
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 15, 2010

DELCATH SYSTEMS, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State
of Incorporation)

001-16133
(Commission
File Number)

06-1245881
(IRS Employer
Identification No.)

**810 Seventh Avenue, Suite 3505
New York, New York 10019**
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (212) 489-2100

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

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 5 – Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 15, 2010, the Compensation & Stock Option Committee of the Board of Directors (the “Committee”) of Delcath Systems, Inc. (the “Company”) adopted the Company’s Annual Incentive Plan (the “AIP”) and Long Term Incentive Plan (the “LTIP”).

Annual Incentive Plan. The AIP is an annual incentive cash bonus plan designed to align the interests of employee 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, focus participants on critical individual and corporate objectives, offer a competitive, market base form of incentive compensation, and encourage and reward performance and competencies critical to the Company’s success.

Under the AIP, annual incentive award opportunities are expressed as a percentage of a participant’s actual base salary for the performance year, beginning January 1. If earned, AIP awards will generally be paid on or before March 15 of the immediately following fiscal year. Actual awards range from 0% to a maximum of 100% of the total award opportunity and are measured against the achievement of: corporate financial and non-financial performance objectives, established at the beginning of the performance year by the Company’s Board of Directors or the Committee, and individual performance goals and objectives for the performance year established by a participant’s manager or, in the case of the President and Chief Executive Officer (“CEO”), by the Committee and for the President’s direct reports by the Committee following the recommendation of the CEO. The weights assigned to Company and individual performance components vary by level of a participant’s position in the Company. Below is the AIP weighting by incentive component matrix:

<u>Position</u>	<u>Corporate Performance</u>	<u>Individual Overall Performance</u>
CEO & Executive		
Vice Presidents	75%	25%
Senior Vice Presidents & Vice Presidents	70%	30%
Senior Directors & Directors	60%	40%
Managers & Individual Contributors	50%	50%

The maximum total payout under the AIP is equal to a percentage of the Company’s operating profit (operating profit/(loss) defined as before the cost of the AIP is deducted) as determined by the Committee; and, in the event total AIP award payouts would exceed the annual percentage limitation of the Company’s operating profit/(loss), all bonus payments will be reduced so as not to exceed the annual percentage limitation. Moreover, no AIP awards will be paid to a participant under the AIP if the participant is placed on a performance enhancement plan. The Company reserves the right to amend, suspend or terminate the AIP at any time, for any reason or for no reason, and the payment of actual awards, if any, will finally be determined at the sole discretion of the Committee.

The above summary of the AIP is qualified in its entirety to the Annual Incentive Plan Summary which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Long Term Incentive Plan. The LTIP is an annual equity-based incentive plan designed to better 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 strengthens the link between a participant's compensation and his or her overall performance and the Company's overall performance. The LTIP is administered by the Committee. Participants in the LTIP are eligible to receive awards comprised of stock options (75%) and restricted stock (25%) under the Company's 2009 Stock Incentive Plan, as amended (the "2009 Plan"); the specific terms and conditions of LTIP awards are governed by the 2009 Plan, the stock option and restricted stock agreements adopted thereunder and such other terms and conditions as the Committee may determine. All exempt Company employees are eligible participants. The Committee will grant LTIP awards based on a participant's position at the Company, his or her ability to positively influence the Company's long-term success, the overall level of the participant's compensation in relation to the market for his or her position and comparative peer group data, and the participant's individual contributions and performance. The actual number of stock options and restricted stock awards eligible for grant under the LTIP will be governed (and restricted) by the aggregate number of shares of Company common stock available for issuance under the 2009 Plan. The Company reserves the right to amend, suspend or terminate the LTIP at any time, for any reason or for no reason, and actual awards, if any, will finally be determined at the sole discretion of the Committee.

The above summary of the LTIP is qualified in its entirety to the Long-Term Incentive Plan Summary which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

The Committee also adopted an amended form of restricted stock agreement for awards to Company employees, forms of restricted stock agreements for awards to non-employee directors and consultants, and amended forms of non-statutory stock option grant letters (agreements) for awards to employees, non-employee directors and consultants; each of the foregoing forms being attached hereto as Exhibits 10.3 -10.8.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are filed with this report on Form 8-K:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Annual Incentive Plan Summary
10.2	Long-Term Incentive Plan Summary
10.3	Form of Restricted Stock Agreement (Employees, including Named Executive Officers)
10.4	Form of Restricted Stock Agreement (Non-Employee Directors)
10.5	Form of Restricted Stock Agreement (Consultants)
10.6	Form of Non-Statutory Stock Option Grant Letter (Employees, including Named Executive Officers)
10.7	Form of Non-Statutory Stock Option Grant Letter (Non-Employee Directors)
10.8	Form of Non-Statutory Stock Option Grant Letter (Consultants)

SIGNATURES

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

Date: December 20, 2010

DELCATH SYSTEMS, INC.

By: _____ /s/ DAVID A. McDONALD

Name: **David A. McDonald**

Title: **Executive Vice President
Chief Financial Officer**

DELCATH SYSTEMS, Inc.
Annual Incentive Plan Summary
Plan Summary for Participants
Effective:
January 1, 2011

AIP Plan Summary

Highlights

Delcath Systems, Inc. (“Delcath” or “Company”) has created this Annual Incentive Plan (“AIP” or “Plan”) to reward you for your contributions to the success of the Company through individual and corporate performance. The AIP is an incentive form of cash compensation designed to better align your interests with those of the Company and its stockholders. The Company believes that development, commercialization, growth and future profitability will help contribute to increased shareholder value and the Plan provides you with an opportunity to receive a cash bonus on an annual basis depending upon the achievement of pre-determined corporate and individual performance criteria. As a participant in the AIP, you play an important role in helping to achieve Delcath’s goals and its future success.

The AIP is designed to meet the following objectives:

- Focus Delcath’s employees on critical objectives – corporate, business area and individual results
- Strengthen the link between pay and overall performance
- Offer competitive, market-based annual incentive award opportunities
- Encourage and reward behavior that reflects Delcath’s competencies (e.g., teamwork and collaboration, accountability for results)
- Provide significant rewards for exceptional performance and no rewards for substantial underachievement

This AIP summary provides detailed information about the Plan, including:

- How the AIP works
- How performance goals are established
- How performance is measured
- How awards are calculated

AIP Plan Summary

Overview

As a participant in the AIP, you are eligible to receive an annual cash incentive award based on Delcath's performance and your overall performance during each fiscal year. Your annual incentive target award opportunity is expressed as a percentage of your actual base salary.

As an overview, the AIP includes the following features:

- Each AIP year begins on the first day of January ("fiscal year").
- The Plan consists of two performance components, corporate and individual, and are weighted differently depending upon your position in the Company.
- At the beginning of each fiscal year, corporate financial performance objectives are established by the Company's Board of Directors ("Board") or the Compensation Committee of the Board ("Committee"). You and your manager will also establish a performance plan detailing your individual performance goals which include management by objectives (MBOs) for the year.
- Details regarding your specific individual performance goals, including your award opportunity for the upcoming year and the corporate financial performance objectives will be provided in a document called the individual AIP worksheet ("Individual AIP Worksheet"). A sample Individual AIP Worksheet is attached hereto as Appendix A.
- At the end of the fiscal year, the Company's performance is compared to the corporate goals and the percent of incentive target achieved is determined for the corporate component of your annual incentive award opportunity.
- Additionally, at the end of the fiscal year, your overall performance, including individual goals, are assessed and the percent of incentive target achieved is determined for the individual component of your annual incentive award opportunity.
- In general, AIP awards, if earned, are paid on or before March 15 of each fiscal year.

Incentive Award Opportunity

At the beginning of each fiscal year, the target incentive award opportunity for that year is established and eligible participants are notified of their participation for the new fiscal year. Annual incentive award opportunities are stated as an annual incentive target based on a percentage of your base salary. Target incentive

AIP Plan Summary

award information will be communicated in the Individual AIP Worksheet. The incentive range indicates the minimum and maximum AIP award percentages that you can receive, depending upon the actual attained performance results at the end of the year.

The incentive plan minimum indicates the percentage of your base salary that you are eligible to receive as an AIP award for the minimum level of acceptable performance. The minimum is the point below which no AIP award is earned for the performance component. The incentive plan maximum, achieved when performance exceeds the agreed upon goals, indicates the percentage of your base salary that you are eligible to receive as an AIP award for maximum performance.

At the beginning of each fiscal year, the Company will provide you with that year's performance and payout scale which outlines the minimum and maximum expected performance levels and corresponding payout award opportunities.

Under the AIP, the incentive ranges and assignment of Delcath's positions are based on competitive market practices and the determination of management and the Committee.

The actual value of your incentive award will depend on actual performance levels achieved during the fiscal year, referred to as the "Total AIP Payout Opportunity Earned", as shown in the Individual AIP Worksheet. This percentage is calculated for both the corporate and individual performance components.

Components of Performance:

Corporate Objectives & Individual Performance

Your annual incentive opportunity is comprised of two components:

- Corporate Performance
- Individual Overall Performance

At the beginning of each fiscal year, corporate performance objectives are established by the Board or the Committee relative to key financial and non-financial performance measures. These measures and corresponding objectives are used as the basis for measuring the Company's degree of success at fiscal year-end.

AIP Plan Summary

For the individual component, your performance plan serves as the mechanism to capture key individual MBOs, and an assessment of overall performance. The individual goals are generally tailored to relate to matters within each person's specific department, function or area of responsibility. Individual goals and objectives for the year will be documented on an Individual AIP Worksheet.

The following chart summarizes the performance components under the AIP:

Performance

Component

Corporate

Individual

Performance Measures

Financial and non-financial corporate objectives for the Company

Individual objectives (MBOs) tailored for very specific goals that reflect overall Company or specific business area objectives

At the end of each fiscal year, actual performance results are measured against the established performance corporate and individual performance objectives and expectations. The allocation of AIP awards is determined by: (1) the extent to which the corporate performance objectives are achieved and individual performance levels are attained, and (2) the weights assigned to the corporate and individual components.

The component weights vary by level of position in the Company and are based on degree of control, organizational level, scope of responsibility and business area.

Specifically:

<u>Weightings By Incentive Component</u>		
<u>Position</u>	<u>Corporate Performance</u>	<u>Individual Overall Performance</u>
CEO & Executive Vice Presidents	75%	25%
Senior Vice Presidents & Vice Presidents	70%	30%
Senior Directors & Directors	60%	40%
Managers & Individual Contributors	50%	50%

AIP Plan Summary

Corporate Component – More Details

A portion of your AIP award is based on Delcath's performance. At the beginning of each fiscal year objectives are established and may include both financial and non-financial targets. The Company will establish a range of acceptable financial performance results for the year (the "payout curve"). Each payout curve will include the target for the year and the minimum and maximum incentive levels for that particular component.

The percentage of weighting for specific corporate objectives varies by position.

Following the end of each fiscal year, the actual corporate financial and non-financial results for each objective are compared to the payout curve to determine the amount of payment, if any, related to the achievement of the corporate component of the AIP.

Individual Performance Component – More Details

A portion of your AIP is also based on your individual and overall performance for each fiscal year. Your manager will document your individual performance objectives at the beginning of each fiscal year in the Individual AIP Worksheet. Your manager will then also document your performance at the end of each fiscal year based on their assessment of your specific performance compared to your individual objectives (MBOs) and your overall performance for that fiscal year. In considering your overall performance for the year, your manager will evaluate whether you have met any or all of your MBOs, demonstrated corporate competencies in the achievement of results, provided strong contributions during the year, and accomplished your day-to-day responsibilities.

