

ASHWORTH SID
Form 4
February 17, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
ASHWORTH SID

2. Issuer Name and Ticker or Trading Symbol
NORTHROP GRUMMAN CORP /DE/ [NOC]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
1840 CENTURY PARK EAST
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/15/2011

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Corp VP, Government Relations

LOS ANGELES, CA 90067

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)	
				(A) or (D)	Price			
Common Stock	02/15/2011		A	V	\$ 9,862	A	36,762 ⁽¹⁾	D
Common Stock	02/15/2011		A	V	\$ 9,862	A	46,624 ⁽²⁾	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Edgar Filing: ASHWORTH SID - Form 4

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
Stock Option (Right-to-Buy)	\$ 69.14	02/15/2011		A	41,963	02/15/2012 ⁽³⁾ 02/15/2018	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ASHWORTH SID 1840 CENTURY PARK EAST LOS ANGELES, CA 90067			Corp VP, Government Relations	

Signatures

/s/ Kathleen M. Salmas, Attorney-in-fact for Sid Ashworth
Date: 02/17/2011

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Amount includes 16,900 unvested RPSRs granted under the LTISP on 11/11/10 with a measurement period ending on 12/31/12; 10,000 unvested RSRs granted under the LTISP on 11/11/10 with 50% vesting in second year following grant ending on 11/11/12, and the remaining 50% vesting in fourth year following grant ending on 11/11/14; 9,862 unvested RPSRs granted under the LTISP on 2/15/11, with the measurement period ending on 12/31/13. Grants awarded pursuant to Rule 16b-3(d).

(2) Amount includes 16,900 unvested RPSRs granted under the LTISP on 11/11/10 with a measurement period ending on 12/31/12; 10,000 unvested RSRs granted under the LTISP on 11/11/10 with 50% vesting in second year following grant ending on 11/11/12, and the remaining 50% vesting in fourth year following grant ending on 11/11/14; 9,862 unvested RPSRs granted under the LTISP on 2/15/11, with the measurement period ending on 12/31/13; and 9,862 unvested RSRs granted under the LTISP on 2/15/11 and cliff vests 100% on the fourth anniversary from the grant date on 2/15/15. Grants awarded pursuant to Rule 16b-3(d).

(3) The option vests over a period of three years to the extent of one-third (33%) annual equal installments on 2/15/12, 2/15/13 and 2/15/14.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 31, 2005 18,849,653 \$188,497 \$38,244,566 \$(25,835,167) \$12,597,896 Issuance of common stock in connection with the exercise of 2003 Representative's Unit Purchase Warrants 6,250 62 6,326 -- 6,388 Issuance of common stock in connection with the exercise of Representative's Common Stock Warrants 6,250 62 7,938 -- 8,000 Issuance of common stock in connection with the exercise of stock options 10,000 100 10,200 -- 10,300 Issuance of common stock in connection with the exercise of 2004 and 2005 Warrants 869,388 8,694 2,749,90

-- 2,758,594 Vesting of stock options -- -- 505,282 -- 505,282 Net loss for six months ended June 30, 2006
 (2,749,857) (2,749,857) ----- Balance at June 30, 2006 19,741,541 \$197,415
 \$41,524,212 \$(28,585,024) \$13,136,603 =====

