

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 1934For Quarter Ended MARCH 31, 1996
12957

Commission File No. 0-

ENZON, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)22-2372868
(IRS Employer
Identification No.)20 KINGSBRIDGE ROAD, PISCATAWAY, NEW JERSEY
(Address of principal executive offices)08854
(Zip Code)(908) 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 No

The number of shares of common stock, \$.01 par value, outstanding as of May 8, 1996 was 27,703,699 shares.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENZON, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

March 31, 1996 and June 30, 1995

ASSETS

	March 31, 1996 (unaudited)	June 30, 1995 *
Current assets:		
Cash and cash equivalents	\$12,761,174	\$8,102,989
Accounts receivable	2,610,641	2,362,277
Inventories	952,412	792,453
Other current assets	561,933	185,226
Total current assets	16,886,160	11,442,945
Property and equipment	15,851,790	15,758,058
Less accumulated depreciation and amortization	11,412,904	9,968,024
	4,438,886	5,790,034

Other assets:

Investments	78,616	78,616
Other assets, net	23,186	46,627
Patents, net	1,705,566	1,825,820
	1,807,368	1,951,063
Total assets	\$23,132,414	\$19,184,042

*Condensed from audited financial statements.

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

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
March 31, 1996 and June 30, 1995

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1996	June 30, 1995
	(unaudited)	*
Current liabilities:		
Accounts payable	\$2,051,944	\$1,561,968
Accrued expenses	4,361,331	4,045,302
Other current liabilities due to Sanofi Winthrop	-	1,312,829
Total current liabilities	6,413,275	6,920,099
Accrued rent	991,129	1,006,508
Royalty advance - RPR	1,894,181	2,955,841
Other liabilities	2,342	4,076
	2,887,652	3,966,425
Commitments and contingencies		
Stockholders' equity:		
Preferred stock-\$0.01 par value, authorized 3,000,000 shares; issued and outstanding 169,000 shares at March 31, 1996 and 109,000 at June 30, 1995	1,690	1,090
Common stock-\$0.01 par value, authorized 40,000,000 shares; issued and outstanding 27,703,699 shares at March 31, 1996 and 26,328,874 at June 30, 1995	277,037	263,289
Additional paid-in capital	121,204,423	111,494,180
Accumulated deficit	(107,651,663)	(103,461,041)
Total stockholders' equity	13,831,487	8,297,518
Total liabilities and stockholders' equity	\$23,132,414	\$19,184,042

*Condensed from audited financial statements.

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

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
Three Months and Nine Months Ended March 31, 1996 and 1995
(Unaudited)

	Three months ended		Nine months ended	
	March 31, 1996	March 31, 1995	March 31, 1996	March 31, 1995
Revenues				
Sales	\$2,729,647	\$3,912,273	\$8,080,671	\$8,071,597
Contract revenue	5,710	902,005	910,446	2,802,005
Total revenues	2,735,357	4,814,278	8,991,117	10,873,602
Costs and expenses				
Cost of sales	903,985	824,936	3,092,562	2,212,162
Research and development expenses	2,469,605	2,097,350	7,551,075	8,555,700
Selling, general and administrative expenses	1,536,058	1,537,041	4,212,378	5,356,758
Restructuring expense	-	1,192,971	-	1,192,971
Total costs and expenses	4,909,648	5,652,298	14,856,015	17,617,591
Operating loss	(2,174,291)	(838,020)	(5,864,898)	(6,743,989)
Other income (expense)				
Interest and dividend income	116,259	78,069	300,338	166,814
Interest expense	(1,801)	(205)	(12,753)	(3,793)
Other	65,369	96,129	1,386,691	781,713
Net loss	179,827	173,993	1,674,276	944,734
Net loss	(\$1,994,464)	(\$664,027)	(\$4,190,622)	(\$5,799,255)
Net loss per common share	(\$0.08)	\$ (0.03)	(\$0.16)	(\$0.24)
Weighted average number of common shares outstanding during the period	26,929,341	25,381,385	26,529,030	25,083,135

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, 1996 and 1995

(Unaudited)

	Nine months ended	
	March 31, 1996	March 31, 1995
Cash flows from operating activities:		
Net loss	(\$4,190,622)	(\$5,799,255)
Adjustment for decrease in liability recognized pursuant to Sanofi Winthrop Agreement	(1,312,829)-	
Adjustment for depreciation and amortization	1,565,134	1,906,990
Compensation expense for issuance of stock options	-31,535	
Non-cash portion of restructuring expense	-225,000	
Reserve for shutdown of Enzon Labs Inc.	-	(87,667)
Gain on retirement of equipment	-517,896	
Decrease in accrued rent	(15,379)	(860,624)
Decrease in royalty advance - RPR	(1,061,660)-	
Changes in assets and liabilities	290,221	354,986
Net cash used in operating activities	(4,725,135)	(3,711,139)
Cash flows from investing activities:		
Capital expenditures	(93,732)	(228,437)
Proceeds from sale of equipment	-	-830,695
Proceeds from cash surrender value of officers' life insurance	-	373,186
Net cash (used in) provided by investing activities	(93,732)	975,444
Cash flows from financing activities:		
Proceeds from issuance of common and preferred stock	9,478,591	1,746,633
Principal payments of obligations under capital leases	(1,539)	(17,157)
Net cash provided by financing activities	9,477,052	1,729,476
Net increase (decrease) in cash and cash equivalents	4,658,185	(1,006,219)
Cash and cash equivalents at beginning of period	8,102,989	5,731,461
Cash and cash equivalents at end of period	\$12,761,174	\$4,725,242

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 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

Net loss per common share is based on net loss for the relevant period, adjusted for cumulative undeclared Series A Cumulative Convertible Preferred Stock ("Series A Preferred Shares") dividends of \$164,000 for the nine months ended March 31, 1996 and 1995, and \$55,000 for the three months ended March 31, 1996 and 1995, divided by the weighted average number of shares issued and outstanding during the period. Stock options, warrants and common stock issuable upon conversion of the preferred stock are not reflected as their effect would be antidilutive for both primary and fully diluted earnings per share computations. The total number of shares issued to former shareholders of Enzon Labs Inc. (formerly known as Genex Corporation), which was acquired on October 31, 1991, have been included in the weighted average number of

outstanding shares, as if all shares had been issued on October 31, 1991, the date of acquisition.

(3) INVENTORIES

The composition of inventories at March 31, 1996 and June 30, 1995 is as follows:

	March 31, 1996	June 30, 1995
Raw materials	\$438,000	\$398,000
Work in process	319,000	134,000
Finished goods	195,000	260,000
	\$952,000	\$792,000

(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 \$13,000 and \$2,000 for the nine months ended March 31, 1996 and 1995, respectively. There were no income tax payments made for the nine months ended March 31, 1996 and 1995.