Each year managers are provided with specific individual performance criteria as guidance in determining the individual component under the AIP. These recommendations are then reviewed by Delcath's President and CEO and, for the Company's Officers, by the Committee.

Award Restrictions

Corporate Performance: The maximum total payout of the incentive plan shall be equal to a percentage of the Company's operating profit (operating profit/(loss) defined as before the cost of the bonus program is deducted) as determined by the Committee. In the event the payout to all participants would exceed the annual percentage limitation of the Company's operating profit/(loss), all bonus payments will be reduced appropriately so as not to exceed the annual percentage limitation.

AIP Plan Summary

Individual Performance: No annual incentive awards are paid if an individual is placed on a performance enhancement plan, regardless of corporate performance outcomes.

In addition to the limitations set forth above, the Company may establish new limitations or restrictions, including modifying minimums for award payouts or limiting maximum payouts and may modify existing restrictions.

Individual AIP Worksheet

The Individual AIP Worksheet will be provided to each eligible plan participant and will provide the specific details of your participation in the current year's plan including the following:

- Your actual target bonus award opportunity, including the minimum and maximum, expressed as a percent of base salary.
- Applicable corporate financial performance goals, as approved by the Board, and your individual performance objectives developed in conjunction with your manager for the year.
- Weightings for the corporate and individual performance objectives and those within each of these categories.
- Performance and payout scale for each corporate and individual objective.

Administration of the Plan

The AIP shall be administered by the Committee, which shall have full power and discretionary authority to interpret the AIP, to construe any doubtful or disputed terms, to amend or modify the Plan as it deems appropriate, to determine the amount of benefits payable to an employee, to prescribe, amend and rescind any rules, forms and procedures as it deems necessary or appropriate for the proper administration of the AIP, to make any other determinations, including factual determinations, and to take any other such actions as it deems necessary or advisable in carrying out its duties under the AIP.

Miscellaneous

This AIP Summary describes the provisions of the Delcath Systems, Inc. Annual Incentive Plan. Delcath reserves the right to amend, suspend or terminate the AIP at any time, for any reason or no reason. Enrollment in this AIP is not a guarantee of employment and employment with Delcath is not a guarantee of continued participation in this AIP.

Enrollment in the AIP is not a guarantee that a bonus award will be paid. Actual awards, if any, will be determined based on the performance of Delcath and individual employees and will be determined at the discretion of the Committee.

Frequently Asked Questions:

Who may participate in the plan? All Delcath employees are eligible to participate in the AIP.

When are new hires eligible to participate in the AIP? Most new hires are immediately eligible to participate, with awards prorated to reflect the period of employment during the fiscal year. However, new employees who start in the last quarter of the Company's fiscal year (on or after October 1) will wait until the new fiscal year to participate. The Committee may, in its sole discretion, determine who shall be eligible to participate in the AIP and may establish such criteria as it deems fit for each fiscal year.

When do I receive the corporate and individual performance criteria for a fiscal year? During the first quarter of each fiscal year, you will be provided with an Individual AIP Worksheet that outlines the corporate objectives for such fiscal year. Additionally, you and your manager will prepare and complete your individual objectives on a Performance Plan which will also be included on your Individual AIP Worksheet once finalized.

How do I know about my percentage targets, minimum and maximum payout, corresponding payout curves and any limitations? During the first quarter of each fiscal year, you shall be provided with an Individual AIP Worksheet that outlines the percentage targets (minimum, target and maximum) and the payout curve for each performance component and any limitations.

Do I receive my bonus if I leave Delcath? The payment of an incentive depends on the circumstances under which an employee leaves Delcath. Specifically:

Voluntary Separation: Employees who voluntarily leave Delcath before any incentives are paid out will forfeit the entire annual incentive award, regardless of any amounts earned. You must be an active employee on the date awards are paid to receive an award.

AIP Plan Summary

Involuntary Separation without Cause: Employees with length of service greater than six months in the fiscal year who are terminated by the Company without cause will generally be entitled to a pro-rata portion of the award (depending upon date of termination) to which he or she would have been entitled, had the employee remained employed throughout the full fiscal year. Such pro-rated award, if any, may be paid at such time as other employees receive their AIP awards and will be based on the actual performance achieved during that period.

Length of Service: Employees who leave the Company with less than or equal to six months of service in the fiscal year forfeit their bonus payout.

Involuntary Separation for Cause: Employees whose employment is terminated by the Company due to cause will forfeit the entire annual incentive award regardless of when they were terminated.

When are AIP awards paid? If an award is earned during a fiscal year, the Company will generally pay such award no later than March 15 of the following fiscal year but in no event shall the award be paid before the Committee knows the financial performance of the Company for the applicable fiscal year. No interest will be paid to the employee if the award is paid after March 15.

Is my base salary used to calculate my award? For award calculation purposes, your actual base salary for the fiscal year is used, rather than your actual base salary on any given date. This approach takes into account different base salary levels that may apply during any given fiscal year and unpaid leaves of absence, during which a participant is not eligible for an incentive.

Who do I call if I have questions about the AIP? If you have questions after reading this AIP Plan Summary, you may contact your manager or the Human Resources Department.

DELCATH SYSTEMS, Inc.

Long-Term Incentive Plan Summary

Plan Summary for Participants

Effective: January 1, 2011

Long-Term Incentive Plan Summary

Highlights

Delcath Systems, Inc. (“Delcath” or “Company”) created this Long-Term Incentive Plan (“LTIP”) to reward you for your contributions to the long-term success of the Company. The Company’s objective is to develop a share-based plan that will support Delcath’s philosophy and culture, as well as provide an incentive to increase shareholder value and to build-up holdings in Delcath’s shares. The LTIP is compensation in the form of stock-based incentives and is designed to better align your interests with those of the Company and its stockholders. The Company believes that development, commercialization, growth and future profitability will help contribute to increased shareholder value and the LTIP provides you with an opportunity to receive Company stock on an annual basis. As a participant in the LTIP, you play an important role in helping to achieve Delcath’s goals and its future success.

The LTIP is designed to meet the following objectives:

- Focus Delcath’s leaders on the long-term performance of the Company
- Strengthen the link between pay and overall performance
- Offer competitive, market-based long-term incentive award opportunities
- Align employee interests with that of shareholders

This LTIP summary provides you with detailed information, including:

- Who is eligible to participate
- Delivery of awards, including the type of instrument used, mix of instruments, details with regard to each type of instrument
- Award documentation
- Award determination, including a sample calculation
- Taxes, including an overview of when each type of instrument is taxed.

Long-Term Incentive Plan Summary

Overview

As a participant in the LTIP, you are eligible to receive an annual stock-based incentive award.

As an overview, the LTIP includes the following features:

- Participants are eligible to receive stock awards in the form of Stock Options and Restricted Stock (collectively “Awards”).
- These Awards will be provided annually during the first quarter of each fiscal year.
- Awards will be determined based on your position and its ability to positively influence the Company’s long-term success, your overall level of compensation in relation to the market for your position, and your individual contributions and performance.
- The actual number of shares granted to each participant will be based on the Company’s ability to grant these shares, including, but not limited to, shares remaining available for future grant and the Company’s overall financial condition.

Eligibility

All exempt Delcath employees are eligible to participate in the LTIP. Actual Award determinations will be made and approved by the Compensation Committee of the Board (“Committee”). However, this is not a guarantee that everyone will receive an Award annually.

Delivery of Awards

Each participant will be granted Awards in the form of stock options and restricted stock. The number of shares to be granted pursuant to an Award will be determined by the Committee (See below, Award Determination)

- Stock Options:
 - What are Stock Options? A stock option gives the recipient a contractual right to purchase shares of Delcath stock over a specified term at a fixed price. Traditional stock options are granted with an exercise price equal to the fair market value on the actual day of grant.
 - Vesting: Options will have a three-year graded vesting (i.e., one-third of the options will become exercisable on each of the three anniversary dates from the date of grant.)

Long-Term Incentive Plan Summary

- For example – if an award is granted on February 1, 2011, one-third of the award will vest on each of the following dates – February 1, 2012, February 1, 2013 and February 1, 2014.
- Term: Under the LTIP, stock options have a maximum term of 10 years (i.e., the options will cease to be exercisable after the tenth anniversary of the award date.)
- Exercise: Stock options may be exercised at any time, once vested, and have true value when the exercise price is more than the grant price of the award. More information on how to exercise stock options are described in greater detail in Delcath's Amended 2009 Stock Incentive Plan and applicable Awards Agreements.
- Restricted Stock:
 - What is restricted stock? Stock provides ownership of the company; when certain restrictions are added to the stock it is called a "restricted stock" or "restricted share". One of the most common restrictions required is time, meaning a certain length of time must pass before the stock is owned without restrictions and can be sold. This is called the vesting period.
 - Vesting: Under the LTIP, restricted stock will have a three-year graded vesting (i.e., one-third of the restricted stock will become free of restrictions on each of the three anniversary dates from the date of grant), similar to stock options. Once vested, a share of Delcath stock will be owned outright and an actual stock certificate will be provided. Until vest, actual stock certificates will carry restrictive legends and will be held by the Company.
 - Dividend Payments: The Company may provide for the payment of dividends or other cash distributions with respect to unvested restricted shares, if and when the Company declares the payment of a dividend.
 - Voting Rights: The Company will provide voting rights on unvested restricted stock.

Award Determination

Awards will be determined based on your position and its ability to positively influence the Company's long-term success, your overall level of compensation in relation to the market for your position, and your individual contributions and performance. However, the actual number of shares granted to each participant will be based on the Company's ability to grant these shares, including, but not limited to, shares remaining available for future grant and the Company's overall financial condition.

Long-Term Incentive Plan Summary

Once the Committee has determined the value of an Award, each Award will be comprised of a mix of 75% stock options and 25% restricted stock.

The value and number of shares (Stock Option and Restricted Stock) to be granted will be determined and approved by the Committee. Set forth below is a hypothetical example for illustrative purposes only.

- Calculation Example – 75% Stock Options and 25% Restricted Stock
 - Value to be Delivered: \$50,000
 - Stock Price as of Date of Grant: \$10.00
 - Black-Scholes Value (%): 50%
 - Black-Scholes Value (\$) of Options: $\$10.00 \times 50\% = \5.00
 - Stock Options:
 - Value: $\$50,000 \times 75\% = \$37,500$
 - Number: $\$37,500$ divided by $\$5.00 = 7,500$ options at grant
 - Restricted Shares:
 - Value: $\$50,000 \times 25\% = \$12,500$
 - Number: $\$12,500$ divided by $\$10.00 = 1,250$ restricted shares at grant

Award Documentation

All Awards granted are governed by the specific terms and conditions as specified in Delcath's Amended 2009 Stock Incentive Plan and by Stock Option and Restricted Stock Award Agreements ("Award Agreements"). Award Agreements will also serve as the document that will communicate actual awards each year and will include other terms and conditions specific to that year's award. In order to receive an award, participants must agree to and sign an Award Agreement each year.

If there are conflicting provisions found between this LTIP Summary, Delcath's Amended 2009 Stock Incentive Plan and Award Agreements, Delcath's Amended 2009 Stock Incentive Plan document shall control.

Long-Term Incentive Plan Summary

Taxes

The tax consequences of Awards granted under the LTIP can be complex and are subject to change. All LTIP Awards have taxable implications to the participant. A brief overview regarding the tax implications of Awards under the LTIP are provided in this section but should not be considered tax advice. The following general overview does not purport to describe all possible tax consequences including the impact of federal, state and local income tax rules, as well as federal and state estate, gift and inheritance tax rules. In addition, the facts and circumstances of each participant may vary the tax implications. Participants who receive Awards under the LTIP should always consult their own tax advisors regarding the tax consequences of any Awards.

