs or regions of the body, while controlling the systemic exposure of those agents. Our CHEMOSAT System for Melphalan is classified as a class IIb medical device and has been approved in Europe. In the United States, we are considered a drug device combination product regulated under a 505(b)(2) new drug application which is not currently approved yet. (As previously discussed, we received a complete response letter from the U.S. FDA to our NDA.) Because our product is regulated as both a device and a drug in the U.S. only, we have to recruit executive talent who have background and skill sets from both industries and who have experience in both device and drug development from larger, more established companies.

There are very few peers across the medical device and pharmaceutical industries with a similar combination product which is considered a drug in certain regions and classified as a device in other regions, and so exact peers for us are difficult to identify.

Generally, the Compensation Committee considers each of the above challenges as well as the following selection criteria to select its peer group:

We focused on companies with industry/product similarity Drug Delivery Systems/Medical Device companies with a focus on cancer/oncology and Pharmaceuticals/Biopharmaceuticals/Biotherapeutics companies with a cancer focused drug. As a result, multiple GICS sub-industries were reviewed and considered.

We used a range of revenue from $0 $100M to develop a pool of potential firms to consider.

We then narrowed the pool of potential companies based on market capitalization and other secondary factors (R&D expenses, number of employees, further test of business model and product similarity, etc.).

Due to the recent changes in the Company s size and market capitalization, the Compensation Committee believed that a re-assessment of the peer group was warranted in 2014. The Compensation Committee, the Executive Chairman, and management worked with PM&P to revise the peer group to reflect the smaller size of Delcath and the increased intensity in the clinical development activities. The following table reflects the new peer group which was reviewed and approved by the Compensation Committee and the full board of Delcath before being implemented:

Company	**Industry**[(1)]		**Revenue**[(2)]		**Market Capitalization**[(3)]
Accurexa Inc.	Healthcare Equipment	$	0	$	17
Adamis Pharmaceuticals Corporation	Pharmaceuticals	$	0	$	49
Aethlon Medical, Inc.	Healthcare Equipment	$	1	$	33
Arno Therapeutics, Inc.	Biotechnology	$	0	$	27
ArQule Inc.	Biotechnology	$	11	$	71
BSD Medical Corp.	Healthcare Equipment	$	5	$	23
Celator Pharmaceuticals, Inc.	Biotechnology	$	0	$	65
Cellectar Biosciences, Inc.	Biotechnology	$	0	$	16
Celsion Corp.	Biotechnology	$	1	$	59
Champions Oncology, Inc.	Life Sciences Tools and Services	$	10	$	46
Cytosorbents Corporation	Healthcare Equipment	$	4	$	70
Emisphere Technologies, Inc.	Pharmaceuticals	$	0	$	23
MetaStat, Inc.	Life Sciences Tools and Services	$	0	$	20
Nephros, Inc.	Healthcare Equipment	$	2	$	19
OncoGenex Pharmaceuticals, Inc.	Biotechnology	$	35	$	59
Median		**$**	**1**	**$**	**33**
Delcath Systems Inc.	**Health Care Equipment**	**$**	**1**	**$**	**19**

(1) Reflects the sub-industry as defined under Global Industry Classification Standard.

(2) Data from S&P Capital IQ database, as of most recent quarter end at the time the analysis was completed (October 2014).

(3) Data from S&P Capital IQ database, as of most recent month end at the time the analysis was completed (October 2014).

The Committee believes this peer group continues to represent a reasonable mix of companies to appropriately address the concerns presented above and currently reflects the size and business model of our Company.

Benchmark Analyses. The Compensation Committee, with the assistance of PM&P, reviews our executive officers overall compensation packages in 2014. The analysis includes a review of total target compensation for each executive officer as well as for each component of compensation, relative to executives in comparable positions or with comparable roles.

The Compensation Committee generally targets around the median percentile range of the competitive market for the various elements of compensation, yet individual executives may be paid above or below this point depending upon, among other factors, the skills and experience, tenure in the position, ov