===== Note 5: Stock Option Plan In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" (SFAS 123R). This Statement is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and its related implementation guidance. SFAS 123R establishes accounting for equity instruments exchanged for employee services. Under the provisions of SFAS 123R, share-based compensation is measured at the grant date, based upon the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). Prior to January 1, 2006, the Company accounted for share-based compensation to employees in accordance with APB 25, as permitted by SFAS No. 123, and, accordingly, did not recognize compensation expense for the issuance of options with an exercise price equal to or greater than the market price at the date of grant. The Company also followed the disclosure requirements of SFAS 123 as amended by SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure". Effective January 1, 2006, the Company adopted the modified prospective approach and accordingly, prior period amounts have not been restated. Under this approach, the Company is required to record compensation cost for all share-based payments granted after the date of adoption based on the grant date fair value, estimated in accordance with the provisions of SFAS 123R, and for the unvested portion of all share-based payments previously granted that remain outstanding based on the grant date fair value, estimated in accordance with the 7. original provisions of SFAS 123. The Company will expense its share-based compensation for share based payments granted after January 1, 2006 under the ratable method, which treats each vesting tranche as if it were an individual grant. Adoption of this standard did not have a significant impact on the Company's financial condition or results of operations. The Company periodically grants stock options for a fixed number of shares of common stock to its employees, directors and non-employee contractors, with an exercise price greater than or equal to the fair market value of our common stock at the date of the grant. The Company estimates the fair value of stock options using a Black-Scholes valuation model. Key inputs used to estimate the fair value of stock options include the exercise price of the award, the expected post-vesting option life, the expected volatility of our stock over the option's expected term, the risk-free interest rate over the option's expected term, and our expected annual dividend yield. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards. There have been no share-based payments granted in 2006. The required adoption of SFAS No. 123R as of January 1, 2006 is expected to significantly increase compensation expense for future grants. The actual impact on future years will be dependent on a number of factors, including our stock price and the level of future grants and awards. In addition, costs related to accounting and valuation services of stock options currently outstanding in accordance with SFAS No. 123R would have been cost prohibitive to the Company if the Company had not adopted certain measures. Based on these considerations and after discussion of applicable accounting literature, the Compensation Committee of the Board of Directors approved accelerating the vesting of all unvested stock options effective January 1, 2006. Unvested options having exercise prices of \$2.78 and \$3.59 per share, representing the right to purchase a total of approximately 1 million shares, became exercisable as a result of the vesting acceleration. All other terms and conditions in the original grants remain unchanged. The acceleration of vesting resulted in the recognition of a non cash compensation expense of \$505,282 on January 1, 2006 which is included in general and administrative expenses and research and development costs in the statements of operations. Prior to January 1, 2006, the Company accounted for stock-based compensation plans in accordance with the provisions of APB 25, as permitted by SFAS No. 123, and, accordingly, did not recognize compensation expense for the issuance of options with an exercise price equal to or greater than the market price at the date of grant. There were no share-based grants during the six month period ended June 30, 2005. Following the methodology of SFAS No. 123 regarding compensation costs based on the fair value for all employee stock option grants, the net loss and net loss per share for the six months ended June 30, 2005 would have been increased to the pro forma amounts indicated as follows: Net loss, as reported \$ (1,540,411) Stock-based employee compensation expense included in net loss, net of related tax effects 0 Stock-based employee compensation determined under the fair value based method, net of related tax effects (35,235) ----- Pro forma net loss \$ (1,575,646) ===== Loss per share (basic and diluted): As reported \$ (0.10) Pro forma (0.10) 8. The Company established an Incentive Stock Option Plan, a

Non-Incentive Stock Option Plan, the 2000 Stock Option Plan, the 2001 Stock Option Plan and the 2004 Stock Incentive Plan (collectively, the "Plans") under which stock options, stock appreciation rights, restricted stock, and stock grants may be awarded. A stock option grant allows the holder of the option to purchase a share of the Company's Common Stock in the future at a stated price. The Plans are administered by the Compensation Committee of the Board of Directors which determines the individuals to whom the options shall be granted as well as the terms and conditions of each option grant, the option price and the duration of each option. The Company's Incentive and Non-Incentive Stock Option Plans were approved and became effective on November 1, 1992. During 2000, 2001 and 2004, respectively, the 2000 and 2001 Stock Option Plans and the 2004 Stock Incentive Plan, became effective.

Options granted under the Plans vest as determined by the Company and expire over varying terms, but not more than five years from the date of grant. All outstanding options are fully vested. Stock option activity for the six month period ended June 30, 2006 is as follows: The Plans -----

Exercise Weighted	Weighted Price	Average Average	Stock Per	Exercise Remaining	Life Options	Share Price	(Years)
-----	-----	-----	-----	-----	-----	-----	-----
Outstanding at December 31, 2005	1,385,800	\$0.71 - \$3.59	\$2.51	4.17	Granted 0	Expired 0	
Exercised 10,000	\$1.03 \$1.03	-----	Outstanding at June 30, 2006	1,375,800	\$0.71 - \$3.59	\$2.52	3.69

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (a) Plan of Operation

FORWARD LOOKING STATEMENTS This report contains forward-looking statements which are subject to certain risks and uncertainties that can cause actual results to differ materially from those described. Factors that may cause such differences include, but are not limited to, uncertainties relating to our ability to successfully complete Phase III clinical trials and secure regulatory approval of our current or future drug-delivery system and uncertainties regarding our ability to obtain financial and other resources for any research, development and commercialization activities.