- Generally, the grant of a non-qualified stock option under the LTIP does not impose income taxes to the recipient at grant. Non-qualified stock options are taxable upon exercise and not at the time the stock option vests. Typically, additional taxes are also due if a participant sells the shares after exercise of the stock option.
- Generally, restricted shares are not taxable at the time of grant until the vesting restriction lapses. At the time the vesting restriction lapses, a tax liability would generally be incurred. The recipient of the stock will then be required to settle the tax obligations in order to receive the actual shares of stock.

Details regarding ways to pay taxes associated with LTIP Awards can be found in Delcath's Amended 2009 Stock Incentive Plan and applicable Award Agreements. Participants that have questions/concerns regarding the potential taxes associated with any LTIP Awards should seek professional tax advice.

Administration of the Plan

The LTIP shall be administered by the Committee, which shall have full power and discretionary authority to interpret the LTIP, to construe any doubtful or disputed terms, to amend or modify the LTIP as it deems appropriate, to determine the amount of benefits payable to an employee under the LTIP, to prescribe, amend and rescind any rules, forms and procedures as it deems necessary or appropriate for the proper administration of the LTIP, to make any other determinations, including factual determinations, and to take any other such actions as it deems necessary or advisable in carrying out its duties under the LTIP.

Miscellaneous

This Long-Term Incentive Plan Summary describes the provisions of Delcath's Long Term Incentive Plan. All Awards will be granted under and subject to the Company's Amended 2009 Stock Incentive Plan and its applicable Award

Long-Term Incentive Plan Summary

Agreements. Delcath reserves the right to amend, suspend or terminate the LTIP at any time, for any reason or no reason. Participation in this LTIP is not a guarantee of employment and employment with Delcath is not a guarantee of continued participation in this LTIP.

Participation in the LTIP is not a guarantee that a stock award will be granted or have any value. Actual Awards, if any, will be determined based on Delcath's ability to grant shares, the Company's overall financial condition, and at the discretion of the Committee.

Frequently Asked Questions

Who may participate in the plan? All exempt Delcath employees are eligible to participate in the LTIP.

Does Delcath have to give me an Award? No. The Committee may grant Awards at its discretion. Nothing in the LTIP gives you or any service provider the right to participate in the LTIP or receive Awards.

When are new hires eligible to participate in the LTIP? You must be employed by the Company on the date Awards are granted under the LTIP. New employees who start work at Delcath after the date of grant of Awards under the LTIP for a fiscal year will generally not be eligible to participate in the LTIP for the year in which they started work at the Company, but will be eligible to participate in the LTIP in the following year. The Committee may, in its sole discretion, determine who shall be eligible to participate in the LTIP and may establish such criteria as it deems fit for each fiscal year.

When and how frequently are Awards Granted? Awards are generally granted once per year during the first quarter of each fiscal year.

When is the amount of the Award determined? Each year the Committee will meet to establish the Awards, if any, to be granted for the upcoming fiscal.

When do I receive notice of the Award for a fiscal year? During the first quarter of each fiscal year, you will be provided with a notice and an Award Agreement detailing the Awards, if any, granted to you under the LTIP.

Will Awards be granted every year? Yes. Generally, the Committee has determined that granting Awards on an annual basis is consistent with its desire to balance short- and long-term incentive compensation and align the interest of employees with shareholders. However, there may be instances where the Committee determines that annual Awards under the LTIP are not appropriate and the Committee reserves the right to modify, amend or cancel the LTIP at any time.

Long-Term Incentive Plan Summary

What happens to my Award if I leave the Company? The survival or termination of each outstanding Award depends on the circumstances under which an employee leaves Delcath. The specific terms and conditions related to the survival or termination of an Award will be set forth in each Award Agreement and the Amended 2009 Stock Incentive Plan.

Who do I call if I have questions about the AIP? If you have questions after reading this LTIP Summary, you may contact your manager or the Human Resources Department.

**FORM OF RESTRICTED STOCK AGREEMENT
FOR EMPLOYEES**

This Restricted Stock Agreement (“**Agreement**”) is made as of _____ (the “**Grant Date**”) between Delcath Systems, Inc. (the “**Company**”) and _____ (the “**Employee**”).

WHEREAS, the Company maintains the Delcath Systems, Inc. 2009 Stock Incentive Plan, as amended (the “**Plan**”), which, with respect to an employee grantee, is administered by the Compensation and Stock Option Committee of the Company’s Board of Directors (the “**Committee**”), and

WHEREAS, in consideration of the Employee’s continued employment with the Company, the Committee has determined that the Employee shall be granted an award of Restricted Stock under the Plan, and

WHEREAS, to comply with the terms of the Plan and to further the interests of the Company and the Employee, the parties have set forth the terms of such award in writing in this Agreement;

NOW, THEREFORE, the Company and the Employee agree as follows:

1. Award.

(a) Grant. The Employee is hereby granted ____ shares (the “**Restricted Stock**”) of the Company’s common stock, par value \$.01 per share (“**Stock**”), which shall be issued in the Employee’s name subject to the restrictions contained in this Agreement. The Restricted Stock awarded pursuant to this Agreement is separate from and not in tandem with any other award(s) granted to the Employee under the Plan or otherwise.

(b) Plan Incorporated. The Employee acknowledges receipt of a copy of the Plan and agrees that this award of Restricted Stock shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. Any terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control.

2. Restrictions. The shares of Restricted Stock are subject to the following restrictions (collectively, the “**Restrictions**”):

(a) Forfeiture Restrictions. If the Employee’s employment with the Company shall terminate for any reason other than a “Change of Control” or the Employee’s “Disability” or death as provided in Section 3 below, the Employee shall forfeit the right to receive any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3 as of the effective date of termination of Employee’s employment.

(b) Competition. In the event the Employee becomes employed by, associated in any way with, or becomes the beneficial owner of more than 1% of the equity of, any business which competes, directly or indirectly, with the Company's business in any geographical area where the Company then does business, or if the Employee engages in criminal conduct with respect to the Company, a Subsidiary, or any of their property, shareholders, employees, officers or directors, or engages in conduct involving moral turpitude, the Employee shall forfeit the right to receive any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3.

(c) Restrictions on Transfer. The Employee may not sell, assign, pledge, exchange, hypothecate or otherwise transfer, encumber or dispose of any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3. Upon any violation of this restriction, the shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3 below shall be forfeited and the attempted transfer shall be null and void.

3. Lapse of Restrictions.

(a) Unless otherwise accelerated pursuant to this Section or otherwise by the Committee pursuant to its authority under the Plan, the Restrictions will lapse with respect to the shares of Restricted Stock in accordance with the following schedule provided that the Employee remains in continuous service as an employee or a director of the Company or its Subsidiaries of the Company on such date:

NUMBER	DATE

(b) Notwithstanding the foregoing, the Restrictions with respect to all shares of Restricted Stock will lapse immediately and the shares shall vest automatically as of the date of a "**Change of Control**" of the Company (as such term is defined in the Plan).

(c) Notwithstanding the foregoing, in the event the Employee's employment is terminated by reason of the Employee's death or "Disability", the Restrictions with respect to all shares of Restricted Stock will lapse immediately and the shares shall vest automatically as of the date of the Employee's death or as of the effective date of the Employee's termination of employment by reason of his or her Disability. For purposes of this Agreement, "**Disability**" means that as of the date of the Employee's termination of employment, the Employee suffers from a medically determinable physical or mental impairment that renders the Employee unable to perform substantially all of the duties of the Employee's position and can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

The shares of Restricted Stock with respect to which the Restrictions have lapsed shall cease to be subject to any Restrictions except as otherwise provided in the Plan.

4. Custody of Restricted Stock.

(a) Custody. The Company shall register, electronically or otherwise, the shares of Restricted Stock granted hereunder in the Employee's name. Any stock certificate(s) issued in connection with the Restricted Stock shall be delivered to and held by the Secretary of the Company until forfeiture occurs or the Restrictions lapse with respect to such shares of Restricted Stock pursuant to the terms of the Plan and this Agreement.

(b) Additional Securities as Restricted Stock. Any securities received as the result of ownership of shares of Restricted Stock, including without limitation, securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization (all such securities to be considered "Restricted Stock" for all purposes under this Agreement), shall be held in custody in the same manner and subject to the same conditions as the shares of Restricted Stock with respect to which they were issued.

(c) Delivery to the Employee. With respect to shares of Restricted Stock for which the Restrictions have lapsed (without forfeiture), the unrestricted shares of Restricted Stock shall be released to the Employee by electronic transfer or in the form of a stock certificate, and such method of delivery shall be made at the Company's discretion. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements of any regulation applicable to the issuance or delivery of such Stock. The Company shall not be obligated to issue or deliver any Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any securities exchange. The Company shall not be required to transfer on its books any shares of Stock (whether subject to restrictions or unrestricted) which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement.

5. Status of Stock. Notwithstanding the Restrictions contained herein, and unless and until the shares of Restricted Stock are forfeited pursuant to the provisions of this Agreement, the Employee shall have all rights of a stockholder with respect to the shares of Restricted Stock, including the right to vote such shares and to receive dividends thereon.

6. Relationship to Company.

(a) No Effect on Company's Rights or Powers. The existence of this Restricted Stock Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganization, or other changes in the Company's capital structure or its business, or any merger or consolidation of Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the shares of Restricted Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) No Guarantee of Employment. Neither this Restricted Stock Agreement nor the shares of Restricted Stock awarded hereby shall confer upon the Employee any right with respect to continued employment with the Company, nor shall this Restricted Stock Agreement or the shares of Restricted Stock awarded hereby interfere in any way with any right the Company would otherwise have to terminate the Employee's employment at any time. This Agreement shall not be deemed to enlarge or alter any rights Employee may have pursuant to any employment agreement with the Company.

7. Agreement with Respect to Taxes. The Employee shall be liable for any and all taxes, including withholding taxes, arising out of this Restricted Stock award or the lapse of the Restrictions hereunder. Employee may satisfy such tax obligations by electing to withhold shares of Stock having a value equal to the minimum amount of any required tax withholding with respect to the Restricted Stock to which the Restrictions have lapsed, subject to any limitations imposed by the Committee, as may be amended from time to time. Any election to have shares withheld must be made on or before the date the Restrictions lapse. The Employee agrees that if he or she does not pay, or make arrangements for the payment of, such amounts, the Company, to the fullest extent permitted by law, rule or regulation, shall have the right to deduct such amounts from any payments of any kind otherwise due to the Employee (including from the Employee's compensation).

8. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee pursuant to the terms of the Plan, including, without limitation, the Committee's rights to make certain determinations and elections with respect to the shares of Restricted Stock granted hereby.

9. Section 83(b) Election. The Employee is hereby advised that he or she may wish to consult an attorney or accountant concerning the advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. Such an election (which must be made within 30 days of the date of the grant of the Restricted Stock) may permit the Employee to pay current income tax based on the present fair market value of the Restricted Stock, as opposed to the fair market value of the Restricted Stock when the restrictions imposed thereon under this Agreement lapse. Employee must notify the Company within ten (10) days of any such election.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors and assigns of the Company and all persons lawfully claiming under the Employee.

11. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of a party's signature hereto by facsimile or PDF shall bind the parties hereto.

12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied.

13. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. Acceptance of Terms and Conditions. This Restricted Stock award will not be effective until the Employee has acknowledged and agreed to the terms and conditions set forth herein by executing this Agreement in the space provided below and returning the same to the Company.

