UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 2000 Commission File No. 0-12957

[LOGO] ENZON, INC.
(Exact name of registrant as specified in its charter)

Delaware	22-2372868
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
20 Kingsbridge Road, Piscataway, New Jersey (Address of principal executive offices)	08854 (Zip Code)

(732) 980-4500
(Registrant's telephone number, including area code:)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [_]

The number of shares of common stock, $.01 par value, outstanding as of May 11, 2000 was 40,597,163 shares.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements

ENZON, INC AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
March 31, 2000 and June 30, 1999

ASSETS	March 31, 2000 (unaudited)	June 30, 1999 *
Current assets:		
Cash and cash equivalents	$ 126,555,209	$ 24,673,636
Accounts receivable	4,671,173	4,604,847
Inventories	1,387,402	1,326,601
Other current assets	458,346	1,034,327
Total current assets	133,072,130	31,639,411
Property and equipment	12,323,847	12,054,505
Less accumulated depreciation and amortization	10,562,659	10,649,661
	1,761,188	1,404,844
Other assets:		
Investments	68,823	68,823
Other assets, net	683,387	753,683
Patents, net	942,047	1,049,554
	1,694,257	1,872,060

Total assets	$ 136,527,575	$ 34,916,315
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,300,481	$ 1,716,089
Accrued expenses	11,250,063	6,261,640
Total current liabilities	13,550,544	7,977,729
Accrued rent	614,533	634,390
Royalty advance - RPR	826,066	728,977
	1,440,599	1,363,367
Commitments and contingencies		
Stockholders' equity:		
Preferred stock-$.01 par value, authorized 3,000,000 shares; issued and outstanding 27,000 shares at March 31, 2000 and 107,000 shares at June 30, 1999 (liquidation preference aggregating $1,216,000 at March 31, 2000)	270	1,070
Common stock-$.01 par value, authorized 60,000,000 shares; issued and outstanding 40,579,901 shares at March 31, 2000 and 36,488,684 shares at June 30, 1999	405,799	364,886
Additional paid-in capital	249,578,931	146,970,289
Accumulated deficit	(128,448,568)	(121,761,026)
Total stockholders' equity	121,536,432	25,575,219
Total liabilities and stockholders' equity	$ 136,527,575	$ 34,916,315

*Condensed from audited financial statements.

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
Three Months and Nine Months Ended March 31, 2000 and 1999
(Unaudited)

	Three months ended		Nine months ended	
	March 31, 2000	March 31, 1999	March 31, 2000	March 31, 1999
Revenues:				
Sales	$ 4,708,391	$ 3,136,325	$11,325,294	$ 9,854,438
Contract revenue	1,014,726	11,871	1,076,708	79,346
Total revenues	5,723,117	3,148,196	12,402,002	9,933,784
Costs and expenses:				
Cost of sales	1,041,749	1,305,135	3,013,231	3,643,931
Research and development expenses	1,921,442	1,683,070	5,511,694	5,105,981
Selling, general and administrative expenses	4,928,038	1,889,054	10,064,447	5,532,709
Total costs and expenses	7,891,229	4,877,259	18,589,372	14,282,621
Operating loss	(2,168,112)	(1,729,063)	(6,187,370)	(4,348,837)
Other income (expense):				
Interest and dividend income	483,335	270,265	1,082,557	873,146
Interest expense	(167)	(293)	(4,051)	(8,348)
Other	--	18,237	(36,274)	58,071
	483,168	288,209	1,042,232	922,869
Net loss	($ 1,684,944)	($ 1,440,854)	($ 5,145,138)	($ 3,425,968)
Basic and diluted loss per common share	($0.04)	($0.04)	($0.14)	($0.10)
Weighted average number of common shares outstanding	38,303,494	36,126,933	37,190,902	35,500,185

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Nine Months Ended March 31, 2000 and 1999
(Unaudited)