These factors, and others, are discussed from time to time in our filings with the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date they are made. **OVERVIEW** Since our founding in 1988 by a team of physicians, we have been a development stage company engaged primarily in developing and testing the Delcath system for the treatment of liver cancer. A substantial portion of our historical expenses have been for the development of our medical device and the clinical trials of our 9. product, and the pursuit of patents worldwide. We expect to continue to incur significant losses from costs for product development, clinical studies, securing patents, regulatory activities, manufacturing and establishment of a sales and marketing organization without any significant revenues. A detailed description of the cash used to fund historical operations is in the financial statements and the notes thereto. Without an FDA-approved product and commercial sales, we will continue to be dependent upon existing cash and the sale of equity or debt to fund future activities. While the amount of future net losses and time required to reach profitability are uncertain, our ability to generate significant revenue and become profitable will depend on our success in commercializing our device. During 2001, the Company initiated a Phase I clinical study at The National Cancer Institute of the Delcath system for isolated liver perfusion using the chemotherapeutic agent, melphalan. The Phase I trial marked an expansion in the potential labeled usage beyond doxorubicin, the chemotherapeutic agent used in our initial clinical trials. Enrollment of new patients in the Phase I trial was completed in 2003. During 2004, we commenced a Phase III clinical trial study of the Delcath drug delivery system for inoperable cancer in the liver using doxorubicin. We are currently recruiting sites worldwide. During 2005, we commenced a Phase II multiple histology study of the Delcath drug delivery system for cancers related to the colon, breast, and lymph nodes using melphalan and patients are being enrolled and treated. In 2006, we started enrolling and treating patients in a Phase III protocol for the study of the Delcath drug delivery system for inoperable cancer in the liver using melphalan. Over the next 12 months, we expect to continue to incur substantial expenses related to the research and development of our technology, including Phase III clinical trials using melphalan and doxorubicin with the Delcath system and Phase II clinical trials using melphalan with the Delcath system. Additional funds, when available, will be committed to pre-clinical and clinical trials for the use of other chemotherapy agents with the Delcath system for the treatment of liver cancer, and the development of additional products and components. We will also continue efforts to qualify additional sources of the key components of our device, in an effort to further reduce manufacturing costs and minimize dependency on a single source of supply. **Liquidity and Capital Resources** We expect our available funds to be sufficient for our anticipated needs for working capital and capital expenditures through 2007 provided no studies using new agents or treating new organs are initiated or a substantial increase in

sites for the Phase III human clinicals occurs. The Company is not projecting any capital expenditures that will significantly affect the Company's liquidity during the next 12 months. The Company is projecting the hiring of one additional employee. Our future liquidity and capital requirements will depend on numerous factors, including the progress of our research and product development programs, including clinical studies; the timing and costs of making various United States and foreign regulatory filings, obtaining approvals and complying with regulations; the timing and effectiveness of product commercialization activities, including marketing arrangements overseas; the timing and costs involved in preparing, filing, prosecuting, defending and enforcing intellectual property rights; and the effect of competing technological and market developments. The Company's future results are subject to substantial risks and uncertainties. The Company has operated at a loss for its entire history and there can be no assurance of its ever achieving consistent profitability. The Company believes its capital resources are adequate to fund operations for at least the next twelve months but anticipates that it will require additional working capital after 2007 or earlier if new studies or trials are initiated or, again, if a substantial increase in sites for the Phase III human clinicals occurs. There can be no assurance that such working capital will be available on acceptable terms, if at all. During the six months ended June 30, 2006, the Company had exercises of previously issued options and warrants. Please see Note 4 to the June 30, 2006 Condensed Financial Statements included in Part I of this filing and incorporated herein by reference for a complete description of share issuances together with receipt of proceeds. We plan to use the net proceeds to fund, in part, the Phase III clinical trial using doxorubicin and the Phase III clinical trial at The National Cancer Institute using melphalan.

Application of Critical Accounting Policies The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Certain accounting policies have a significant impact on amounts reported in the financial statements. A summary of those significant accounting policies can be found in Note 1 to the Company's financial statements contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 as filed with the Securities and Exchange Commission. The Company has not adopted any significant new accounting policies or modified the application of existing policies during the six months ended June 30, 2006.

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations Not Applicable.

(c) Off-balance sheet arrangements The Company does not have any off-balance sheet arrangements.