Awarded subject to the terms and conditions stated above:

DELCATH SYSTEMS, INC.

Accepted under the terms and conditions stated above:

By: _____

Authorized Officer

**FORM OF RESTRICTED STOCK AGREEMENT
FOR DIRECTORS**

This Restricted Stock Agreement (“**Agreement**”) is made as of _____ (the “**Grant Date**”) between Delcath Systems, Inc. (the “**Company**”) and _____ (the “**Director**”).

WHEREAS, the Company maintains the Delcath Systems, Inc. 2009 Stock Incentive Plan, as amended (the “**Plan**”), which, is generally administered by the Compensation and Stock Option Committee of the Board of Directors, but with respect to a non- employee director grantee, is administered by the Company’s full Board of Directors (the “**Board**”), subject to the advice and recommendations of the Compensation and Stock Option Committee, and

WHEREAS, in consideration of the Director’s continued service to the Company, the Board has determined that the Director shall be granted an award of Restricted Stock under the Plan, and

WHEREAS, to comply with the terms of the Plan and to further the interests of the Company and the Director, the parties have set forth the terms of such award in writing in this Agreement;

NOW, THEREFORE, the Company and the Director agree as follows:

1. Award.

(a) Grant. The Director is hereby granted ____ shares (the “**Restricted Stock**”) of the Company’s common stock, par value \$.01 per share (“**Stock**”), which shall be issued in the Director’s name subject to the restrictions contained in this Agreement. The Restricted Stock awarded pursuant to this Agreement is separate from and not in tandem with any other award(s) granted to the Director under the Plan or otherwise.

(b) Plan Incorporated. The Director acknowledges receipt of a copy of the Plan and agrees that this award of Restricted Stock shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. Any terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control.

2. Restrictions. The shares of Restricted Stock are subject to the following restrictions (collectively, the “**Restrictions**”):

(a) Forfeiture Restrictions. If the Director’s service to the Company as a director, employee or consultant shall terminate for any reason other than a “Change of Control” or the Director’s “Disability” or death as provided in Section 3 below, the Director shall forfeit the right to receive any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3 as of the effective date of termination of Director’s service to the Company.

(b) Competition. In the event the Director becomes employed by, associated in any way with, or becomes the beneficial owner of more than 1% of the equity of, any business which competes, directly or indirectly, with the Company's business in any geographical area where the Company then does business, or if the Director engages in criminal conduct with respect to the Company, a Subsidiary, or any of their property, shareholders, employees, officers or directors, or engages in conduct involving moral turpitude, the Director shall forfeit the right to receive any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3.

(c) Restrictions on Transfer. The Director may not sell, assign, pledge, exchange, hypothecate or otherwise transfer, encumber or dispose of any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3. Upon any violation of this restriction, the shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3 below shall be forfeited and the attempted transfer shall be null and void.

3. Lapse of Restrictions.

(a) Unless otherwise accelerated pursuant to this Section or otherwise by the Board pursuant to its authority under the Plan, the Restrictions will lapse with respect to the shares of Restricted Stock in accordance with the following schedule provided the Director remains in continuous service as a director, employee or consultant to the Company or its Subsidiaries on such date:

NUMBER	DATE

(b) Notwithstanding the foregoing, the Restrictions with respect to all shares of Restricted Stock will lapse immediately and the shares shall vest automatically as of the date of a "**Change of Control**" of the Company (as such term is defined in the Plan).

(c) Notwithstanding the foregoing, in the event the Director's service to the Company as a director, employee or consultant is terminated by reason of the Director's death or "Disability", the Restrictions with respect to all shares of Restricted Stock will lapse immediately and the shares shall vest automatically as of the date of the Director's death or as of the effective date of the Director's termination of service to the Company by reason of his or her Disability. For purposes of this Agreement, "**Disability**" means that as of the date of the Director's

termination of service to the Company as a director, employee or consultant, the Director suffers from a medically determinable physical or mental impairment that renders the Director unable to perform substantially all of the duties of the Director's position and can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

The shares of Restricted Stock with respect to which the Restrictions have lapsed shall cease to be subject to any Restrictions except as otherwise provided in the Plan.

4. Custody of Restricted Stock.

(a) Custody. The Company shall register, electronically or otherwise, the shares of Restricted Stock granted hereunder in the Director's name. Any stock certificate(s) issued in connection with the Restricted Stock shall be delivered to and held by the Secretary of the Company until forfeiture occurs or the Restrictions lapse with respect to such shares of Restricted Stock pursuant to the terms of the Plan and this Agreement.

(b) Additional Securities as Restricted Stock. Any securities received as the result of ownership of shares of Restricted Stock, including without limitation, securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization (all such securities to be considered "Restricted Stock" for all purposes under this Agreement), shall be held in custody in the same manner and subject to the same conditions as the shares of Restricted Stock with respect to which they were issued.

(c) Delivery to the Director. With respect to shares of Restricted Stock for which the Restrictions have lapsed (without forfeiture), the unrestricted shares of Restricted Stock shall be released to the Director by electronic transfer or in the form of a stock certificate, and such method of delivery shall be made at the Company's discretion. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements of any regulation applicable to the issuance or delivery of such Stock. The Company shall not be obligated to issue or deliver any Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any securities exchange. The Company shall not be required to transfer on its books any shares of Stock (whether subject to restrictions or unrestricted) which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement.

5. Status of Stock. Notwithstanding the Restrictions contained herein, and unless and until the shares of Restricted Stock are forfeited pursuant to the provisions of this Agreement, the Director shall have all rights of a stockholder with respect to the shares of Restricted Stock, including the right to vote such shares and to receive dividends thereon.

6. Relationship to Company.

(a) No Effect on Company's Rights or Powers. The existence of this Restricted Stock Agreement shall not affect in any way the right or power of the Company or its

stockholders to make or authorize any or all adjustments, recapitalizations, reorganization, or other changes in the Company's capital structure or its business, or any merger or consolidation of Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the shares of Restricted Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) No Guarantee of Continued Service. Neither this Restricted Stock Agreement nor the shares of Restricted Stock awarded hereby shall confer upon the Director any right with respect to continued service to the Company, nor shall this Restricted Stock Agreement or the shares of Restricted Stock awarded hereby interfere in any way with any right the Company would otherwise have to terminate the Director's service at any time. This Agreement shall not be deemed to enlarge or alter any rights Director may have pursuant to any other agreement with the Company.

7. Agreement with Respect to Taxes. The Director shall be liable for any and all taxes, including withholding taxes, arising out of this Restricted Stock award or the lapse of the Restrictions hereunder. The Director agrees to indemnify the Company for any applicable tax liability related to the Restricted Stock.

8. Board's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Board pursuant to the terms of the Plan, including, without limitation, the Board's rights to make certain determinations and elections with respect to the shares of Restricted Stock granted hereby.

9. Section 83(b) Election. The Director is hereby advised that he or she may wish to consult an attorney or accountant concerning the advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. Such an election (which must be made within 30 days of the date of the grant of the Restricted Stock) may permit the Director to pay current income tax based on the present fair market value of the Restricted Stock, as opposed to the fair market value of the Restricted Stock when the restrictions imposed thereon under this Agreement lapse. Director must notify the Company within ten (10) days of any such election.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors and assigns of the Company and all persons lawfully claiming under the Director.

11. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of a party's signature hereto by facsimile or PDF shall bind the parties hereto.

12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied.

13. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. Acceptance of Terms and Conditions. This Restricted Stock award will not be effective until the Director has acknowledged and agreed to the terms and conditions set forth herein by executing this Agreement in the space provided below and returning the same to the Company.

Awarded subject to the terms and conditions stated above:

DELCATH SYSTEMS, INC.

Accepted under the terms and conditions stated above:

By: _____

Authorized Officer

**FORM OF RESTRICTED STOCK AGREEMENT
FOR CONSULTANTS**

This Restricted Stock Agreement (“**Agreement**”) is made as of _____ (the “**Grant Date**”) between Delcath Systems, Inc. (the “**Company**”) and _____ (the “**Consultant**”).

WHEREAS, the Company maintains the Delcath Systems, Inc. 2009 Stock Incentive Plan, as amended (the “**Plan**”), which, with respect to a consultant, is administered by the Compensation and Stock Option Committee of the Company’s Board of Directors (the “**Committee**”), and

WHEREAS, in consideration of the Consultant’s continued service to the Company, the Committee has determined that the Consultant shall be granted an award of Restricted Stock under the Plan, and

WHEREAS, to comply with the terms of the Plan and to further the interests of the Company and the Consultant, the parties have set forth the terms of such award in writing in this Agreement;

NOW, THEREFORE, the Company and the Consultant agree as follows:

1. Award.

(a) Grant. The Consultant is hereby granted ____ shares (the “**Restricted Stock**”) of the Company’s common stock, par value \$.01 per share (“**Stock**”), which shall be issued in the Consultant’s name subject to the restrictions contained in this Agreement. The Restricted Stock awarded pursuant to this Agreement is separate from and not in tandem with any other award(s) granted to the Consultant under the Plan or otherwise.

(b) Plan Incorporated. The Consultant acknowledges receipt of a copy of the Plan and agrees that this award of Restricted Stock shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. Any terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan. In the event of any conflict between this Agreement and the Plan, the Plan shall control.

2. Restrictions. The shares of Restricted Stock are subject to the following restrictions (collectively, the “**Restrictions**”):

(a) Forfeiture Restrictions. If the Consultant’s consulting relationship with the Company shall terminate for any reason other than a “Change of Control” or the Consultant’s “Disability” or death as provided in Section 3 below, the Consultant shall forfeit the right to receive any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3 as of the effective date of termination of Consultant’s consulting relationship with the Company.

(b) Competition. In the event the Consultant becomes employed by, associated in any way with, or becomes the beneficial owner of more than 1% of the equity of, any business which competes, directly or indirectly, with the Company's business in any geographical area where the Company then does business, or if the Consultant engages in criminal conduct with respect to the Company, a Subsidiary, or any of their property, shareholders, employees, officers or Consultants, or engages in conduct involving moral turpitude, the Consultant shall forfeit the right to receive any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3.

(c) Restrictions on Transfer. The Consultant may not sell, assign, pledge, exchange, hypothecate or otherwise transfer, encumber or dispose of any shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3. Upon any violation of this restriction, the shares of Restricted Stock with respect to which the Restrictions have not lapsed as provided in Section 3 below shall be forfeited and the attempted transfer shall be null and void.

3. Lapse of Restrictions.

(a) Unless otherwise accelerated pursuant to this Section or otherwise by the Committee pursuant to its authority under the Plan, the Restrictions will lapse with respect to the shares of Restricted Stock in accordance with the following schedule provided the Consultant remains a consultant of the Company or its Subsidiaries on such date:

NUMBER	DATE

(b) Notwithstanding the foregoing, the Restrictions with respect to all shares of Restricted Stock will lapse immediately and the shares shall vest automatically as of the date of a "**Change of Control**" of the Company (as such term is defined in the Plan).

(c) Notwithstanding the foregoing, in the event the Consultant's consulting relationship with the Company is terminated by reason of the Consultant's death or "Disability", the Restrictions with respect to all shares of Restricted Stock will lapse immediately and the shares shall vest automatically as of the date of the Consultant's death or as of the effective date of the termination of the consulting relationship with the Company by reason of his or her Disability. For purposes of this Agreement, "**Disability**" means that as of the date of the termination of the consulting relationship between Consultant and the Company, the Consultant suffers from a medically determinable physical or mental impairment that renders the Consultant unable to perform substantially all of the duties of the Consultant's agreement with the Company and can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

The shares of Restricted Stock with respect to which the Restrictions have lapsed shall cease to be subject to any Restrictions except as otherwise provided in the Plan.