	Nine Months Ended	
	March 31, 2000	March 31, 1999
Cash flows from operating activities:		
Net loss	($ 5,145,138)	($ 3,425,968)
Adjustment for depreciation and amortization	365,142	686,729
Loss (gain) on retirement of equipment	36,274	(39,834)
Non-cash expense for issuance of common stock and stock options	415,131	1,197,528
Decrease in accrued rent	(19,857)	(86,152)
Increase (decrease) in royalty advance - RPR	15,702	(110,506)
Changes in assets and liabilities	6,001,497	(1,267,141)
Net cash provided by (used) in operating activities	1,668,751	(3,045,344)
Cash flows from investing activities:		
Capital expenditures	(650,253)	(331,732)
Proceeds from sale of equipment	--	129,872
Net cash used in investing activities	(650,253)	(201,860)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	102,405,479	21,563,096
Dividends paid on Series A Preferred Stock	(1,542,404)	--
Net cash provided by financing activities	100,863,075	21,563,096
Net increase in cash and cash equivalents	101,881,573	18,315,892
Cash and cash equivalents at beginning of period	24,673,636	6,478,459
Cash and cash equivalents at end of period	$ 126,555,209	$ 24,794,351

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES
Notes To Consolidated Condensed Financial Statements
(Unaudited)

(1) Organization and Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared from the books and records of Enzon, Inc. and subsidiaries in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete annual financial statements. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of the results that may be expected for the year.

(2) Net Loss Per Common Share

Basic and diluted loss per common share is based on the net loss for the relevant period, adjusted for cumulative undeclared preferred stock dividends of $14,000 and $108,000 for the three months ended March 31, 2000 and 1999, and $108,000 and $161,000 for the nine months ended March 31, 2000 and 1999, respectively, divided by the weighted average number of shares issued and outstanding during the period. Due to the net loss recorded for the three and nine months ended March 31, 2000 and 1999, the exercise or conversion of all dilutive potential common shares is not included for purposes of the diluted loss per share calculation. As of March 31, 2000, the Company had 5,614,000 common stock equivalents outstanding that could potentially dilute future diluted earnings per share calculations.

(3) Inventories

The composition of inventories at March 31, 2000 and June 30, 1999 is as follows:

	March 31, 2000	June 30, 1999
Raw Materials	$ 112,000	$ 503,000
Work in process	986,000	548,000
Finished goods	289,000	276,000
	$1,387,000	$1,327,000

(4) Cash Flow Information

The Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents. Cash payments for interest were approximately $4,000 and $8,000 for the nine months ended March 31, 2000 and 1999, respectively. There were no income tax payments made for the nine months ended March 31, 2000 and 1999.

During the nine months ended March 31, 2000 80,000 shares of Series A Cumulative Convertible Preferred Stock ("Series A Preferred Stock") were converted to 181,818 shares of Common Stock. Accrued dividends of $1,542,000 on the Series A Preferred Stock that was converted during the nine months ended March 31, 2000, were settled by a cash payment. Additionally, a cash payment of $4 was made for fractional shares related to this conversion.

(5) Stockholders' Equity

In March 2000, the Company sold 2,300,000 shares in Common Stock in a public offering at a gross offering price $44.50 per share. The offering resulted in gross proceeds of approximately $102,350,000 and net proceeds of approximately $95,670,000.

During the nine months ended March 31, 2000, warrants were exercised to purchase 802,000 shares of the Company's Common Stock at $4.30 per share. Of this amount, 702,000 warrants were issued in connection with our January 1996 private placement and 100,000 warrants were issued during fiscal 1999 as compensation for consulting services. These exercises resulted in net proceeds of approximately $3,450,000.

On April 27, 2000 warrants were exercised to purchase 176,261 shares of Common Stock. These warrants were originally issued in connection with our March 1996 private placement. This exercise resulted in net proceeds of approximately $956,000.

The exercise price of and the number of shares issuable under these warrants had been adjusted under standard anti-dilution provisions based upon the Company's issuance of shares of Common Stock at prices below the fair market value of the Common Stock, as defined in the warrants.

(6) Non-Qualified Stock Option Plan

On December 7, 1999 the stockholders voted to increase the number of shares reserved for issuance under the Company's Non-Qualified Stock Option Plan from 6,200,000 to 7,900,000. During the nine months ended March 31, 2000, we issued 290,000 stock options at an average exercise price of $33.54 per share under our Non-Qualified Stock Option Plan, as amended, of which 75,000 were granted to executive officers, as part of a bonus plan for the year ended June 30, 1999,

and 70,000 were granted to Independent Directors. None of the options granted during the period are exercisable as of March 31, 2000. All options were granted with exercise prices that equaled or exceeded the fair market value of the underlying stock on the date of grant.