As part of the commission due to the real estate broker in connection with the termination of the Company's lease at 40 Kingsbridge Road, the Company issued 150,000 five-year warrants to purchase the Company's Common Stock at \$2.50 per share during the nine months ended March 31, 1996. Also, in connection with the Company's private placements of Common Stock, Series B Convertible Preferred Stock ("Series B Preferred Shares"), and Series C Convertible Preferred Stock ("Series C Preferred Shares"), the Company issued an aggregate of 50,000 five-year warrants to purchase the Company's Common Stock at \$4.11 per share, as a finder's fee, during the nine months ended March 31, 1996. These transactions are non-cash financing activities.

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

(5) STOCKHOLDERS' EQUITY

In January 1996, the Company completed a private placement of 1,094,890 shares of Common Stock and 40,000 Series B Preferred Shares resulting in gross proceeds of \$7,000,000. In March 1996, the Company completed a private placement of 266,667 shares of Common Stock and 20,000 Series C Preferred Shares resulting in gross proceeds of \$3,000,000. The two private placements resulted in net cash proceeds of approximately \$9,444,000 after payment of related expenses and a finder's fee.

In connection with the January 1996 and March 1996 private placements the Company also issued five-year warrants to purchase 638,686 shares of Common Stock at \$4.11 per share and 200,000 shares of Common Stock at \$5.63 per share, respectively.

The Series B Preferred Shares and the Series C Preferred Shares are convertible commencing 70 days after their respective dates of issuance and the stated value of each Series B Preferred Share and Series C Preferred Share is \$100. The conversion price for the Series B Preferred Shares and the Series C Preferred Shares is equal to 80% of the average of the closing bid price of the Common Stock for the five consecutive trading days ("the Average Market Price") ending one trading day prior to the date of conversion as reported by the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ-NMS"). The Series B Preferred Shares and the Series C Preferred Shares will not pay a dividend. In connection with the January 1996 and March 1996 private placements, the Company agreed to register and has filed a registration statement for the Common Stock issued, the shares of Common Stock underlying the Series B Preferred Shares, the shares of Common Stock underlying the Series C Preferred Shares, the shares of Common Stock underlying the warrants and certain shares of Common Stock issuable in the event the Company does not comply with certain of its obligations under the registration

rights agreements.

In connection with the private placements, the Company paid a finder's fee in cash and issued five-year warrants to purchase 50,000 shares of Common Stock at \$4.11 per share.

(6) NON-QUALIFIED STOCK OPTION PLAN

During the nine months ended March 31, 1996, the Company issued 560,000 stock options at an average exercise price of \$3.42 under the Company's Non-Qualified Stock Option Plan, as amended (the "Plan"), of which 180,000 were granted to executive officers of the Company. None of the options granted during the period are exercisable as of March 31, 1996. All options were granted with exercise prices that equalled or exceeded the fair market value of the underlying Common Stock on the date of grant.

On December 5, 1995, the stockholders voted to amend the Plan to increase the number of shares reserved for issuance to 6,200,000.

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

(7) RESTRUCTURING EXPENSE

During the quarter ended March 31, 1995, the Company recorded a restructuring charge related to a workforce reduction and the termination of one of its facility leases. As of June 30, 1995, approximately \$758,000 of the restructuring charge was unpaid and recorded in accrued expenses in the Consolidated Condensed Balance Sheet. During the nine months ended March 31, 1996, the Company paid the remaining \$758,000, the majority of which represented fees due the Company's real estate broker in connection with the termination of the lease.

(8) OTHER INCOME

During the quarter ended December 31, 1995, the Company recognized as other income approximately \$1,313,000, representing the unused portion of an advance received under a development and license agreement with Sanofi Winthrop, Inc. ("Sanofi"). During October 1995, the Company learned that Sanofi intended to cease development of PEG-SOD (Dismutec<trademark>) due to the product's failure to show a statistically significant difference between the treatment group and the control group in a pivotal Phase III trial. Due, in part, to this product failure, the Company believes it has no further obligations under its agreement with Sanofi with respect to the \$1,313,000 advance and therefore, the Company has reversed the amount due Sanofi previously recorded as a current liability.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1996 VS. THREE MONTHS ENDED MARCH 31, 1995

REVENUES. Revenues for the three months ended March 31, 1996 decreased by 43% to \$2,735,000 as compared to \$4,814,000 for the same period in 1995. The components of revenues are sales, which consist of sales of the Company's products and royalties on the sale of such products by others, and contract revenues. Sales decreased by 30% to \$2,730,000 for the three months ended March 31, 1996 as compared to \$3,912,000 for the same period in the prior year. The decrease was principally due to shipments of PEG-INTRON A to the Company's collaborative partner, Schering Corporation ("Schering") recorded during the three months ended March 31, 1995 in the amount of approximately \$755,000 for which there were no such shipments recorded during the three months ended March 31, 1996, and a reduction, due to the timing of shipments, in revenues recorded related to the Company's supply agreement for ONCASPAR<reg-trade-mark> with its marketing partner, Rhone-Poulenc Rorer Pharmaceuticals, Inc. ("RPR"). During June 1995, the Company amended its agreement with Schering and agreed to transfer the know-how and manufacturing rights for PEG-INTRON A to Schering. It is anticipated that Schering will manufacture all future clinical trial material. Enzon has the option to manufacture PEG-INTRON A for the U.S. market upon Food and Drug Administration ("FDA") approval, should it occur. These

decreases were offset in part by increased ADAGEN<reg-trade-mark> sales of approximately \$69,000 and an increase in the royalties received from RPR for ONCASPAR sales pursuant to the Company's marketing rights license related to sales of ONCASPAR. Sales for the three months ended March 31, 1996 increased as compared to the previous quarter ended December 31, 1995 by \$188,000 or 7%, due to increased sales of ADAGEN. The Company expects revenues of ADAGEN to increase at comparable rates as those achieved during the last two years as additional patients are treated. The Company also anticipates moderate growth of ONCASPAR sales to RPR and increased royalties on RPR sales of ONCASPAR. Currently RPR is conducting clinical trials to expand the use of ONCASPAR beyond its current FDA approved indication which could also result in additional revenues from this product. The Company is also pursuing licensing agreements for the sale of ONCASPAR outside of North America. The foregoing statements regarding future sales levels of ADAGEN and ONCASPAR are forward-looking in nature. Actual results could differ significantly based on various factors, including, but not limited to, in the case of ADAGEN, the rate of expansion of patients, in the case of ONCASPAR, RPR's ability to expand FDA approved indications and the Company's ability to consummate licensing agreements for the sale of ONCASPAR outside of North America, and in the case of each product, the FDA's approval of a competing product or the products' becoming obsolete based on the development of new technology. There can be no assurance that any particular sales levels of ONCASPAR or ADAGEN can be achieved or maintained. ADAGEN sales for the three months ended March 31, 1996 and 1995 were \$2,217,000 and \$2,148,000, respectively. Contract revenue for the three months ended March 31, 1996 decreased by \$896,000, as compared to the same period in 1995. The decrease was principally due to a one-time payment received in the prior year from RPR under the Company's exclusive marketing rights license with RPR for ONCASPAR. During the three months ended March 31, 1996 and 1995, the Company had export sales of \$419,000 and \$572,000, respectively. Sales in Europe were \$356,000 and \$519,000 for the three months ended March 31, 1996 and 1995, respectively.