4. Custody of Restricted Stock.

(a) Custody. The Company shall register, electronically or otherwise, the shares of Restricted Stock granted hereunder in the Consultant's name. Any stock certificate(s) issued in connection with the Restricted Stock shall be delivered to and held by the Secretary of the Company until forfeiture occurs or the Restrictions lapse with respect to such shares of Restricted Stock pursuant to the terms of the Plan and this Agreement.

(b) Additional Securities as Restricted Stock. Any securities received as the result of ownership of shares of Restricted Stock, including without limitation, securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization (all such securities to be considered "Restricted Stock" for all purposes under this Agreement), shall be held in custody in the same manner and subject to the same conditions as the shares of Restricted Stock with respect to which they were issued.

(c) Delivery to the Consultant. With respect to shares of Restricted Stock for which the Restrictions have lapsed (without forfeiture), the unrestricted shares of Restricted Stock shall be released to the Consultant by electronic transfer or in the form of a stock certificate, and such method of delivery shall be made at the Company's discretion. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements of any regulation applicable to the issuance or delivery of such Stock. The Company shall not be obligated to issue or deliver any Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any securities exchange. The Company shall not be required to transfer on its books any shares of Stock (whether subject to restrictions or unrestricted) which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement.

5. Status of Stock. Notwithstanding the Restrictions contained herein, and unless and until the shares of Restricted Stock are forfeited pursuant to the provisions of this Agreement, the Consultant shall have all rights of a stockholder with respect to the shares of Restricted Stock, including the right to vote such shares and to receive dividends thereon.

6. Relationship to Company.

(a) No Effect on Company's Rights or Powers. The existence of this Restricted Stock Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganization, or other changes in the Company's capital structure or its business, or any merger or consolidation

of Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the shares of Restricted Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) No Guarantee of Continued Consulting Relationship. Neither this Restricted Stock Agreement nor the shares of Restricted Stock awarded hereby shall confer upon the Consultant any right with respect to a continued consulting relationship with the Company, nor shall this Restricted Stock Agreement or the shares of Restricted Stock awarded hereby interfere in any way with any right the Company would otherwise have to terminate the Consultant's consulting relationship with the Company at any time. This Agreement shall not be deemed to enlarge or alter any rights Consultant may have pursuant to any consulting or other agreement with the Company.

7. Agreement with Respect to Taxes. The Consultant shall be liable for any and all taxes, including withholding taxes, arising out of this Restricted Stock award or the lapse of the Restrictions hereunder. The Consultant agrees to indemnify the Company for any applicable tax liability related to the Restricted Stock.

8. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee pursuant to the terms of the Plan, including, without limitation, the Committee's rights to make certain determinations and elections with respect to the shares of Restricted Stock granted hereby.

9. Section 83(b) Election. The Consultant is hereby advised that he or she may wish to consult an attorney or accountant concerning the advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. Such an election (which must be made within 30 days of the date of the grant of the Restricted Stock) may permit the Consultant to pay current income tax based on the present fair market value of the Restricted Stock, as opposed to the fair market value of the Restricted Stock when the restrictions imposed thereon under this Agreement lapse. The Consultant must notify the Company within ten (10) days of any such election.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors and assigns of the Company and all persons lawfully claiming under the Consultant.

11. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of a party's signature hereto by facsimile or PDF shall bind the parties hereto.

12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied.

13. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. Acceptance of Terms and Conditions. This Restricted Stock award will not be effective until the Consultant has acknowledged and agreed to the terms and conditions set forth herein by executing this Agreement in the space provided below and returning the same to the Company.

Awarded subject to the terms and conditions stated above:

DELCATH SYSTEMS, INC.

Accepted under the terms and conditions stated above:

By: _____

Authorized Officer

NON-STATUTORY STOCK OPTION GRANT LETTER
FOR EMPLOYEES
DELCATH SYSTEMS, INC.

2009 STOCK INCENTIVE PLAN

Date

Name

Address

CSZ

Dear Name:

This Non-Statutory Stock Option Grant Letter (“Grant Letter”) sets forth the terms and conditions of the stock option granted to you by Delcath Systems, Inc. (the “Company”) on **[Insert Grant Date]** (the “Grant Date”), in accordance with the provisions of its 2009 Stock Incentive Plan (the “Plan”). You have been granted an option (the “Option”) to purchase **[# of shares subject to the option]** shares of the Company’s Common Stock (“Common Stock”). The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

You acknowledge receipt of a copy of the Plan and agree that the Option is subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between this Grant Letter and the Plan, the Plan shall control. The Option and the Plan are subject to adjustments, changes, and amendments as provided in the Plan. Any terms used in this Grant Letter and not defined herein have the meanings set forth in the Plan. The Plan shall be administered by the “Committee”, which, with respect to an employee grantee, shall mean the Compensation and Stock Option Committee of the Company’s Board of Directors.

1. Option Price

The price at which you may purchase the shares of Common Stock covered by the Option is **[Insert Exercise Price]** per share, which is the Fair Market Value of a share on the date of grant of your Option.

2. Term of Option

Your Option expires on **[Insert Date 10 years or less from date of grant]** (the “Expiration Date”), unless earlier terminated as provided in paragraph 6 of this Grant Letter or pursuant to the Plan. Regardless of the provisions of paragraph 6 and the Plan, in no event can your Option be exercised after the Expiration Date set forth in this paragraph 2.

3. Exercisability of Option

(a) Unless it becomes exercisable on an earlier date as provided in paragraph 6 or pursuant to the Plan, your Option will become exercisable in installments as follows, provided that you remain in continuous service as an employee of the Company or its Subsidiaries or a director of the Company on such date:

PERIOD	NUMBER OF SHARES COMMON STOCK AS TO WHICH THE OPTION BECOMES EXERCISABLE
Vesting Details	
Final Vesting Date	

(b) To the extent your Option has become exercisable (i.e., vested), you may exercise the Option to purchase all or any part of the shares subject to the vested portion of your Option at any time on or before the date the Option expires or terminates.

4. Exercise of Option

You may exercise your Option by giving written notice to the Company of the number of shares of Common Stock you desire to purchase and paying the option price for such shares. The notice must be in the form provided by the Company from time to time (the “**Option Exercise Form**”), which may be obtained from the Company’s Controller. The notice must be hand delivered or mailed to the Company at the address of its executive offices, 810 Seventh Avenue, Suite 3505, New York, NY 10019; Attention: Controller, or may be provided electronically to the extent and in the manner provided under procedures adopted by the Company. Payment of the option price may be made in any manner permitted under paragraph 5. The cash, Common Stock or documentation described in the applicable provision of paragraph 5 must accompany the Option Exercise Form. Subject to Section 5, your Option will be deemed exercised on the date the Option Exercise Form (and payment of the option price) is hand delivered, received by electronic transmission (if permitted), received by overnight courier, or, if mailed, postmarked.

5. Satisfaction of Option Price. Your Option may be exercised by payment of the option price in cash (including check, bank draft, money order, or wire transfer to the order of the Company). Unless prohibited by the Committee in its discretion (at any time prior to completion of the desired Option exercise), your Option may also be exercised using any of the following methods or a combination thereof:

(a) **Payment of Common Stock.** You may satisfy the option price by tendering shares of Common Stock that you have owned for at least six months or which were acquired on the open market. For this purpose, the shares of Common Stock so tendered shall be valued at the closing sales price of the Common Stock on The Nasdaq Capital Market (or the exchange or market determined by the Committee to be the primary market for the Common Stock) for the day before the date of exercise or, if no such sale of Common Stock occurs on such date, the closing sales price on the nearest trading date before such date. The certificate(s) evidencing shares tendered in payment of the option price must be duly endorsed or accompanied by appropriate stock powers. Only stock certificates issued solely in your name may be tendered to exercise your Option. Fractional shares may not be tendered in satisfaction of the option price; any portion of the option price that is in excess of the aggregate value (as determined under this paragraph 5(a)) of the number of whole shares tendered must be paid in cash. If a certificate tendered in exercise of the Option evidences more shares than are required pursuant to the immediately preceding sentence for satisfaction of the portion of the option price being paid in Common Stock, an appropriate replacement certificate will be issued to you for the number of excess shares.

(b) **Broker-Assisted Cashless Exercise.** You may satisfy the option price by delivering to the Company a copy of irrevocable instructions to a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the total option price and withholding tax obligation resulting from such exercise. The broker must agree to deposit the entire sale proceeds into a Company-owned account pending delivery to the Company of the option price and tax withholding amount. Shares issued under this method of exercise will be issued to the designated brokerage firm for your account. The ability to use this method of exercise is subject to the Company's approval of the broker and of the specific mechanics of exercise.

(c) **Net Share Exercise.** You may satisfy the option price by delivering to the Company an Option Exercise Form that directs the Company to withhold a sufficient number of the shares acquired upon exercise to satisfy the aggregate option price and tax withholding obligation with respect to the shares as to which the Option is being exercised. For purposes of this provision, the shares of Common Stock applied to satisfy the option price and withholding obligation shall be valued in the same manner as provided under paragraph 5(a).

6. Termination of Employment

(a) **General.** The following special rules apply to your Option in the event of your death, disability, retirement, or other termination of employment. Following your employment termination, your Option will be exercisable only with respect to the number of shares you were entitled to purchase on the date of the termination of your employment (i.e. vested) and only for the period of time specified below. The Option shall terminate upon the date of the termination of your employment with respect to any shares that were not exercisable (i.e., not vested) as of your employment termination date.

(i) **Termination of Employment for Cause.** If the Company or a Subsidiary terminates your employment for Cause, your Option will terminate on the date of such

termination of employment. For this purpose, “Cause” shall have the meaning set forth in your employment agreement in effect with the Company, or in the absence of such an agreement, shall mean (A) your willful failure to perform the duties of your employment, (B) your engagement in dishonest conduct, fraud, theft, embezzlement or gross negligence in connection with the performance of services, (C) your violation of a material written Company policy, or (D) your commission of a felony or plea of *nolo contendere* thereto.

(ii) **Resignation.** If you resign from the Company or a Subsidiary other than upon Retirement (as defined below), your Option will terminate 90 days after such termination of employment.

(iii) **Termination Without Cause.** If the Company or a Subsidiary terminates your employment without Cause or if the Subsidiary or division in which you are employed is sold by the Company, your Option will terminate 90 days after such termination of employment.

(iv) **Death or Disability.** If your employment terminates by reason of death or Disability, your Option will terminate one year after such termination of employment. For purposes of this provision, “Disability” means that by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, you have been receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or Subsidiary that employs you.

(v) **Retirement.** Upon your Retirement from the Company, except as provided in the next sentence, you may exercise your Option for a period of one year following your Retirement, but not beyond the term of the Option. If you serve as a director of the Company immediately following your Retirement, your Option will terminate one year after the termination of your service as a director, but not beyond the term of the Option. For purposes of this provision, “Retirement” means termination of your employment with the Company and its Subsidiaries after you have attained age 60 and ten years of continuous employment with the Company and/or its Subsidiaries.