(7) Business Segments

A single management team that reports to the Chief Executive Officer comprehensively manages the Company's business operations. The Company does not operate separate lines of business or separate business entities with respect to any of our approved products or product candidates. In addition, there are no operations conducted outside of the United States. Discrete financial statements are not prepared with respect to separate product areas. Accordingly, we do not have separately reportable segments as defined by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information".

(8) Comprehensive Loss

The net loss of $1,685,000 and $1,441,000, recorded for the three months ended March 31, 2000 and 1999 and $5,145,000 and $3,426,000, recorded for the nine months ended March 31, 2000 and 1999, respectively, is equal to the comprehensive loss for those periods.

(9) Commitments and Contingencies

In January 2000, Hoffmann-La Roche filed lawsuits in both the U.S. and France against Schering-Plough alleging that PEG-Intron infringes certain patents held by Hoffmann-La Roche. The validity and scope of Hoffmann-La Roche's patents in this segment of the industry could be judicially determined during these proceedings.

The litigation is at a very early stage and we are not in a position to predict its outcome. If Schering-Plough does not prevail in this litigation, Hoffmann-La Roche may completely block Schering-Plough from commercializing PEG-Intron and we will not receive any royalties on the sales of PEG-Intron. This would have a material adverse effect on our business, financial condition and results of operations.

In the course of normal operations, we are subject to the marketing and manufacturing regulations as established by the Food and Drug Administration ("FDA"). We have agreed with the FDA to temporary labeling and distribution modifications for ONCASPAR due to increased levels of particulates in certain batches of ONCASPAR, which we manufactured. We, rather than our marketing partner, Rhone-Poulenc Rorer ("RPR"), will temporarily distribute ONCASPAR directly to patients, on an as needed basis. We will conduct additional inspection and labeling procedures prior to distribution.

We have manufactured several batches of ONCASPAR which contain acceptable levels of particulates and anticipate a final resolution of the problem during fiscal 2000. It is expected that RPR will resume distribution of ONCASPAR at that time. There can be no assurance that this solution will be acceptable to the FDA or RPR. If we cannot resolve this problem it is possible that the FDA may not permit us to continue to distribute this product. An extended disruption in the marketing and distribution of ONCASPAR could have a material adverse impact on future ONCASPAR sales.

We maintain a separate supply agreement with RPR, under which RPR purchases, from us, all of RPR's requirements for ONCASPAR at a price defined in the supply agreement. We are currently in discussions with RPR related to a disagreement over the purchase price of ONCASPAR under the supply agreement we have with RPR. RPR has asserted that we have overcharged them under the supply agreement in the amount of $2,300,000. We believe our costing and pricing of ONCASPAR to RPR complies with the supply agreement.

RPR has also asserted that we should be responsible for its lost profits while ONCASPAR is under the temporary labeling and distribution modifications. RPR contends that its lost profits through March 31, 2000 were $6,700,000. We do not agree with RPR's claim for these over charges under the supply agreement and lost profits. We do not believe the ultimate resolution of these disagreements with RPR will have a material adverse effect on our financial position or results of operations.

During April 2000, we agreed to binding arbitration to settle a lawsuit, brought against us by LBC Capital Resources, Inc. ("LBC") a former financial advisor, in the United States District Court for the District of New Jersey. The arbitrator awarded LBC a $6,000,000 judgment. In its suit LBC claimed that under a May 2, 1995 letter agreement between LBC and us, LBC was entitled to a commission in connection with our January and March 1996 private placements, comprised of $675,000 and warrants to purchase 1,250,000 shares of our common stock at an exercise price of $2.50 per share. As a result of the arbitration, we recognized a net charge to selling, general and administrative expenses of approximately $2,600,000 during the quarter ended March 31, 2000. The charge represents the net profit and loss effect of the incremental reserves provided specifically for this litigation, offset by the reduction during the quarter of $2,900,000 of other contingency accruals that were deemed to not be required for certain other contingencies. During April 2000, we made a cash payment of $3,500,000 to LBC. The remaining $2,500,000 is payable at our option in the form of cash or common stock by June 30, 2000. At March 31, 2000, the $6,000,000 is included in accrued expenses on the consolidated condensed balance sheet.