COST OF SALES. Cost of sales, as a percentage of sales, increased to 33% for the three months ended March 31, 1996 as compared to 21% for the same period in 1995. The increase was due primarily to an increase in the charge recorded for idle capacity at the Company's manufacturing facility for the three months ended March 31, 1996. The increase in idle capacity was a result of the Company not producing clinical supplies of PEG-INTRON A as was the case in the prior year. During the quarters ended March 31, 1996 and 1995, the Company utilized approximately 29% and 76%, respectively, of its manufacturing capacity for the production of its products.

RESEARCH AND DEVELOPMENT. Research and development expenses for the three months ended March 31, 1996 increased by 18% to \$2,470,000 from \$2,097,000 for the same period in 1995. This increase was due to increased facility cost, which was caused by a one-time rent credit received in the prior year from one of the Company's landlords of approximately \$680,000. This increase was offset in part by reductions in personnel, principally in the clinical and research administration areas, and related costs, such as payroll taxes and benefits totalling approximately \$185,000 and other cost containment measures taken by the Company.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for the three months ended March 31, 1996 remained flat at \$1,536,000 as compared to \$1,537,000 for the same period in 1995.

RESTRUCTURING EXPENSE. During the quarter ended March 31, 1995, the Company recorded a restructuring expense related to a reduction in its workforce and the termination of a long-term facility lease.

OTHER INCOME/EXPENSE. Other income/expense remained relatively constant at \$180,000 for the three months ended March 31, 1996 as compared to \$174,000 for the same period last year. Interest income for the quarter increased by approximately \$38,000, due to an increase in interest bearing investments as a result of the proceeds of the Company's private equity placements. This increase was offset by a decrease in other income.

NINE MONTHS ENDED MARCH 31, 1996 VS. NINE MONTHS ENDED MARCH 31, 1995

REVENUES. Revenues for the nine months ended March 31, 1996 decreased by 17% to \$8,991,000 as compared to \$10,874,000 for the same period in 1995. The components of revenues are sales, which consist of sales of the Company's products and royalties on the sale of such products by others, and contract revenues. Sales increased slightly to \$8,081,000 for the nine months ended March 31, 1996 as compared to \$8,072,000 for the same period in the prior year.

Increased ONCASPAR revenues of approximately \$527,000 from RPR and an increase in ADAGEN sales of approximately \$274,000 resulting from an increase in patients receiving ADAGEN were offset by a reduction in shipments of clinical supplies of PEG-INTRON A to Schering of approximately \$755,000. ADAGEN sales for the nine months ended March 31, 1996 and 1995 were \$6,431,000 and \$6,157,000, respectively. Contract revenue for the nine months ended March 31, 1996 decreased by 68% to \$910,000, as compared to \$2,802,000 for the same period in 1995. The decrease was principally due to a payment of \$1,800,000 recorded during the nine months ended March 31, 1995 from Bristol-Myers Squibb related to the exercise of its option under an agreement dated September 1993, to acquire a worldwide non-exclusive license for all therapeutic indications for the Company's SCA protein technology. During the nine months ended March 31, 1996 and 1995, the Company had export sales of \$1,550,000 and \$1,571,000, respectively. Sales in Europe were \$1,339,000 and \$1,390,000 for the nine months ended March 31, 1996 and 1995, respectively.

COST OF SALES. Cost of sales, as a percentage of sales, increased to 38% for the nine months ended March 31, 1996 as compared to 27% for the same period in 1995. The increase was due primarily to a payment in lieu of satisfying the minimum purchase requirements under the Company's long-term supply agreement for a raw material used in the production of ONCASPAR and the write-off of excess inventories of this raw material, as well as an increase in the charge recorded for idle capacity at the Company's manufacturing facility for the nine months ended March 31, 1996. While it is possible that the Company may incur similar losses on its remaining purchase commitments under the supply agreement, the Company does not consider such losses probable, nor can the amount of any loss which may be incurred in the future presently be estimated due to a number of factors, including but not limited to potential increased demand for ONCASPAR from RPR, expansion into additional markets outside the U.S. and the possibility that the Company could renegotiate the level of required purchases. If the Company does not achieve increases in sales of ONCASPAR beyond current levels or cannot renegotiate its commitment, a loss would be incurred on the remaining purchase commitment. The increase in cost of sales, as a percentage of sales, was offset in part by the elimination of sales of clinical supplies of PEG-INTRON A, manufactured for Schering during the nine months ended March 31, 1996, which has a lower margin than the other products sold by the Company.

RESEARCH AND DEVELOPMENT. Research and development expenses for the nine months ended March 31, 1996 decreased by 15% to \$7,551,000 from \$8,856,000 for the same period in 1995. This decrease was primarily due to (i) reductions in personnel, principally in the clinical and research administration areas, and related costs, such as payroll taxes and benefits totalling approximately \$915,000 and other cost containment measures taken by the Company.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses for the nine months ended March 31, 1996 decreased by 21% to \$4,212,000 from \$5,357,000 for the same period in 1995. The decrease was due to (i) reductions in personnel and related costs, such as payroll taxes and benefits of approximately \$478,000, (ii) a reduction in facility and occupancy costs of approximately \$498,000, and (iii) other cost containment measures taken by the Company.

RESTRUCTURING EXPENSE. During the nine months ended March 31, 1995, the Company recorded a restructuring expense related to a reduction in its workforce and the termination of a long-term facility lease.

OTHER INCOME/EXPENSE. Other income/expense increased by \$729,000 to \$1,674,000 for the nine months ended March 31, 1996 as compared to \$945,000 for the same period last year. The increase was due principally to the recognition as other income of approximately \$1,313,000 representing the unused portion of an advance received under a development and license agreement with Sanofi. During October 1995, the Company learned that Sanofi intended to cease development of PEG-SOD (Dismutec) due to the product's failure to show a statistically significant difference between the treatment group and the control group in a pivotal Phase III trial. Due, in part, to this product failure, the Company believes it has no further obligations under its agreement with Sanofi with respect to the \$1,313,000 advance and therefore, the Company has recognized as other income the amount due Sanofi previously recorded as a current liability. Other income/expense in the prior year principally consisted of a one-time insurance payment.

The Company will adopt the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" as of July 1, 1996. This statement is not

expected to have a material impact on the Company's consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Enzon had \$12,761,000 in cash and cash equivalents as of March 31, 1996. The Company invests its excess cash in a portfolio of high-grade marketable securities and United States government-backed securities.