(vi) **Dissolution, Liquidation, Merger, or Consolidation of the Company.** In the event that, before the Expiration Date, the Company is dissolved or liquidated, or is merged, consolidated or otherwise combined with another corporation and is not the surviving corporation, the Committee may terminate the Option at the time of the transaction without your consent but only if not less than 15 days nor more than 90 days prior to such transaction you are notified in writing that the Option will terminate at the time of the transaction and that you will have the right, subject to Section 6(a)(viii), to exercise the Option during the 15 day period (or a specified longer period) prior to the transaction (the “Pre-Transaction Exercise Period”) to the extent hereafter provided. Subject to Sections 6(a)(i) and (a)(viii), the Option shall be exercisable during the Pre-Transaction Exercise Period to the extent of all of the shares that are subject to the Option, irrespective of the provisions of Section 3, unless you are not an employee of the Company or its Subsidiaries at the commencement of the Pre-Transaction Exercise Period, in which case this subsection shall not apply.

(vii) **Change in Control.** The Option shall become exercisable as to all shares upon a “Change in Control” as defined in the Plan which occurs while you are in the employ of the Company or a Subsidiary (provided the Option has not previously expired pursuant to Sections 2 or 6).

(viii) **Competition.** In the event you become employed by, associated in any way with, or become the beneficial owner of more than 1% of the equity of, any business which competes, directly or indirectly, with the Company’s business in any geographical area where the Company then does business, or if you engage in criminal conduct with respect to the Company, a Subsidiary, or any of their property, shareholders, employees, officers or directors, or engage in conduct involving moral turpitude, the Option shall immediately terminate and you shall have no rights hereunder.

(ix) **Acceleration and Adjustments of Exercise Period.** The Committee may, in its discretion, declare all or any portion of your Option immediately exercisable and/or permit all or any part of your Option to remain exercisable for such period designated by it after the time when the Option would have otherwise terminated as provided in the applicable portion of this paragraph 6(a), but not beyond the Expiration Date of your Option as set forth in paragraph 2 above.

(b) **Committee Determinations.** The Committee shall have absolute discretion to make all determinations reserved to it under the Plan or this Grant Letter, including without limitation the date and circumstances of termination of your employment, and its determinations shall be final, conclusive and binding upon you and your beneficiaries.

7. Tax Withholding

You must make arrangements satisfactory to the Company to satisfy any applicable federal, state, local or other withholding tax liability. If you exercise your Option by payment of cash or Common Stock, you can satisfy your withholding obligation by making a cash payment to the Company of the required amount. In addition, unless the Committee in its discretion prohibits such method, you may satisfy your withholding obligation by having the Company retain from the Common Stock otherwise deliverable to you upon exercise of your Option, shares of Common Stock having a value equal to the minimum amount of any required tax withholding with respect to the exercise. If you exercise your Option using the broker-assisted cashless option exercise method, the Committee may require that any required tax withholding be retained by the Company from the proceeds of the sale of your shares. If you exercise your Option using the net share exercise method, the Committee may require that any required tax withholding be retained by the Company from the shares acquired upon exercise. If you fail to satisfy your withholding obligation in a time and manner satisfactory to the Company, the Company or a Subsidiary shall have the right to withhold the required amount from your salary or other amounts payable to you.

Any election to have shares withheld must be made on or before the date you exercise your Option. A copy of the withholding election form may be obtained from the Company's Controller. The election form does not apply to exercises under the cashless option exercise method or the net share exercise method. Share withholding is mandatory if you are using the net share method of exercise.

The amount of withholding tax retained by the Company or paid by you to the Company will be paid to the appropriate tax authorities in satisfaction of the withholding obligations under the tax laws. The total amount of income you recognize by reason of exercise of the Option will be reported to the tax authorities in the year in which you recognize income with respect to the exercise. Whether you owe additional tax will depend on your overall taxable income for the applicable year and the total tax remitted for that year through withholding or by estimated payments.

8. Administration of the Plan

The Plan is administered by the Committee. The Committee has authority to interpret the Plan, to adopt rules for administering the Plan, to decide all questions of fact arising under the Plan, and generally to make all other determinations necessary or advisable for administration of the Plan. All decisions and acts of the Committee are final and binding on all affected Plan participants.

9. Non-transferability of Option

The Option granted to you by this Grant Letter may be exercised only by you, and may not be assigned, pledged, or otherwise transferred by you, with the exception that in the event of your death the Option may be exercised (at any time prior to its expiration or termination as provided in paragraphs 2 and 6) by the executor or administrator of your estate or by a person who acquired the right to exercise your Option by bequest or inheritance or by reason of your death. All unexercised Option rights shall be cancelled immediately upon any assignment, pledge or transfer in violation of this paragraph 9.

10. Amendment and Adjustments to your Option

The Plan authorizes the Board or the Committee to make amendments and adjustments to outstanding awards, including the Option granted by this Grant Letter, in specified circumstances, as provided in the Plan.

11. Effect on Other Benefits

Income recognized by you as a result of exercise of the Option will not be included in the formula for calculating benefits under the Company's other benefit plans.

12. Regulatory Compliance

Under the Plan, the Company is not required to deliver Common Stock upon exercise of your Option if such delivery would violate any applicable law or regulation or stock exchange requirement. If required by law or regulation, the Company may impose restrictions on your ability to transfer shares received under the Plan.

13. Data Privacy

By accepting this Option you expressly consent to the collection, use and transfer, in electronic or other form, of your personal data by and among the Company, its Subsidiaries and any broker or third party assisting the Company in administering the Plan or providing recordkeeping services for the Plan, for the purpose of implementing, administering and managing your participation in the Plan. By accepting this Option you waive any data privacy rights you may have with respect to such information. You may revoke the consent and waiver described in this paragraph by written notice to the Company's Controller; however any such revocation may adversely affect your ability to participate in the Plan and to exercise any stock options previously granted under the Plan.

14. Consent to Jurisdiction

Your Option and the Plan are governed by the laws of the State of Delaware without regard to any conflict of law rules. Any dispute arising out of this Option or the Plan may be resolved only in a state or federal court located within New York County, New York State, U.S.A. This Option is issued on the condition that you accept such venue and submit to the personal jurisdiction of any such court.

15. No Right To Continued Employment; No Enlargement of Rights Under Any Employment Agreement

This Grant Letter shall not confer upon you any right to continued employment with the Company or any of its Subsidiaries nor shall it interfere, in any way, with the right of the Company to modify your compensation, duties, and responsibilities, or the Company's authority to terminate your employment. This Option shall not be deemed to enlarge or alter any rights you may have pursuant to any employment agreement with the Company. In the event of any conflict between this Grant Letter and any employment or other agreement between you and the Company, this Grant Letter shall control.

16. No Rights as a Shareholder.

The granting of the Option shall not confer upon you any rights as an owner of shares of Common Stock, unless and until you exercise the Option and the Company issues you shares of Common Stock.

17. Acceptance of Terms and Conditions

By signing this Grant Letter, you irrevocably agree to and accept the terms and conditions of the Option as set forth or incorporated by reference into this Grant Letter and the terms and conditions of the Plan applicable to the Option.

18. Entire Agreement

This Grant Letter embodies the entire agreement of the parties hereto respecting the matters within its scope. This Grant Letter supersedes all prior and contemporaneous agreements of the parties hereto that directly or indirectly bear upon the subject matter hereof. Any prior negotiations, correspondence, agreements, proposals or understandings relating to the subject matter hereof shall be deemed to have been merged into this Grant Letter, and to the extent inconsistent herewith, such negotiations, correspondence, agreements, proposals, or understandings shall be deemed to be of no force or effect. There are no representations, warranties, or agreements, whether express or implied, or oral or written, with respect to the subject matter hereof, except as expressly set forth herein.

If you have any questions regarding your Option or would like to obtain additional information about the Plan or its administration, please contact the Company's Controller, Delcath Systems, Inc., 810 Seventh Avenue, Suite 3505, New York, NY 10019 (telephone (212) 489-2100).

This Grant Letter contains the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

Very truly yours,

Eamonn P. Hobbs, President
and Chief Executive Officer

Acknowledged and Agreed _____, 2010

(signature)

Name _____
(print)

NON-STATUTORY STOCK OPTION GRANT LETTER
FOR DIRECTORS
DELCATH SYSTEMS, INC.

2009 STOCK INCENTIVE PLAN

Date

Name

Address

CSZ

Dear Name:

This Non-Statutory Stock Option Grant Letter (“Grant Letter”) sets forth the terms and conditions of the stock option granted to you by Delcath Systems, Inc. (the “Company”) on **[Insert Grant Date]** (the “Grant Date”), in accordance with the provisions of its 2009 Stock Incentive Plan (the “Plan”). You have been granted an option (the “Option”) to purchase **[# of shares subject to the option]** shares of the Company’s Common Stock (“Common Stock”). The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

You acknowledge receipt of a copy of the Plan and agree that the Option is subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between this Grant Letter and the Plan, the Plan shall control. The Option and the Plan are subject to adjustments, changes, and amendments as provided in the Plan. Any terms used in this Grant Letter and not defined herein have the meanings set forth in the Plan. The Plan shall be administered by the “Committee”, which shall mean, with respect to non-employee directors, the entire Board of Directors of the Company, and which shall mean, with respect to employee directors, the Compensation and Stock Option Committee of the Board.

1. Option Price

The price at which you may purchase the shares of Common Stock covered by the Option is **[Insert Exercise Price]** per share, which is the Fair Market Value of a share on the date of grant of your Option.

2. Term of Option

Your Option expires on **[Insert Date 10 years or less from date of grant]** (the “Expiration Date”), unless earlier terminated as provided in paragraph 6 of this Grant Letter or pursuant to the Plan. Regardless of the provisions of paragraph 6 and the Plan, in no event can your Option be exercised after the Expiration Date set forth in this paragraph 2.

3. Exercisability of Option

(a) Unless it becomes exercisable on an earlier date as provided in paragraph 6 or pursuant to the Plan, your Option will become exercisable in installments as follows, provided that you remain in continuous service on the Board of Directors, or as an employee or consultant of the Company or its Subsidiaries on such date:

PERIOD	NUMBER OF SHARES OF COMMON STOCK AS TO WHICH THE OPTION BECOMES EXERCISABLE
Vesting Details	
Final Vesting Date	

(b) To the extent your Option has become exercisable (i.e., vested), you may exercise the Option to purchase all or any part of the shares subject to the vested portion of your Option at any time on or before the date the Option expires or terminates.

4. Exercise of Option

You may exercise your Option by giving written notice to the Company of the number of shares of Common Stock you desire to purchase and paying the option price for such shares. The notice must be in the form provided by the Company from time to time (the “**Option Exercise Form**”), which may be obtained from the Company’s Controller. The notice must be hand delivered or mailed to the Company at the address of its executive offices, 810 Seventh Avenue, Suite 3505, New York, NY 10019; Attention: Controller, or may be provided electronically to the extent and in the manner provided under procedures adopted by the Company. Payment of the option price may be made in any manner permitted under paragraph 5. The cash, Common Stock or documentation described in the applicable provision of paragraph 5 must accompany the Option Exercise Form. Subject to Section 5, your Option will be deemed exercised on the date the Option Exercise Form (and payment of the option price) is hand delivered, received by electronic transmission (if permitted), received by overnight courier, or, if mailed, postmarked.