(10) Schering Agreement

During the quarter ended March 31, 2000 we received a $1,000,000 milestone from our development partner for PEG-Intron, Schering-Plough Corporation. The payment was triggered by the FDA's acceptance of Schering-Plough's U.S. marking application for the use of PEG-Intron in the treatment of chronic hepatitis C. Under the Company's licensing agreement with Schering-Plough, we are entitled to royalties on worldwide sales of PEG-Intron. We are also entitled to an additional $2,000,000 milestone payment if FDA approval of PEG-Intron is received.

In February 2000, Schering-Plough also reported that the European Union's (EU) European Agency for the Evaluation of Medicinal Products (EMEA) issued a positive opinion recommending approval of PEG-Intron for the treatment of adult patients with chronic hepatitis C.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information contained herein contains "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The matters set forth in the Company's Annual Report on Form 10-K, as amended, for the fiscal year ended June 30, 1999, and in our Current Report on Form 8-K dated March 20, 2000, which are incorporated herein by reference, constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to vary materially from the future results indicated in such forward-looking statements. Other factors could also cause actual results to vary materially from the future

results indicated in such forward-looking statements.

Results of Operations

Three months ended March 31, 2000 vs. Three months ended March 31, 1999

Revenues. Revenues for the three months ended March 31, 2000 were $5,723,000, as compared to $3,148,000 for the three months ended March 31, 2000. The components of revenues are sales, which consist of our sales of products and royalties on the sale of these products by others, and contract revenues. Sales increased by 50% to $4,708,000 for the three months ended March 31, 2000, as compared to $3,136,000 for the prior year. The increase was due to an increase in ADAGEN sales of approximately 17%, due to an increase in patients receiving ADAGEN treatment and increased ADAGEN reimbursement levels. Net sales of ADAGEN were $3,277,000 for the three months ended March 31, 2000 and $2,802,000 for the three months ended March 31, 1999. The increase in sales was also due to an increase in sales of ONCASPAR. During November 1999, the Food and Drug Administration (FDA) lifted some of the temporary labeling and distribution restrictions resulting from difficulties encountered in our manufacturing process. We market ADAGEN internally and ONCASPAR through marketing agreements in the U.S. and Canada with Rhone-Poulenc Rorer Pharmaceuticals Inc. ("RPR") and in Europe with MEDAC GmbH ("MEDAC").

During 1998, we began to experience manufacturing problems with ONCASPAR. The problems were due to an increase in the levels of particulates in batches of ONCASPAR which resulted in an increased rejection rate for this product. During fiscal 1999, as a result of these manufacturing problems, we agreed with the FDA to temporary labeling and distribution restrictions for ONCASPAR. RPR stopped distributing ONCASPAR and we took over distribution of ONCASPAR directly to patients on an as-needed basis. We also instituted additional inspection and labeling procedures prior to distribution of the product. In addition, during May 1999, the FDA required us to limit distribution of the product to only those patients who are hypersensitive to native L-asparaginase. In November 1999, the FDA lifted this distribution restriction.

We have been able to manufacture several batches of ONCASPAR, which contain acceptable levels of particulates, and anticipate a final resolution of the problem during the fourth quarter of fiscal 2000. It is expected that RPR will resume distribution of ONCASPAR at that time. We cannot assure you that this solution will be acceptable to the FDA or RPR. If we are unable to resolve this problem the FDA may not permit us to continue to distribute ONCASPAR. An extended disruption in the marketing and distribution of ONCASPAR may have a material adverse effect on future sales of the products.

We expect sales of ADAGEN to increase at rates comparable to those achieved during the last two years as additional patients are treated. We also anticipate ONCASPAR sales will remain at reduced levels until we resolve the manufacturing problem and RPR resumes normal distribution of the product. We cannot assure that any particular sales levels of ADAGEN or ONCASPAR will be achieved or maintained.

We had export sales of $1,012,000 for the three months ended March 31, 2000 and $674,000 for the three months ended March 31, 1999. Of these amounts, sales in Europe were $854,000 for the three months ended March 31, 2000 and $520,000 for the three months ended March 31, 1999.

Contract revenues for the quarter ended March 31, 2000 increased by $1,003,000, as compared to the prior year. The increase in contract revenues was due to a $1,000,000 milestone payment from our development partner for PEG-Intron, Schering-Plough Corporation. The payment was a result of the FDA's acceptance in January 2000 of Schering-Plough's U.S. marketing application for the use of PEG-Intron in the treatment of chronic hepatitis C.