The Company's cash reserves, as of March 31, 1996, increased by \$4,658,000 from June 30, 1995. The increase in cash reserves reflects approximately \$9,444,000 in net proceeds (after payment of related expenses) received from the Company's private placement of its Common Stock, Series B Convertible Preferred Shares ("Series B Preferred Shares") and warrants to purchase Common Stock in January 1996 and the private placement of its Common Stock, Series C Convertible Preferred Shares ("Series C Preferred Shares") and warrants to purchase Common Stock in March 1996. This increase was offset in part by the funding of operations.

The Company's exclusive U.S. marketing rights license with RPR for ONCASPAR provides for a payment of \$3,500,000 in advance royalties which was received in January 1995. Royalties due under the revised agreement will be offset against a credit of \$5,970,000, which represents the royalty advance plus reimbursement of certain amounts due RPR under the previous agreement and interest expense, before cash payments will be made under the agreement. The royalty advance is shown as a long term liability with the corresponding current portion included in accrued expenses on the consolidated condensed balance sheets and will be reduced as royalties are recognized under the agreement. Through March 31, 1996, an aggregate of \$467,000 in royalties payable by RPR has been offset against the original credit.

As of March 31, 1996, 940,808 shares of Series A Cumulative Convertible Preferred Shares ("Series A Preferred Shares") had been converted into 3,093,411 shares of Common Stock. Accrued dividends on the converted Series A Preferred Shares in the aggregate of \$1,792,000 were settled by the issuance of 232,383 shares of Common Stock. The Company does not presently intend to pay cash dividends on the Series A Preferred Shares. As of March 31, 1996, there were \$1,313,000 of accrued and unpaid dividends on the Series A Preferred Shares. These dividends are payable in cash or Common Stock at the Company's option and accrue on the outstanding Series A Preferred Shares at the rate of \$218,000 per year. As of March 31, 1996, there had been no conversion of the Series B Preferred Shares or Series C Preferred Shares. Neither the Series B Preferred Shares nor the Series C Preferred Shares carry stated dividends.

To date, the Company's sources of cash have been the proceeds from the sale of its stock through public and private placements, sales of ADAGEN, sales of ONCASPAR, sales of its products for research purposes, contract research and development fees, technology transfer and license fees and royalty advances. The Company's current sources of liquidity are its cash, cash equivalents and interest earned on such cash reserves, sales of ADAGEN, sales of ONCASPAR, sales of its products for research purposes and license fees. Management believes that its current sources of liquidity will be sufficient to meet its anticipated cash requirements, based on current spending levels, for approximately the next two years. The previous statement is forward-looking in nature. Actual results could differ materially based on various factors, including, but not limited to, the Company's ability to maintain current sales levels of its products and current levels of expenses, or the occurrence of any of a number of unforeseeable contingencies beyond the Company's control.

Upon exhaustion of the Company's current cash reserves, the Company's continued operations will depend on its ability to realize significant revenues from the commercial sale of its products, raise additional funds through equity or debt financing, or obtain significant licensing, technology transfer or contract research and development fees. There can be no assurance that these sales, financings or revenue generating activities will be successful.

PART II OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

- (a) None.
- (b) In the event of any voluntary or involuntary liquidation or winding-up of the Company, the holders of the Series B Preferred

Shares and Series C Preferred Shares are entitled to receive distributions in cash equal to the stated value of each Series B Preferred Share and Series C Preferred Share, respectively, before any amount may be paid to the holders of the Common Stock. Additionally, the Company may not consolidate with or merge into any corporation or reclassify its outstanding shares of Common Stock (other than by way of subdivision or reduction of such shares) without the prior written approval of the holders of a majority of each of the Series B Preferred Shares and Series C Preferred Shares.

ITEM 6. EXHIBIT 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	X
3(ii)	By-laws, as amended	*(4.2)
10.0	Employment Agreement dated March 25, 1994 with Peter G. Tombros	#(10.17)
10.1	Form of Change of Control Agreements dated as of January 20, 1995 entered into with the Company's Executive Officers	XX(10.2)
10.2	Lease - 300-C Corporate Court, South Plainfield, New Jersey	*** (10.3)
10.3	Modification of 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	XX (10.6)
10.5	Option Agreement dated April 1, 1995 regarding 20 Kingsbridge Road, Piscataway, New Jersey	XX (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 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	Amendment dated as of May 15, 1995 to Employment Agreement with Peter G. Tombros	XXX (10.17)
10.16	Stock Purchase Agreement dated as of June 30, 1995	XXXX
10.17	Securities Purchase Agreement dated as of January 31, 1996	XXXX
10.18	Registration Rights Agreements dated as of January 31, 1996	XXXX
10.19	Warrants dated as of February 7, 1996 and issued pursuant to the Securities Purchase Agreement dated as of January 31, 1996	XXXX
10.20	Securities Purchase Agreement dated as of March 15, 1996	X
10.21	Registration Rights Agreement dated as of March 15, 1996	X
10.22	Warrant dated as of March 15, 1996 and issued pursuant to the Securities Purchase Agreement dated as of March 15, 1996	X
27.0	Financial Data Schedule	X

X 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, 1992 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 Current Report on Form 8-K dated April 5, 1994 and incorporated herein by reference thereto.

Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 33-80790) 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.

XX 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.

XXX Previously filed as an exhibit to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1995 and incorporated herein by reference thereto.

XXXX 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.

(b) Reports on Form 8-K

On February 8, 1996, the Company filed with the Commission a Current Report on Form 8-K dated December 22, 1995 relating to the grant to RPR of a world-wide license to the Company's SCA Technology (Item 5).

On February 8, 1996, the Company filed with the Commission a Current Report on Form 8-K dated January 31, 1996 relating to the Company's completion of a private placement of Common Stock, Series B Convertible Preferred Shares and warrants to purchase shares of Common Stock (Item 5).

On March 22, 1996, the Company filed with the Commission a Current Report on Form 8-K dated March 15, 1996 relating to the completion of a private placement of Common Stock, Series C Convertible Preferred Shares and warrants to purchase shares of Common Stock (Item 5).

On April 24, 1996, the Company filed with the Commission a Current Report on Form 8-K dated April 19, 1996 relating to (i) Randy Thurman's replacement of Dr. Abraham Abuchowski as the Company's Chairman of the Board of Directors; (ii) the Company's formation of a Research and Development Steering Committee; (iii) the relinquishment by Dr. Abuchowski of all of his responsibilities as an employee of the Company and a member of the Board of Directors; and (iv) an inquiry received by the Company from NASDAQ Market Surveillance regarding certain market activity in the Company's Common Stock (Item 5).

On April 30, 1996, the Company filed with the Commission a Current Report on Form 8-K dated January 11, 1996 relating to the Company's receipt of two additional United States patents for its hemoglobin-based oxygen carrier (Item 5).