5. Satisfaction of Option Price. Your Option may be exercised by payment of the option price in cash (including check, bank draft, money order, or wire transfer to the order of the Company). Unless prohibited by the Committee in its discretion (at any time prior to completion of the desired Option exercise), your Option may also be exercised using any of the following methods or a combination thereof:

(a) **Payment of Common Stock.** You may satisfy the option price by tendering shares of Common Stock that you have owned for at least six months or which were acquired on the open market. For this purpose, the shares of Common Stock so tendered shall be valued at the closing sales price of the Common Stock on The Nasdaq Capital Market (or the exchange or market determined by the Committee to be the primary market for the Common Stock) for the day before the date of exercise or, if no such sale of Common Stock occurs on such date, the closing sales price on the nearest trading date before such date. The certificate(s) evidencing shares tendered in payment of the option price must be duly endorsed or accompanied by appropriate stock powers. Only stock certificates issued solely in your name may be tendered to exercise your Option. Fractional shares may not be tendered in satisfaction of the option price; any portion of the option price that is in excess of the aggregate value (as determined under this paragraph 5(a)) of the number of whole shares tendered must be paid in cash. If a certificate tendered in exercise of the Option evidences more shares than are required pursuant to the immediately preceding sentence for satisfaction of the portion of the option price being paid in Common Stock, an appropriate replacement certificate will be issued to you for the number of excess shares.

(b) **Broker-Assisted Cashless Exercise.** You may satisfy the option price by delivering to the Company a copy of irrevocable instructions to a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the total option price and withholding tax obligation resulting from such exercise. The broker must agree to deposit the entire sale proceeds into a Company-owned account pending delivery to the Company of the option price and tax withholding amount. Shares issued under this method of exercise will be issued to the designated brokerage firm for your account. The ability to use this method of exercise is subject to the Company's approval of the broker and of the specific mechanics of exercise.

6. Termination of Position on Board of Directors

(a) **General.** The following special rules apply to your Option in the event you are no longer on the Board of Directors of the Company and if you are not, at that time, serving as an employee or consultant of the Company. Following your resignation or removal from the Board of Directors, or upon your failure to be re-elected to the Board of Directors, provided you are not, at that time, serving as an employee or consultant of the Company ("End of Service Date"), your Option will be exercisable only with respect to the number of shares you were entitled to purchase on the End of Service Date (i.e. vested) and only for the period of time specified below. The Option shall terminate upon the date of the End of Service Date with respect to any shares that were not exercisable (i.e., not vested) as of the End of Service Date.

(i) **Termination of Position on Board of Directors.** If the Board of Directors or the shareholders of the Company or a Subsidiary removes you from the Board of Directors for Cause, your Option will terminate on the effective date of such removal. For this purpose, "**Cause**" shall mean (A) your willful failure to perform the duties of your Board position, (B) your engagement in dishonest conduct, fraud, theft, embezzlement or gross negligence in connection with your role on the Board of Directors, (C) your violation of a material written Company policy, or (D) your commission of a felony or plea of *nolo contendere* thereto.

(ii) **Termination Without Cause.** If you terminate your service on the Board of Directors on good terms and no Cause has occurred or if the Company or a Subsidiary terminates your service on the Board of Directors without Cause, or if you are not re-elected to the Board at the end of your then-current term, and provided that you are not, at that time, serving as an employee or consultant of the Company, your Option will terminate 90 days after such termination of your Board service.

(iii) **Death.** If your service on the Company's Board of Directors terminates by reason of death, or your service as an employee or consultant to the Company terminates by reason of death, your Option will terminate one year after such termination.

(iv) **Dissolution, Liquidation, Merger, or Consolidation of the Company.** In the event that, before the Expiration Date, the Company is dissolved or liquidated, or is merged, consolidated or otherwise combined with another corporation and is not the surviving corporation, the Committee may terminate the Option at the time of the transaction without your consent but only if not less than 15 days nor more than 90 days prior to such transaction you are notified in writing that the Option will terminate at the time of the transaction and that you will have the right, subject to Section 6(a)(vi), to exercise the Option during the 15 day period (or a specified longer period) prior to the transaction (the "Pre-Transaction Exercise Period") to the extent hereafter provided. Subject to Sections 6(a)(i) and 6(a)(vi), the Option shall be exercisable during the Pre-Transaction Exercise Period to the extent of all of the shares that are subject to the Option, irrespective of the provisions of Section 3, unless you are not a director, consultant or employee of the Company or its Subsidiaries at the commencement of the Pre-Transaction Exercise Period, in which case this subsection shall not apply.

(v) **Change in Control.** The Option shall become exercisable as to all shares upon a "Change in Control" as defined in the Plan which occurs while you are serving as a director, employee or consultant to the Company or a Subsidiary (provided the Option has not previously expired pursuant to Sections 2 or 6).

(vi) **Competition.** In the event you become employed by, associated in any way with, or become the beneficial owner of more than 1% of the equity of, any business which competes, directly or indirectly, with the Company's business in any geographical area where the Company then does business, or if you engage in criminal conduct with respect to the Company, a Subsidiary, or any of their property, shareholders, employees, officers or directors, or engage in conduct involving moral turpitude, the Option shall immediately terminate and you shall have no rights hereunder.

(vii) **Acceleration and Adjustments of Exercise Period.** The Committee may, in its discretion, declare all or any portion of your Option immediately exercisable and/or permit all or any part of your Option to remain exercisable for such period designated by it after the time when the Option would have otherwise terminated as provided in the applicable portion of this paragraph 6(a), but not beyond the Expiration Date of your Option as set forth in paragraph 2 above.

(b) **Committee Determinations.** The Committee shall have absolute discretion to make all determinations reserved to it under the Plan or this Grant Letter, including without limitation, the date and circumstances of the termination of your directorship or other service to the Company, and its determinations shall be final, conclusive and binding upon you and your beneficiaries.

7. Tax Withholding

You must make arrangements satisfactory to the Company to satisfy any applicable federal, state, local or other withholding tax liability. The total amount of income you recognize by reason of exercise of the Option will be reported to the tax authorities in the year in which you recognize income with respect to the exercise. Whether you owe additional tax will depend on your overall taxable income for the applicable year and the total tax remitted for that year through withholding or by estimated payments. You hereby agree to indemnify the Company for any applicable tax liability related to Options.

8. Administration of the Plan

The Plan is administered by the Committee. The Committee has authority to interpret the Plan, to adopt rules for administering the Plan, to decide all questions of fact arising under the Plan, and generally to make all other determinations necessary or advisable for administration of the Plan. All decisions and acts of the Committee are final and binding on all affected Plan participants.

9. Non-transferability of Option

The Option granted to you by this Grant Letter may be exercised only by you, and may not be assigned, pledged, or otherwise transferred by you, with the exception that in the event of your death the Option may be exercised (at any time prior to its expiration or termination as provided in paragraphs 2 and 6) by the executor or administrator of your estate or by a person who acquired the right to exercise your Option by bequest or inheritance or by reason of your death. All unexercised Option rights shall be cancelled immediately upon any assignment, pledge or transfer in violation of this paragraph 9.

10. Amendment and Adjustments to your Option

The Plan authorizes the Board or the Committee to make amendments and adjustments to outstanding awards, including the Option granted by this Grant Letter, in specified circumstances, as provided in the Plan.

11. Regulatory Compliance

Under the Plan, the Company is not required to deliver Common Stock upon exercise of your Option if such delivery would violate any applicable law or regulation or stock exchange requirement. If required by law or regulation, the Company may impose restrictions on your ability to transfer shares received under the Plan.

12. Data Privacy

By accepting this Option you expressly consent to the collection, use and transfer, in electronic or other form, of your personal data by and among the Company, its Subsidiaries and any broker or third party assisting the Company in administering the Plan or providing recordkeeping services for the Plan, for the purpose of implementing, administering and managing your participation in the Plan. By accepting this Option you waive any data privacy rights you may have with respect to such information. You may revoke the consent and waiver described in this paragraph by written notice to the Company's Controller; however any such revocation may adversely affect your ability to participate in the Plan and to exercise any stock options previously granted under the Plan.

13. Consent to Jurisdiction

Your Option and the Plan are governed by the laws of the State of Delaware without regard to any conflict of law rules. Any dispute arising out of this Option or the Plan may be resolved only in a state or federal court located within New York County, New York State, U.S.A. This Option is issued on the condition that you accept such venue and submit to the personal jurisdiction of any such court.

14. No Right To Continued Board Service

This Grant Letter shall not confer upon you any right to a continued Board position or other relationship with the Company or any of its Subsidiaries nor shall it interfere, in any way, with the right of the Company to modify your compensation, duties, and responsibilities, or the Company's authority to remove you as a director or to determine that you will not be recommended for re-election to the Board of Directors by the shareholders. In the event of any conflict between this Grant Letter and any other agreement between you and the Company, this Grant Letter shall control.

15. No Rights as a Shareholder

The granting of the Option shall not confer upon you any rights as an owner of shares of Common Stock, unless and until you exercise the Option and the Company issues you shares of Common Stock.

16. Acceptance of Terms and Conditions

By signing this Grant Letter, you irrevocably agree to and accept the terms and conditions of the Option as set forth or incorporated by reference into this Grant Letter and the terms and conditions of the Plan applicable to the Option.

17. Entire Agreement

This Grant Letter embodies the entire agreement of the parties hereto respecting the matters within its scope. This Grant Letter supersedes all prior and contemporaneous agreements of the parties hereto that directly or indirectly bear upon the subject matter hereof. Any prior negotiations, correspondence, agreements, proposals or understandings relating to the subject matter hereof shall be deemed to have been merged into this Grant Letter, and to the extent inconsistent herewith, such negotiations, correspondence, agreements, proposals, or understandings shall be deemed to be of no force or effect. There are no representations, warranties, or agreements, whether express or implied, or oral or written, with respect to the subject matter hereof, except as expressly set forth herein.

If you have any questions regarding your Option or would like to obtain additional information about the Plan or its administration, please contact the Company's Controller, Delcath Systems, Inc., 810 Seventh Avenue, Suite 3505, New York, NY 10019 (telephone (212) 489-2100).

This Grant Letter contains the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

Very truly yours,

Eamonn P. Hobbs, President
and Chief Executive Officer

Acknowledged and Agreed _____, 20__

(signature)

Name _____
(print)

NON-STATUTORY STOCK OPTION GRANT LETTER
FOR CONSULTANTS
DELCATH SYSTEMS, INC.

2009 STOCK INCENTIVE PLAN

Date

Name
Address
CSZ

Dear Name:

This Non-Statutory Stock Option Grant Letter (“Grant Letter”) sets forth the terms and conditions of the stock option granted to you by Delcath Systems, Inc. (the “Company”) on **[Insert Grant Date]** (the “Grant Date”), in accordance with the provisions of its 2009 Stock Incentive Plan (the “Plan”). You have been granted an option (the “Option”) to purchase **[# of shares subject to the option]** shares of the Company’s Common Stock (“Common Stock”). The Option is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”).

You acknowledge receipt of a copy of the Plan and agree that the Option is subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement. In the event of any conflict between this Grant Letter and the Plan, the Plan shall control. The Option and the Plan are subject to adjustments, changes and amendments as provided in the Plan. Any terms used in this Grant Letter and not defined herein have the meanings set forth in the Plan. The Plan shall be administered by the “Committee”, which shall mean the Compensation and Stock Option Committee of the Company’s Board of Directors.

1. Option Price

The price at which you may purchase the shares of Common Stock covered by the Option is **[Insert Exercise Price]** per share, which is the Fair Market Value of a share on the date of grant of your Option.

2. Term of Option

Your Option expires on **[Insert Date 10 years or less from date of grant]** (the “Expiration Date”), unless earlier terminated as provided in paragraph 6 of this Grant Letter or pursuant to the Plan. Regardless of the provisions of paragraph 6 and the Plan, in no event can your Option be exercised after the Expiration Date set forth in this paragraph 2.