Cost of Sales. Cost of sales, as a percentage of sales, improved to 22% for the

three months ended March 31, 2000, as compared to 42% for the same period in the prior year. The improvement was primarily due to a charge taken in the three months ended March 31, 1999 related to the write-off of ONCASPAR finished goods on hand and in the distribution pipeline. The write-off of ONCASPAR finished goods was attributable to the manufacturing problems previously discussed.

Research and Development. Research and development expenses increased by 14% to $1,921,000 for the three months ended March 31, 2000 from $1,683,000 for the same period last year. The increase was due to increased payroll and related expenses, as well as increased expenditures related to the clinical development of PEG-camptothecin which is in Phase I clinical trials, and the preclinical development of other PEG compounds.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended March 31, 2000 increased by 161% to $4,928,000, as compared to $1,889,000 in 1999. The increase was primarily due to a net charge, of $2,579,000, which included the impact of a binding arbitration award of $6,000,000, related to a lawsuit brought by LBC Capital Resources, Inc., a former financial advisor. The charge represents the net effect of the incremental reserves provided specifically for this litigation, offset by the reduction during the quarter of $2,900,000 of other contingency accruals that were deemed to not be required for certain other contingencies. The increase was also due to increased legal fees related to increased patent filing and defense costs.

Other income/expense. Other income/expense was $483,000, as compared to $288,000 for the same period in the prior year. The increase in other income/expense is attributable to an increase in interest income as a result of an increase in interest bearing investments.

Nine months ended March 31, 2000 vs. Nine months ended March 31, 1999

Revenues. Revenues for the nine months ended March 31, 2000 increased by $2,468,000 to $12,402,000 as compared to $9,934,000 for the same period last year. The components of revenues are sales, which consist of sales of our products and royalties on the sale of these products by others, and contract revenues. Sales increased by 15% to $11,325,000 for the nine months ended March 31, 2000, as compared to $9,854,000 for the prior year. The increase was due to an increase in ADAGEN sales of approximately 13%, resulting from an increase in patients receiving ADAGEN treatment and increased ADAGEN reimbursement levels. Net sales of ADAGEN, which we market, were $9,319,000 for the nine months ended March 31, 2000 and $8,231,000 for the nine months ended March 31, 1999. ONCASPAR revenues increased by $495,000 from the prior year. During November 1999, the FDA lifted some of the temporary labeling and distribution restrictions resulting from difficulties encountered in our manufacturing process, previously discussed. We had export sales of $3,018,000 for the nine months ended March

31, 2000 and $2,397,000 for the nine months ended March 31, 1999. Of these amounts, sales in Europe were $2,602,000 for the nine months ended March 31, 2000 and $2,007,000 for the nine months ended March 31, 1999.

Contract revenues increased by $997,000 to $1,077,000 for the nine months ended March 31, 2000, as compared to $79,000 for the prior year's period. The increase in contract revenues was due to a $1,000,000 milestone payment from our development partner for PEG-Intron, Schering-Plough Corporation. The payment was a result of the FDA's acceptance in January 2000 of Schering-Plough's U.S. marketing application for the use of PEG-Intron in the treatment of chronic hepatitis C.

Cost of Sales. Cost of sales, as a percentage of sales, improved to 27% for the nine months ended March 31, 2000, as compared to 37% for the nine months ended March 31, 1999. The improvement was primarily due to a charge taken in 1999 related to the write-off of ONCASPAR finished goods on hand. The prior year's write-off of ONCASPAR finished goods was attributable to the previously

discussed manufacturing problems.

Research and Development. Research and development expenses increased by 8% to $5,512,000 for the nine months ended March 31, 2000 from $5,106,000 in the same period last year. The increase was due to increased payroll and related expenses, as well as increased expenditures related to the clinical development of PEG-camptothecin, and preclinical development of other PEG compounds.

Selling, General and Administrative. Selling, general and administrative expenses for the nine months ended March 31, 2000 increased by 82% to $10,064,000, as compared to $5,533,000 in the same period of the prior year. The increase was primarily due to a net charge, of $2,579,000, which included the impact of a binding arbitration award of $6,000,000, related to a lawsuit brought by LBC Capital Resources, Inc., a former financial advisor. The charge represents the net effect of the incremental reserves provided specifically for this litigation, offset by the reduction during the quarter of $2,900,000 of other contingency accruals that were deemed to not be required for certain other contingencies. Additionally, increased legal fees related to litigation and arbitration proceedings, increased patent filing and defense costs, and increased ONCASPAR marketing and distribution costs contributed to the increase in selling, general and administrative expenses.