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 13, 1996

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

CERTIFICATE OF INCORPORATION

OF

ENZON, INC.

The undersigned incorporator, in order to form a corporation under the General Corporation Law of the State of Delaware, certifies as follows:

1. NAME. The name of the corporation is

ENZON, INC.

(hereinafter called the "Corporation").

2. ADDRESS REGISTERED AGENT. The address of the Corporation's registered office is 410 South State Street, Dover, Delaware 19901; and its registered agent at such address is Corporate Filing Securities, Inc.

3. PURPOSE. The nature of the business and purposes to be conducted or promoted by the Corporation are to engage in, carry on and conduct any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. NUMBER OF SHARES. The total number of shares of stock which the Corporation shall have authority to issue is ten million (10,000,000), all of which shall be shares of Common Stock of the par value of one cent (\$.01) each.

5. NAME AND ADDRESS OF INCORPORATOR. The name and mailing address of the incorporator is Dan Brecher, 260 Madison Avenue, New York, New York 10016.

6. ELECTION OF DIRECTORS. Members of the Board of Directors may be elected either by written ballot or by voice vote.

7. ADOPTION, AMENDMENT AND/OR REPEAL OF BY-LAWS. The Board of Directors may from time to time (after adoption by the undersigned of the original by-laws of the Corporation) make, alter or repeal the by-laws of the Corporation; provided, that any by-laws made, amended or repealed by the Board of Directors may be amended or repealed, and any by-laws may be made, by the stockholders of the Corporation.

8. COMPROMISES AND ARRANGEMENTS. Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers

appointed for this Corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution of any receiver or receivers appointed for this Corporation under the provisions of section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court for which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

IN WITNESS WHEREOF, this Certificate has been signed on this ___ day of April, 1983, and the signature of the undersigned shall constitute the affirmation and acknowledgment of the undersigned, under penalties of perjury, that the Certificate is the act and deed of the undersigned and that the facts stated in the Certificate are true.

/S/ DAN BRECHER
Dan Brecher
Incorporator

CERTIFICATE OF CORRECTION
OF
CERTIFICATE OF INCORPORATION
OF
ENZON, INC.

Pursuant to Section 103 (f) of Title 8 of the Delaware Code of 1953, as Amended

The undersigned, being the sole incorporator of ENZON, INC., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That Article "SECOND" of the Certificate of Incorporation was set forth incorrectly. In order to correct Article "SECOND" it should read in its entirety as follows:

SECOND: Address: Registered Agent. The Address of the corporation's registered office is 410 South State Street, Dover, Delaware 19901; and its registered agent at such address is Corporate Filing Service, Inc.

IN WITNESS WHEREOF, we have hereunto set our respective seals this 31st day of May, 1983.

/S/ DAN BRECHER
Dan Brecher, Sole Incorporator

STATE OF NEW YORK
COUNTY OF New York

ss:

BE IT REMEMBERED That on this 31 day of May, 1983 personally came before me Leila Lurie a Notary Public in and for the County and State aforesaid, Dan Brecher, Sole Incorporator of a corporation of the State of Delaware, the corporation described in and which executed the foregoing certificate, known to me personally to be such, and that the said Dan Brecher as such Sole Incorporator, duly executed the said Certificate before me and acknowledged the said certificate to be their act and deed and the act and deed of said corporation and the facts stated therein are true; that the signature of the said Sole Incorporator of said corporation respectively, and that the seal affixed to said certificate is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

/S/ LEILA LURIE
Notary Public (Seal)

CERTIFICATE OF OWNERSHIP AND MERGER
of
ENZON, INC.
(a Delaware corporation)

by

ENZON INC.
(a New Jersey corporation)

Pursuant to Section 253 of the
General Corporation Law of the
STATE OF DELAWARE

Enzon Inc., a corporation formed and existing under the laws of the State of New Jersey ("Enzon of NJ"), desiring to merge into Enzon, Inc., a corporation formed and existing under the laws of the State of Delaware ("Enzon of Del."), pursuant to the provisions of section 253 of the General Corporation Law of the State of Delaware, does hereby certify as follows:

FIRST: That Enzon of NJ is a corporation formed and existing under the laws of the State of New Jersey and that its Certificate of Incorporation was filed in the Office of the Secretary of State of the State of New Jersey on

September 17, 1981.

SECOND: That on and prior to June 23, 1983, Enzon of Del. was a corporation formed and existing under the laws of the State of Delaware and that its Certificate of Incorporation was filed in the Office of the Secretary of State of the State of Delaware on May 11, 1983.

THIRD: That on June 23, 1983, Enzon of NJ lawfully owned one hundred percent (100%) of the outstanding shares of the outstanding stock of Enzon of Del.

FOURTH: That this certificate was approved by all the shareholders of Enzon Inc. a New Jersey Corporation.

FIFTH: That on June 23, 1983, the Board of Directors of Enzon of NJ by resolutions duly adopted determined to merge Enzon of NJ into Enzon of Del., said resolutions being as follows:

WHEREAS, this Corporation lawfully owns one hundred percent (100%) of the outstanding stock of Enzon, Inc. ("Enzon of Del."), a Delaware corporation, and desires to merge this Corporation and to have all of this Corporation's estate, property, rights, privileges and franchises vested in and held and enjoyed by Enzon of Del.

"NOW, THEREFORE, BE IT RESOLVED that this Corporation merge into Enzon of Del.; and

"RESOLVED that the effective date of such merger be on June 23, 1983; and

"RESOLVED that the proper officers of this Corporation be, and they hereby are, authorized and directed to make and execute, in its name and under its corporate seal, and to file in the proper public offices, a Certificate of Ownership and Merger pursuant to section 253 of the General Corporation Law of the State of Delaware setting forth a copy of these resolutions; and

"RESOLVED that the officers of this Corporation be, and they hereby are, authorized and empowered to take such further action and to execute such other documents as in their judgment may be necessary or proper to consummate the merger provided for by these resolutions."

IN WITNESS WHEREOF, said ENZON, INC. has caused this Certificate to be executed by its officers thereunto duly authorized and its corporate seal to be thereunto affixed this 29 day of June, 1983.

ENZON, INC.

By: /S/ ABRAHAM ABUCHOWSKI
Abraham Abuchowski
President

ATTEST:

/S/ FRANK DAVIS
Frank Davis
Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

* * * * *

Enzon, Inc., a corporation organized and existing under and by

virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the board, adopted a resolution proposing and declaring advisable the following amendments to the Certificate of Incorporation of said corporation:

RESOLVED, that Article Fourth of the Certificate of Incorporation be deleted in its entirety and the following substituted therefor:

"FOURTH - The total number of shares of stock which the Corporation shall have authority to issue is Fifteen Million (15,000,000) Shares, all of which shall be shares of Common Stock of the par value of \$.01 each."