3. Exercisability of Option

(a) Unless it becomes exercisable on an earlier date as provided in paragraph 6 or pursuant to the Plan, your Option will become exercisable in installments as follows, provided that you remain in continuous service as a consultant of the Company or its Subsidiaries on such date:

PERIOD	NUMBER OF SHARES OF COMMON STOCK AS TO WHICH THE OPTION BECOMES EXERCISABLE
Vesting Details	
Final Vesting Date	

(b) To the extent your Option has become exercisable (i.e., vested), you may exercise the Option to purchase all or any part of the shares subject to the vested portion of your Option at any time on or before the date the Option expires or terminates.

4. Exercise of Option

You may exercise your Option by giving written notice to the Company of the number of shares of Common Stock you desire to purchase and paying the option price for such shares. The notice must be in the form provided by the Company from time to time (the "**Option Exercise Form**"), which may be obtained from the Company's Controller. The notice must be hand delivered or mailed to the Company at the address of its executive offices, 810 Seventh Avenue, Suite 3505, New York, NY 10019; Attention: Controller, or may be provided electronically to the extent and in the manner provided under procedures adopted by the Company. Payment of the option price may be made in any manner permitted under paragraph 5. The cash, Common Stock or documentation described in the applicable provision of paragraph 5 must accompany the Option Exercise Form. Subject to Section 5, your Option will be deemed exercised on the date the Option Exercise Form (and payment of the option price) is hand delivered, received by electronic transmission (if permitted), received by overnight courier, or, if mailed, postmarked.

5. Satisfaction of Option Price. Your Option may be exercised by payment of the option price in cash (including check, bank draft, money order, or wire transfer to the order of the Company). Unless prohibited by the Committee in its discretion (at any time prior to completion of the desired Option exercise), your Option may also be exercised using any of the following methods or a combination thereof:

(a) **Payment of Common Stock.** You may satisfy the option price by tendering shares of Common Stock that you have owned for at least six months or which were acquired on

the open market. For this purpose, the shares of Common Stock so tendered shall be valued at the closing sales price of the Common Stock on The Nasdaq Capital Market (or the exchange or market determined by the Committee to be the primary market for the Common Stock) for the day before the date of exercise or, if no such sale of Common Stock occurs on such date, the closing sales price on the nearest trading date before such date. The certificate(s) evidencing shares tendered in payment of the option price must be duly endorsed or accompanied by appropriate stock powers. Only stock certificates issued solely in your name may be tendered to exercise your Option. Fractional shares may not be tendered in satisfaction of the option price; any portion of the option price that is in excess of the aggregate value (as determined under this paragraph 5(a)) of the number of whole shares tendered must be paid in cash. If a certificate tendered in exercise of the Option evidences more shares than are required pursuant to the immediately preceding sentence for satisfaction of the portion of the option price being paid in Common Stock, an appropriate replacement certificate will be issued to you for the number of excess shares.

(b) **Broker-Assisted Cashless Exercise.** You may satisfy the option price by delivering to the Company a copy of irrevocable instructions to a broker acceptable to the Company to sell shares of Common Stock (or a sufficient portion of such shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the total option price and withholding tax obligation resulting from such exercise. The broker must agree to deposit the entire sale proceeds into a Company-owned account pending delivery to the Company of the option price and tax withholding amount. Shares issued under this method of exercise will be issued to the designated brokerage firm for your account. The ability to use this method of exercise is subject to the Company's approval of the broker and of the specific mechanics of exercise.

6. Termination of Consulting Relationship

(a) **General.** The following special rules apply to your Option in the event of the termination of your consulting relationship with the Company. Following the termination of your consulting relationship, your Option will be exercisable only with respect to the number of shares you were entitled to purchase on the date of the termination of your consulting relationship (i.e. vested) and only for the period of time specified below. The Option shall terminate upon the date of the termination of your consulting relationship with respect to any shares that were not exercisable (i.e., not vested) as of your consulting relationship termination date.

(i) **Termination of Consulting Relationship for Cause.** If the Company or a Subsidiary terminates your consulting relationship for Cause, your Option will terminate on the date of such termination. For this purpose, "**Cause**" shall have the meaning set forth in your consulting agreement in effect with the Company, or in the absence of such an agreement or definition, shall mean (A) your willful failure to perform the duties of your consulting position, (B) your engagement in dishonest conduct, fraud, theft, embezzlement or gross negligence in connection with the performance of consulting services, (C) your violation of a material written Company policy, or (D) your commission of a felony or plea of *nolo contendere* thereto.

(ii) **Termination Without Cause.** If you terminate your consulting relationship on good terms and “Cause” has not occurred or if the Company or a Subsidiary terminates your consulting relationship without Cause or if the Subsidiary or division to which you provide consulting services is sold by the Company, your Option will terminate 90 days after such termination of your consulting relationship.

(iii) **Death.** If your consulting relationship with the Company terminates by reason of death, your Option will terminate one year after such termination of the consulting relationship.

(iv) **Dissolution, Liquidation, Merger, or Consolidation of the Company.** In the event that, before the Expiration Date, the Company is dissolved or liquidated, or is merged, consolidated or otherwise combined with another corporation and is not the surviving corporation, the Committee may terminate the Option at the time of the transaction without your consent but only if not less than 15 days nor more than 90 days prior to such transaction you are notified in writing that the Option will terminate at the time of the transaction and that you will have the right, subject to Section 6(a)(vi), to exercise the Option during the 15 day period (or a specified longer period) prior to the transaction (the “Pre-Transaction Exercise Period”) to the extent hereinafter provided. Subject to Sections 6(a)(i) and 6(a)(vi), the Option shall be exercisable during the Pre-Transaction Exercise Period to the extent of all of the shares that are subject to the Option, irrespective of the provisions of Section 3, unless you are not serving as a consultant of the Company or its Subsidiaries at the commencement of the Pre-Transaction Exercise Period, in which case this subsection shall not apply.

(v) **Change in Control.** The Option shall become exercisable as to all shares upon a “Change in Control” as defined in the Plan which occurs while you are serving as a consultant to the Company or a Subsidiary (provided the Option has not previously expired pursuant to Sections 2 or 6).

(vi) **Competition.** In the event you become employed by, associated in any way with, or become the beneficial owner of more than 1% of the equity of, any business which competes, directly or indirectly, with the Company’s business in any geographical area where the Company then does business, or if you engage in criminal conduct with respect to the Company, a Subsidiary, or any of their property, shareholders, employees, officers or directors, or engage in conduct involving moral turpitude, the Option shall immediately terminate and you shall have no rights hereunder.

(vii) **Acceleration and Adjustments of Exercise Period.** The Committee may, in its discretion, declare all or any portion of your Option immediately exercisable and/or permit all or any part of your Option to remain exercisable for such period designated by it after the time when the Option would have otherwise terminated as provided in the applicable portion of this paragraph 6(a), but not beyond the Expiration Date of your Option as set forth in paragraph 2 above.

(b) **Committee Determinations.** The Committee shall have absolute discretion to make all determinations reserved to it under the Plan or this Grant Letter, including without limitation, the date and circumstances of the termination of your consulting relationship, and its determinations shall be final, conclusive and binding upon you and your beneficiaries.

7. Tax Withholding

You must make arrangements satisfactory to the Company to satisfy any applicable federal, state, local or other withholding tax liability. The total amount of income you recognize by reason of exercise of the Option will be reported to the tax authorities in the year in which you recognize income with respect to the exercise. Whether you owe additional tax will depend on your overall taxable income for the applicable year and the total tax remitted for that year through withholding or by estimated payments. You hereby agree to indemnify the Company for any applicable tax liability related to the Option.

8. Administration of the Plan

The Plan is administered by the Committee. The Committee has authority to interpret the Plan, to adopt rules for administering the Plan, to decide all questions of fact arising under the Plan, and generally to make all other determinations necessary or advisable for administration of the Plan. All decisions and acts of the Committee are final and binding on all affected Plan participants.

9. Non-transferability of Option

The Option granted to you by this Grant Letter may be exercised only by you, and may not be assigned, pledged, or otherwise transferred by you, with the exception that in the event of your death the Option may be exercised (at any time prior to its expiration or termination as provided in paragraphs 2 and 6) by the executor or administrator of your estate or by a person who acquired the right to exercise your Option by bequest or inheritance or by reason of your death. All unexercised Option rights shall be cancelled immediately upon any assignment, pledge or transfer in violation of this paragraph 9.

10. Amendment and Adjustments to your Option

The Plan authorizes the Board or the Committee to make amendments and adjustments to outstanding awards, including the Option granted by this Grant Letter, in specified circumstances, as provided in the Plan.

11. Regulatory Compliance

Under the Plan, the Company is not required to deliver Common Stock upon exercise of your Option if such delivery would violate any applicable law or regulation or stock exchange requirement. If required by law or regulation, the Company may impose restrictions on your ability to transfer shares received under the Plan.

12. Data Privacy

By accepting this Option you expressly consent to the collection, use and transfer, in electronic or other form, of your personal data by and among the Company, its Subsidiaries and any broker or third party assisting the Company in administering the Plan or providing recordkeeping services for the Plan, for the purpose of implementing, administering and managing your participation in the Plan. By accepting this Option you waive any data privacy rights you may have with respect to such information. You may revoke the consent and waiver described in this paragraph by written notice to the Company's Controller; however any such revocation may adversely affect your ability to participate in the Plan and to exercise any stock options previously granted under the Plan.

13. Consent to Jurisdiction

Your Option and the Plan are governed by the laws of the State of Delaware without regard to any conflict of law rules. Any dispute arising out of this Option or the Plan may be resolved only in a state or federal court located within New York County, New York State, U.S.A. This Option is issued on the condition that you accept such venue and submit to the personal jurisdiction of any such court.

14. No Right To Continued Consulting Relationship; No Enlargement of Rights Under Any Consulting Agreement

This Grant Letter shall not confer upon you any right to a continued consulting relationship with the Company or any of its Subsidiaries nor shall it interfere, in any way, with the right of the Company to modify your compensation, duties, and responsibilities, or the Company's authority to terminate your consulting relationship. This Option shall not be deemed to enlarge or alter any rights you may have pursuant to any consulting agreement with the Company. In the event of any conflict between this Grant Letter and any consulting or other agreement between you and the Company, this Grant Letter shall control.

15. No Rights as a Shareholder

The granting of the Option shall not confer upon you any rights as an owner of shares of Common Stock, unless and until you exercise the Option and the Company issues you shares of Common Stock.

16. Acceptance of Terms and Conditions

By signing this Grant Letter, you irrevocably agree to and accept the terms and conditions of the Option as set forth or incorporated by reference into this Grant Letter and the terms and conditions of the Plan applicable to the Option.

17. Entire Agreement

This Grant Letter embodies the entire agreement of the parties hereto respecting the matters within its scope. This Grant Letter supersedes all prior and contemporaneous agreements of the parties hereto that directly or indirectly bear upon the subject matter hereof. Any prior

negotiations, correspondence, agreements, proposals or understandings relating to the subject matter hereof shall be deemed to have been merged into this Grant Letter, and to the extent inconsistent herewith, such negotiations, correspondence, agreements, proposals, or understandings shall be deemed to be of no force or effect. There are no representations, warranties, or agreements, whether express or implied, or oral or written, with respect to the subject matter hereof, except as expressly set forth herein.

If you have any questions regarding your Option or would like to obtain additional information about the Plan or its administration, please contact the Company's Controller, Delcath Systems, Inc., 810 Seventh Avenue, Suite 3505, New York, NY 10019 (telephone (212) 489-2100).

This Grant Letter contains the formal terms and conditions of your award and accordingly should be retained in your files for future reference.

Very truly yours,

Eamonn P. Hobbs, President
and Chief Executive Officer

Acknowledged and Agreed _____, 2010

(signature)

Name _____
(print)