Other income/expense. Other income/expense was $1,042,000, as compared to $923,000 for the same period in the prior year. The increase in other income/expense is attributable an increase in interest income as a result of an increase in interest bearing investments.

Liquidity and Capital Resources

Total cash reserves, including cash and cash equivalents, as of March 31, 2000 were $126,555,000, as compared to $24,674,000 as of June 30, 1999. The increase in total cash reserves was due to our public offering of 2,300,000 shares of Common Stock in March 2000 at a gross offering price of $44.50 per share. The offering resulted in net proceeds of approximately $95,670,000. We invest our excess cash in a portfolio of high-grade marketable debt securities and United States government-backed securities.

To date, our sources of cash have been the proceeds from the sale of our stock through public offerings and private placements, sales of ADAGEN, sales of ONCASPAR, sales of our products for research purposes, contract research and development fees, technology transfer and license fees and royalty advances. Our current sources of liquidity are cash, cash equivalents and interest earned on such cash reserves, sales of ADAGEN, sales of ONCASPAR, sales of our products for research purposes and license fees.

Under our amended license agreement with RPR, we received a payment of $3,500,000 in advance royalties in January 1995. Royalties due under the amended license agreement will be offset against an original credit of $5,970,000, which represents the royalty advance plus reimbursement of certain amounts due RPR under the original agreement and interest expense, before cash payments will be made under the agreement. The royalty advance is shown as a long-term liability. The corresponding current portion of the advance is included in accrued expenses on the consolidated balance sheets. We will reduce the advance as royalties are recognized under the agreement. Through March 31, 2000, an aggregate of $4,369,000 in royalties payable by RPR has been offset against the original credit.

As of March 31, 2000, we had 27,000 shares of Series A Preferred Stock outstanding. These preferred shares are convertible into approximately 61,364 shares of common stock. Dividends accrue on the remaining outstanding shares of Series A Preferred Stock at a rate of $54,000 per year. As of March 31, 2000, there were accrued and unpaid dividends totaling $541,000 on the shares of Series A Preferred Stock outstanding. We have the option to pay these dividends in either cash or common stock.

We are currently in discussions with RPR related to a disagreement over the purchase price of ONCASPAR under the supply agreement. RPR has asserted that we have overcharged RPR under the supply agreement in the amount of $2,300,000. We believe our costing and pricing of ONCASPAR to RPR complies with the supply agreement. RPR has also asserted that we should be responsible for its lost profits while ONCASPAR is under the temporary labeling and distribution modifications described above. RPR contends that its lost profits through March 31, 2000 were $6,700,000. We do not agree with RPR's claim for over charges under the supply agreement and lost profits. We do not believe the ultimate resolution of these disagreements with RPR will have a material adverse effect on our financial position or results of operations.

During April 2000, we agreed to binding arbitration to settle a lawsuit, brought against us by LBC Capital Resources, Inc. ("LBC") a former financial advisor, in the United States District Court for the District of New Jersey. The arbitrator awarded LBC a $6,000,000 judgment. In its suit LBC claimed that under a May 2, 1995 letter agreement between LBC and us, LBC was entitled to a commission in connection with our January and March 1996 private placements, comprised of $675,000 and warrants to purchase 1,250,000 shares of our common stock at an exercise price of $2.50 per share. As a result of the arbitration, we recognized a net charge to selling, general and administrative expenses of approximately $2,600,000 during the quarter ended March 31, 2000. The charge represents the net profit and loss effect of the incremental reserves provided specifically for this litigation, offset by the reduction during the quarter of $2,900,000 of other contingency accruals that were deemed to not be required for certain other contingencies. During April 2000, we made a cash payment of $3,500,000 to LBC. The remaining $2,500,000 is payable at our option in the form of cash or common stock by June 30, 2000. At March 31, 2000, the $6,000,000 is included in accrued expenses on the consolidated condensed balance sheet.