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders holding a majority of the shares currently outstanding have given their written consent to said amendments in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforementioned amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Enzon, Inc. has caused this certificate to be signed by Abraham Abuchowski, its President, and attested by Frank Davis, its Secretary, this 23rd day of February, 1984.

By /S/ ABRAHAM ABUCHOWSKI
Abraham Abuchowski, President

ATTEST:

By /S/ FRANK DAVIS
Frank Davis, Secretary

CERTIFICATE

FOR RENEWAL AND REVIVAL OF CERTIFICATE OF INCORPORATION

Enzon, Inc., a corporation organized under the laws of Delaware, the Certificate of Incorporation of which was filed in the office of the Secretary of State on the 11th day of May, 1983, the Certificate of Incorporation of which was voided for non-payment of taxes, now desires to procure a restoration, renewal and revival of its Certificate of Incorporation, and hereby certifies as follows:

1. The name of this corporation is Enzon, Inc.
2. Its registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle and the name of its registered agent at such address is The Corporation Trust Company.
3. The date when the restoration, renewal, and revival of the Certificate of Incorporation of this Corporation is to commence is the 28th day of February A.D. 1986, same being prior to the date of the expiration of the Certificate of Incorporation. This renewal and revival of the Certificate of

Incorporation of this corporation is to be perpetual.

4. This corporation was duly organized under the Laws of the State of Delaware and carried on the business authorized by its Certificate of Incorporation until the 1st day of March A.D. 1986, at which time its Certificate of Incorporation became inoperative and void for non-payment of taxes and this certificate of renewal and revival is filed by authority of the duly elected directors of the corporation in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, said Enzon, Inc. in compliance with Section 312 of Title 8 of the Delaware Code has caused this certificate to be signed by Abraham Abuchowski its last and acting President, and attested by Frank Davis, its last and acting Secretary, this 17th day of December, 1986.

ENZON, INC.

By /S/ ABRAHAM ABUCHOWSKI
Last and Acting President

ATTEST:

By /S/ FRANK DAVIS
Frank Davis
Last and Acting Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ENZON, INC.

* * * * *

Enzon, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said Corporation, at a meeting of its members, adopted resolutions proposing and declaring advisable the following amendments to the Certificate of Incorporation of said Corporation:

- (a) RESOLVED, that Article 4 of the Certificate of Incorporation be amended as set forth below:

"4: The total number of shares of capital stock which the Corporation shall have authority to issue is sixteen million (16,000,000) shares, of which fifteen million (15,000,000) shares shall be Common Stock, par value \$.01 per share, and one million (1,000,000) shares shall be Preferred Stock, par value \$.01 per share.

The Preferred Stock may be issued from time to time in one or more series. The board of Directors of the

Corporation is hereby expressly authorized to provide, by resolution or resolutions duly adopted by it prior to issuance, for the creation of each such series and to fix the designation and the powers, preferences, rights, qualifications, limitations and restrictions relating to the shares of each such series. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determining the following:

(a) the designation of such series, the number of shares to constitute such series and the stated value thereof if different from the par value thereof;

(b) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of Preferred Stock;

(d) whether the shares of such series shall be subject to redemption by the Corporation, and, if so, the times, prices and other conditions of such redemption;

(e) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;

(f) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporation purposes and the terms and provisions relating to the operation thereof;

(g) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of Preferred Stock or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of Preferred Stock or of any other class; and

(i) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions, thereof.

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative.

(b) RESOLVED, that an additional Article, Article 9 be added to the Certificate of Incorporation as set forth below:

"9. The Board of Directors shall consist of not less than three nor more than fifteen directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the whole Board of Directors, and such exact number shall be four until otherwise determined by resolution adopted by affirmative vote of a majority of the whole Board of Directors. As used in this Article 9, the term "whole Board" means the total number of directors which the Corporation would have if there were no vacancies. The Board of Directors shall divide the directors into three classes and, when the number of directors is changed, shall determine the class or classes to which the increased or decreased number of directors shall be apportioned; provided, that no decrease in the number of directors shall affect the term of any director then in office. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of stockholders. The term of office of directors elected at the 1986 Annual Meeting of Stockholders held on January 20, 1987 shall be as follows: the term of office of directors of the first class shall expire at the first annual meeting of stockholders after their election; the term of office of directors of the second class shall expire at the second annual meeting of stockholders after their election; and the term of office of directors of the third class shall expire at the third annual meeting of stockholders after their election; and as to directors of each class, when their respective successors are elected and qualified. At each annual meeting of stockholders subsequent to the 1986 Annual Meeting of Stockholders, directors elected to succeed those whose terms are expiring shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders and when their respective successors are elected and qualified.

Vacancies in the Board of Directors, however caused, and newly created directorships shall be filled solely by a majority vote of the directors then in office, whether or not a quorum, and any director so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which the director has been chosen expires and when the director's successor is elected and qualified.

The affirmative vote of the holders of not less than two-thirds of the outstanding voting shares of capital stock of the Corporation entitled to vote generally in the election of directors shall be required to amend, alter, change or repeal, or adopt any provisions inconsistent with this Article 9, provided, however, that this paragraph shall not apply to, and such two-thirds vote shall not be required for, any amendment, alteration, change, repeal or adoption of any inconsistent provision declared advisable by the Board of Directors by the affirmative vote of two-thirds of the Board and submitted to stockholders for their consideration, but only if a majority of the members of the Board of Directors acting upon such matter shall be Continuing Directors. The term "Continuing Director" shall mean a director who was a member of the Board as of October 1, 1986."

- (c) RESOLVED, that an additional Article, Article 10 be added to the Certificate of Incorporation as set forth below:

"10. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as

the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification."

SECOND: That at an annual meeting of stockholders the holders of a majority of the outstanding stock entitled to vote thereon voted in favor of said amendments in accordance with the provisions of Section 216 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendments were duly adopted in accordance with the applicable provisions of Sections 242 and 216 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Enzon, Inc. has caused this certificate to be signed by Dr. Abraham Abuchowski, its President, and attested by Leslie Charmatz, asst. secretary, this 20th day of February, 1987.

By: /S/ ABRAHAM ABUCHOWSKI
Abraham Abuchowski, President

ATTEST:

By: /S/ LESLIE H. CHARMATZ
Leslie H. Charmatz, Assistant Secretary

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

ENZON, INC.

* * * * *

Enzon, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said Corporation, at a meeting of its members, adopted a resolution proposing and declaring advisable the following amendments to the Certificate of Incorporation of said Corporation:

- (a) RESOLVED, that Article 4 of the Certificate of Incorporation be amended as set forth below:

"4: The total number of shares of capital stock which the Corporation shall have authority to issue is twenty-one million (21,000,000) shares, of which twenty million (20,000,000) shares shall be Common Stock, par value \$.01 per share, and one million (1,000,000) shares shall be Preferred Stock, par value \$.01 per share.