Item 3. CONTROLS AND PROCEDURES Based on an evaluation of the Company's disclosure controls and procedures performed by the Company's Chief Executive Officer and its Chief Financial Officer as of the end of the period covered by this report, the Company's Chief Executive Officer and its Chief Financial Officer concluded that the Company's disclosure controls and procedures have been effective. As used herein, "disclosure controls and procedures" means controls and other procedures of the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms issued by the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Since the date of the evaluation described above, there were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

11. PART II OTHER INFORMATION

Item 1. Legal Proceedings On August 4, 2006, the Company instituted a lawsuit against Robert Ladd, Laddcap Value Associates LLC and Laddcap Value Partners LP (collectively, the "Ladd Defendants") in the U.S. District Court for the District of Columbia. The lawsuit alleges that the Ladd Defendants have made a series of material misstatements and omissions in violation of the Securities Exchange Act of 1934 in its 13D filings, Valuation Proxy Solicitation and Schedule 14A Preliminary Proxy Statement for their proposed consent solicitation seeking to replace the Company's Board of Directors. The principal relief sought by the Company is an order: (a) enjoining its proposed consent solicitation until after a trial can be held on the merits; (b) mandating that the Ladd Defendants publicly correct their misstatements and omissions following a trial on the merits; and (c) prohibiting the Ladd Defendants from making any further misstatements and omissions. In addition, on August 4, 2006, the Company instituted a lawsuit against Jonathan Foltz by filing a complaint in the State of Connecticut Superior Court for the Judicial District of Stamford/Norwalk at Stamford. The complaint alleges that Mr. Foltz, the former Director of

Operations of Delcath, has misappropriated various Delcath trade secrets and other proprietary information and has wrongly shared such protected information with various Laddcap investment vehicles and has also used the information for his own personal gain. The complaint alleges that Mr. Foltz violated the Uniform Trade Secrets Act and the Unfair Trade Practices Act of Connecticut. The relief sought by the Company includes a temporary and permanent injunction, money damages, including punitive damages, and attorney's fees.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds In April 2006, the Company issued an aggregate of 376,507 shares of its Common Stock upon exercise of then outstanding Warrants to Purchase Shares of Common Stock dated November 27, 2005. The Company received an aggregate of \$1,355,425 upon such exercises. On May 30, 2006, the Company issued an aggregate of 51,868 shares of its Common Stock upon exercise of then outstanding Warrants to Purchase Shares of Common Stock dated March 19, 2004. The Company received an aggregate of \$156,123 upon such exercises. The Company claims an exemption from registration of the offer and sale of the shares of Common Stock issued upon exercise of these Warrants under Rule 506 under the Securities Act of 1933 on the basis that each of the purchasers is an accredited investor. No underwriter was involved in the exercise of these Warrants, and the Company paid no underwriting discount or commission in connection therewith. Proceeds from the sale of securities will be used to fund current and future operations.

Item 3. Defaults Upon Senior Securities None

Item 4. Submission of Matters to a Vote of Security Holders On June 13, 2006, the Company held its 2006 Annual Meeting of Stockholders. At the meeting, the stockholders voted on the election of two Class III directors of the Company to hold office until the Annual Meeting of Stockholders in 2009 and until their successors are duly elected and qualified. They also voted on a resolution proposed by a stockholder that recommended that the Company's Board of Directors retain the services of a nationally recognized investment banking and/or merger advisory firm with expertise in the medical device industry to assist the Company in exploring a potential sale to or a business combination with a third party to maximize stockholders value.

12. The stockholders voted 10,437,498 shares in favor of electing Mark Corigliano to serve as a Class III director and withheld authority to vote 7,507,395 shares. The stockholders voted 10,408,998 shares in favor of electing Victor Nevins to serve as a Class III director and withheld authority to vote 7,535,895 shares. The term of office of Daniel Isdner as a Class I director will continue until the Annual Meeting of Stockholders in 2007. The term of office of each of M. S. Koly and Samuel Herschkowitz, M.D. as Class II directors will continue until the Annual Meeting of Stockholders in 2008. Votes for the stockholder resolution were 7,725,767, votes against the resolution were 4,991,779, and votes abstaining were 283,465.

Item 5. Other Information The information included in Item 2 of this report is incorporated by reference into this Item 5.

Item 6. EXHIBITS 31.1 Certification by Chief Executive Officer Pursuant to Rule 13a-14. 31.2 Certification by Chief Financial Officer Pursuant to Rule 13a-14. 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

13. SIGNATURES In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized. DELCATH SYSTEMS, INC. (Registrant) August 14, 2006 /s/ PAUL M. FEINSTEIN ----- Paul M. Feinstein Chief Financial Officer (on behalf of the registrant and as the principal financial and accounting officer of the registrant)

14. EXHIBIT INDEX

No. Description --- ----- 31.1 Certification by Chief Executive Officer Pursuant to Rule 13a-14. 31.2 Certification by Chief Financial Officer Pursuant to Rule 13a-14. 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.