We believe that our existing cash resources should be sufficient to fund our capital and operational requirements for the foreseeable future. Upon exhaustion of our current cash reserves, our continued operations will depend on our ability to realize significant revenues from the commercial sale of our products, raise additional funds through equity or debt financing, or obtain significant licensing, technology transfer or contract research and development fees. We cannot make any assurance that these sales, financings or revenue generating activities will be successful.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Our previously disclosed lawsuit with LBC Capital Resources, Inc. was resolved in the manner and on the terms described in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resource."

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description	Page Number or Incorporation By Reference
3(i)	Certificate of Incorporation, as amended	~~

3(ii)	By-laws, as amended	*(4.2)
3(iv)	Amendment to Certificate of Incorporation dated January 5, 1998	##3(iv)
10.1	Form of Change of Control Agreements dated as of January 20, 1995 entered into with the Company's Executive Officers	###(10.2)
10.2	Lease - 300-C Corporate Court, South Plainfield, New Jersey	***(10.3)
10.4	Lease Termination Agreement dated March 31, 1995 for 20 Kingsbridge Road and 40 Kingsbridge Road, Piscataway, New Jersey	###(10.6)
10.5	Option Agreement dated April 1, 1995 regarding 20 Kingsbridge Road, Piscataway, New Jersey	###(10.7)
10.6	Form of Lease - 40 Cragwood Road, South Plainfield, New Jersey	****(10.9)
10.7	Lease 300A-B Corporate Court, South Plainfield, New Jersey	++(10.10)
10.8	Stock Purchase Agreement dated March 5, 1987 between the Company and Eastman Kodak Company	****(10.7)
10.9	Amendment dated June 19, 1989 to Stock Purchase Agreement between the Company and Eastman Kodak Company	**(10.10)
10.10	Form of Stock Purchase Agreement between the Company and the purchasers of the Series A Cumulative Convertible Preferred Stock	+(10.11)
10.11	Amendment to License Agreement and Revised License Agreement Between the Company and RCT dated April 25, 1985	+++(10.5)
10.12	Amendment dated as of May 3, 1989 to Revised License Agreement Dated April 25, 1985 between the Company and Research Corporation	**(10.14)
10.13	License Agreement dated September 7, 1989 between the Company and Research Corporation Technologies, Inc.	**(10.15)
10.14	Master Lease Agreement and Purchase Leaseback Agreement dated October 28, 1994 between the Company and Comdisco, Inc.	#(10.16)
10.15	Employment Agreement with Peter G. Tombros dated as of April 5, 1997	^^(10.15)

10.16	Stock Purchase Agreement dated as of June 30, 1995	~(10.16)
10.17	Securities Purchase Agreement dated as of January 31, 1996	~(10.17)
10.18	Registration Rights Agreements dated as of January 31, 1996	~(10.18)
10.19	Warrants dated as of February 7, 1996 and issued pursuant to the Securities Purchase Agreement dated as of January 31, 1996	~(10.19)
10.20	Securities Purchase Agreement dated as of March 15, 1996	~~(10.20)
10.21	Registration Rights Agreement dated as of March 15, 1996	~~(10.21)
10.22	Warrant dated as of March 15, 1996 and issued pursuant to the Securities Purchase Agreement dated as of March 15, 1996	~~(10.22)
10.23	Amendment dated March 25, 1994 to License Agreement dated September 7, 1989 between the Company and Research Corporation Technologies, Inc.	~~~(10.23)
10.24	Independent Directors' Stock Plan	~~~(10.24)
10.25	Stock Exchange Agreement dated February 28, 1997, by and between the Company and GFL Performance Fund Ltd.	^(10.25)

10.26	Agreement Regarding Registration Rights Under Registration Rights Agreement dated March 10, 1997, by and between the Company and Clearwater Fund IV LLC	^(10.26)
10.27	Common Stock Purchase Agreement dated June 25, 1998	^^^(10.27)
10.28	Placement Agent Agreement dated June 25, 1998 with SBC Warburg Dillon Read, Inc.	^^^^(10.28)
10.29	Underwriting Agreement dated March 20,2000 with Morgan Stanley & Co. Inc., CIBC World Markets Corp., and SG Cowen Securities Corporation	/(10.29)
27.0	Financial Data Schedule	o

o Filed herewith.

* Previously filed as an exhibit to the Company's Registration Statement on Form S-2 (File No. 33-34874) and incorporated herein by reference thereto.

** Previously filed as exhibits to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989 and incorporated herein by reference thereto.