The Preferred Stock may be issued from time to time in one or more series. The board of Directors of the Corporation is hereby expressly authorized to provide, by resolution or resolutions duly adopted by it prior to

issuance, for the creation of each such series and to fix the designation and the powers, preferences, rights, qualifications, limitations and restrictions relating to the shares of each such series. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determining the following:

(a) the designation of such series, the number of shares to constitute such series and the stated value thereof if different from the par value thereof;

(b) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of Preferred Stock;

(d) whether the shares of such series shall be subject to redemption by the Corporation, and, if so, the times, prices and other conditions of such redemption;

(e) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;

(f) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporation purposes and the terms and provisions relating to the operation thereof;

(g) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of Preferred Stock or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of Preferred Stock or of any other class; and

(i) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions, thereof.

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative.

SECOND: That at an annual meeting of stockholders the holders of a majority of the outstanding stock entitled to vote thereon voted in favor of said amendments in accordance with the provisions of Section 216 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendments were duly adopted in accordance with the applicable provisions of Sections 242 and 216 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Enzon, Inc. has caused this certificate to be signed by Dr. Abraham Abuchowski, President, and attested by Frank Davis, Secretary, this 2nd day of March, 1988.

By: /S/ ABRAHAM ABUCHOWSKI
Abraham Abuchowski, President

ATTEST:

By: /S/ FRANK DAVIS
Frank Davis, Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ENZON, INC.

* * * * *

Enzon, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, at a meeting of its members, unanimously adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that the first sentence of Article 4 of the Certificate of Incorporation be amended to read in its entirety as set forth below:

"4: The total number of shares of capital stock which the Corporation shall have authority to issue is twenty-two million (22,000,000) shares, of which twenty million (20,000,000) shares shall be Common Stock, par value \$.01 per share, and two million (2,000,000) shares shall be Preferred Stock, par value \$.01 per share.

SECOND: That the remainder of Article 4 of the Certificate of Incorporation of said Corporation shall remain unchanged.

THIRD: That at the Annual Meeting of Stockholders of the Corporation, the holders of a majority of the outstanding stock entitled to vote thereon in favor of said amendment in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Enzon, Inc. has caused this certificate to be signed by Dr. Abraham Abuchowski, President and Chief Executive Officer of the Corporation, and attested to by John Caruso, Secretary of the Corporation, this 8th day of February, 1990.

By: /S/ ABRAHAM ABUCHOWSKI
ABRAHAM ABUCHOWSKI, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

ATTEST:

By: /S/ JOHN CARUSO
JOHN CARUSO, SECRETARY

CERTIFICATE OF DESIGNATIONS, PREFERENCES
AND RIGHTS OF SERIES A CUMULATIVE CONVERTIBLE

PREFERRED STOCK

OF

ENZON, INC.

ENZON, Inc. (the "Company"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company by the Certificate of Incorporation, as amended, of the Company, and pursuant to Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company at a meeting duly held on March 9, 1990, adopted resolutions providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of one million one hundred thousand (1,100,000) shares of Series A Cumulative Convertible Preferred Stock (the "Preferred Shares") of the Company, as follows:

RESOLVED, that the Preferred Shares shall have the following powers, designations, preferences and other special rights:

DIVIDENDS. The holders of the Preferred Shares shall be entitled to an annual dividend of \$2.00 per Share (pro-rated for any portion of the applicable period during which the Preferred Shares are outstanding), payable semi-annually on December 15 and June 15 of each year, but only when and if declared by the Board of Directors out of funds legally available therefor. Dividends on the Preferred Shares shall be cumulative from and after the date of issuance of such Shares. Dividends will accrue and accumulate but will not be paid until such time as the Board of Directors deems it appropriate in light of the Company's then current financial condition. Any accumulation of dividends on the Preferred Shares shall not bear interest. No dividends shall be paid or set apart for payment on the Company's common stock, par value, \$.01 per share (the "Common Stock"), nor shall any distribution be made on the Common Stock (other than a dividend payable in Common Stock or in any other class of stock ranking junior to the Preferred Shares), nor shall any shares of Common Stock be redeemed, retired or otherwise acquired for valuable consideration unless the Company shall have paid in full, or made appropriate provision for the payment in full of, all dividends which have then accumulated on the Preferred Shares. In the event that the Company does not make cash dividend payments for eight (8) semi-annual periods from the date of issuance of the Preferred Shares, any holder of the Preferred Shares may elect, upon written notice to the Company, to be paid all or any part of such accrued and unpaid dividends, and any dividends which accrue but are unpaid thereafter, in shares of the Company's Common Stock. In the event of such an election, the Company shall, to the extent it may legally do so, issue and deliver to any holder of Preferred Shares who so elects to be paid its accrued dividends in Common Stock, within thirty (30) days after the Company's receipt of such holder's notice to so elect, a certificate or certificates representing such Common Stock registered in such holder's name. Accrued and unpaid dividends payable to holders of Preferred Shares as of the date such holder elects to convert the Preferred Shares into Common Stock may, at the Company's option, be paid by the Company's issuance of Common Stock to such holder. In order to exercise its option to so pay accrued dividends upon conversion of the Preferred Shares the

Company shall so notify the holder of such Preferred Shares, in writing, within twenty (20) days after such holder's conversion of its Preferred Shares and shall issue and deliver to such holder, within thirty (30) days after such holder's conversion of its Preferred Shares, a certificate or certificates representing such Common Stock registered in such holder's name. In all cases, the number of shares of Common Stock to be received in lieu of accrued dividends shall be determined by dividing the aggregate amount of the accrued and unpaid dividends by the conversion price of the Preferred Shares in effect on the date of election. Any accrued dividends paid by the Company's delivery of Common Stock shall be deemed to be paid in full for all purposes.

CONVERSION OF PREFERRED SHARES. The holders of the Preferred Shares shall have the right, at their option, to convert such Shares into shares of Common Stock on the following terms and conditions:

(a) Each Preferred Share shall be convertible at any time (or, if such Share is called for redemption, at any time up to and including, but not after, the close of business on the fifth full business day prior to the date fixed for such redemption, unless default shall be made by the Company in providing the funds for the payment of the redemption price), into fully paid and nonassessable shares (calculated to the nearest whole share) of Common Stock of the Company as constituted at the time of such conversion, at the conversion price in effect at the time of conversion determined as hereinafter provided. Each Preferred Share shall have a value of \$25 for the purpose of such conversion. Every reference herein to the Common Stock of the Company (unless a different intention is expressed) shall be to the shares of the Common Stock of the Company, \$.01 par value, as such stock exists immediately after the issuance of the Preferred Shares provided for hereunder, or to stock into which such Common Stock may be changed from time to time thereafter.