*** Previously filed as an exhibit to the Company's Registration Statement on Form S-18 (File No. 2-88240-NY) and incorporated herein by reference thereto.

**** Previously filed as exhibits to the Company's Registration Statement on Form S-1 (File No. 2-96279) filed with the Commission and incorporated herein by reference thereto.

+ Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 33-39391) filed with the Commission and incorporated herein by reference thereto.

++ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993 and incorporated herein by reference thereto.

+++ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1985 and incorporated herein by reference thereto.

Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1994 and incorporated herein by reference thereto.

Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1997 and incorporated herein by reference thereto.

Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 and incorporated herein by reference thereto.

~ Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1995 and incorporated herein by reference thereto.

~~ Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 and incorporated herein by reference thereto.

~~~ Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1996 and incorporated herein by reference thereto.
~~~

^ Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 and incorporated herein by reference thereto.

^^ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended June 30, 1997 and incorporated herein by reference thereto.

^^^ Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 333-58269) filed with the Commission and incorporated herein by reference thereto.

^^^^ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 and incorporated herein by reference thereto.

/ Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 333-30818) filed with the Commission and incorporated herein by reference thereto.

(b) Reports on Form 8-K.

On January 11, 2000, we filed with the Commission a Current Report on Form 8-K dated December 23, 1999, related to Schering-Plough Corporation's submission of a Biologics License Application to the U.S. Food and Drug Administration seeking marketing approval for PEG-Intron (PEG-interferon alfa-2b) Powder for injection for the treatment of chronic hepatitis C in patients 18 years of age or older with compensated liver disease.

On February 22, 2000, we filed with the Commission a Current Report on Form 8-K dated February 22, 2000, related to our announcement of Schering-Plough Corporation's statement that the Committee for Proprietary Medicinal Products (CPMP) of the European Agency for the Evaluation of Medicinal Products (EMEA) issued a positive opinion which recommended approval of PEG-Intron (PEG-interferon alfa-2b) for the treatment of adult patients with chronic hepatitis C.

On February 22, 2000, we filed with the Commission a Current Report on Form 8-K dated February 22, 2000, related to the filing of a registration statement with the Commission for a proposed offering of 2,000,000 shares of our Common Stock.

On February 23, 2000, we filed with the Commission a Current Report on Form 8-K dated February 23, 2000, related to our announcement of the ruling made by arbitrators on a royalty dispute between Enzon and Yoshitomi Pharmaceutical Industries, Inc. We were awarded a one-percent royalty on Yoshitomi sales of recombinant Human Serum Albumin (rHSA) in Asia, North America, and South America.

On March 20, 2000, we filed with the Commission a Current Report on Form 8-K dated February 22, 2000, related to the risk factors and descriptions of patents and legal proceedings. These risk factors are incorporated by reference into the prospectus included in each of our two Registration Statements on Form S-3 (File Nos. 333-32093 and 333-58269),

which are currently on file with the Commission. These risk factors replace and supersede the risk factors set forth in such prospectuses and the risk factors set forth in the section entitled "Risk Factors" in our annual report on Form 10-K, as amended, for the fiscal year ended June 30, 1999.

On March 21, 2000, we filed with the Commission a Current Report on Form 8-K dated March 21, 2000, related to our announcement of the pricing of our public offering of 2,000,000 newly issued shares of common stock at $44.50 per share. Additionally, the underwriters were granted an option to purchase an additional 300,000 shares of common stock to cover over-allotments, if any.

On March 24, 2000, we filed with the Commission a Current Report on Form 8-K dated March 24, 2000, related to our announcement that the underwriters of our public offering of 2,000,000 shares of common stock, exercised their

over-allotment option and purchased 300,000 additional shares of common stock.

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 thereunto duly authorized.

ENZON, INC.

(Registrant)

Date: May 15, 2000

By: /s/ Peter G. Tombros

Peter G. Tombros
President and Chief Executive Officer

By: /s/ Kenneth J. Zuerblis

Kenneth J. Zuerblis
Vice President, Finance and Chief Financial Officer
(Principal Financial and Accounting Officer)

<ARTICLE> 5
<LEGEND>
This schedule contains summary financial information extracted from the Enzon, Inc. and Subsidiaries Consolidated Condensed Balance Sheet as of March 31, 2000 and the Consolidated Condensed Statement of Operations for the three and nine months ended March 31, 2000 and is qualified in its entirety by reference to such financial statements.
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