(b) Commencing on the date of issuance each Preferred Share shall be convertible into Common Stock at an initial conversion price of \$7.50 per share of Common Stock until the first anniversary of issuance, and will thereafter be convertible at a price calculated on each subsequent anniversary as follows: Commencing on the first anniversary of issuance, each Preferred Share will be convertible at a price of \$7.875 per share of Common Stock; commencing on the second anniversary of issuance, each Preferred Share will be convertible at a price of \$8.27 per share of Common Stock; commencing on the third anniversary of issuance each Preferred Share will be convertible at a price of \$9.10 per share of Common Stock; commencing on the fourth anniversary of issuance each Preferred Share will be convertible at a price of \$10.00 per share of Common Stock; and commencing on the fifth anniversary of issuance and thereafter each Preferred Share will be convertible at a price of \$11.00 per share of Common Stock. Notwithstanding the foregoing, the initial conversion price set forth above shall not increase unless and until at the time such increase was to have occurred, the Company shall have obtained the effectiveness of the registration of the Common Stock issuable under the conversion terms set forth above (the "Underlying Shares") under the Securities Act of 1933, as amended; PROVIDED, HOWEVER, that such increase in the conversion price shall occur if the delay in obtaining the effectiveness of such registration was due to the Purchaser's failure to provide the information or indemnification required under Section 5 of the Stock Subscription Agreement dated as of March 20, 1990, on file with the Company; and, FURTHER PROVIDED, HOWEVER, that in the event of such a delay in the increase of the conversion price, the conversion price will increase immediately upon the effectiveness of such registration of the Underlying Shares to the conversion price which would have otherwise then been in effect under the terms set forth above.

(c) If at any time, or from time to time, the Company shall (i) declare and pay, on or in respect of, its Common Stock any dividend payable in shares of Common Stock or (ii) subdivide the outstanding shares of Common Stock into a greater number of shares, or reduce the number of outstanding Preferred Shares by combining such Shares into a smaller number of Shares, the conversion price in effect at the time of the taking of a record for such dividend or the taking of such other action shall be

proportionately decreased as of such time, and conversely (iii) if at any time, or from time to time, the Company shall reduce the number of outstanding shares of Common Stock by combining such shares into a smaller number of shares, or subdivide the outstanding Preferred Shares into a greater number of Preferred Shares, the conversion price in effect at the time of the taking of any such action shall be proportionately increased as of such time.

(d) If the Company shall consolidate with or merge into any corporation or reclassify its outstanding shares of Common Stock (other than by way of subdivision or reduction of such shares), each Preferred Share shall thereafter be convertible into the number of shares of stock or other securities or property of the Company, or of the entity resulting from such consolidation or merger, to which a holder of the number of shares of Common Stock delivered upon conversion of such Preferred Share would have been entitled upon such consolidation or merger or reclassification, had the holder of such Preferred Share exercised its right of conversion and had such Common Stock been issued and outstanding and had such holder been the holder of record of such Common Stock at the time of such consolidation, merger or reclassification; and the Company shall make lawful provision therefor as a part of such consolidation, merger or reclassification.

(e) The Company shall not be required to give effect to any adjustment in the conversion price unless and until the net effect of one or more adjustments, determined as above provided, shall have resulted in a change of the conversion price by at least \$0.50, PROVIDED, HOWEVER, that when the cumulative net effect of more than one adjustment so determined shall be to change the conversion price by at least \$0.50 such change in the conversion price shall thereupon be given effect.

(f) Whenever the conversion price is adjusted, as herein provided, the Company shall promptly deliver to each holder of Preferred Shares and file with the records of the Company a statement signed by the Company's Chief Financial Officer setting forth the adjusted conversion price, determined as so provided. Such statement shall set forth in reasonable detail such facts as may be necessary to show the reason for and the manner of computing such adjustment.

(g) The Company shall not issue any fraction of a share of Common Stock upon any conversion, but shall pay in cash therefor at the conversion price then in effect multiplied by such fraction.

(h) On presentation and surrender to the Company or at any office or agency maintained for the transfer of the Preferred Shares of the certificates of Preferred Shares so to be converted, duly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, the holder of such Preferred Shares shall be entitled, subject to the limitations herein contained, to receive in exchange therefor a certificate or certificates for fully paid and nonassessable shares, and cash for fractional shares, of Common Stock on the foregoing basis. The Preferred Shares shall be deemed to have been converted and the person converting the same to have become the holder of record of Common Stock, for the purpose of receiving dividends and for all other purposes as of the date when the certificate or certificates for such Preferred Shares are surrendered to the Company as aforesaid. The Company shall not be required to make any such conversion, and no surrender of the Preferred Shares shall be effective for such purpose, while the books for the transfer of either Preferred Shares or Common Stock are closed for any purpose, but the surrender of such Preferred Shares for conversion during any period while such books are closed shall become effective for all purposes of conversion immediately upon the reopening of such books, as if the conversion had been made on the date such Preferred Shares were surrendered.

(i) The Company shall, so long as any of the Preferred Shares are outstanding, reserve and keep available out of its

authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Preferred Shares then outstanding.

(j) The Company shall pay any and all taxes which may be imposed upon it with respect to the issuance and delivery of Common Stock upon the conversion of the Preferred Shares as herein provided. The Company shall not be required in any event to pay any transfer or other taxes by reason of the issuance of such Common Stock in names other than those in which the Preferred Shares surrendered for conversion are registered on the Company's records, and no such conversion or issuance of Common Stock shall be made unless and until the person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company and its transfer agent, if any, that such tax has been paid. Upon any conversion of Preferred Shares as herein provided no adjustment or allowance shall be made for dividends on the Preferred Shares so converted, and all rights to dividends which would otherwise accrue subsequent to the date of conversion, if any, shall cease and be deemed satisfied, PROVIDED, HOWEVER, that subject to the Company's right to pay accrued and unpaid dividends by the issuance of Common Stock discussed above, nothing shall be deemed to relieve the Company from its obligation to pay any dividends which shall have accrued but remain unpaid to holders of Preferred Shares of record as of a date prior to such conversion even though the payment date for such dividend is subsequent to the date of conversion.

VOTING RIGHTS. Preferred Shares may be voted for the election of Directors and all other corporate matters upon which the holders of Common Stock have the right to vote. Each Preferred Share will be entitled to one vote. Except as otherwise provided herein, for the purpose of determining a quorum or the vote on any such matters the Preferred Shares and Common Stock will be deemed to be one class of voting stock. Holders of Preferred Shares shall have all of the same rights to receive notice of and call meetings of stockholders as holders of the Common Stock.

REDEMPTION. The Company may, at any time subsequent to the fifth anniversary of the issuance thereof, redeem the whole or any part of the Preferred Shares then outstanding at a redemption price of \$25.00 per Preferred Share, plus in each case a sum equal to all accumulated and unpaid dividends thereon through the date fixed for redemption, in accordance with the following redemption procedures:

(a) In case of redemption of only part of the Preferred Shares at any time outstanding, the Company shall designate the amount of Preferred Shares so to be redeemed and shall redeem such Preferred Shares on a PRO RATA basis. Subject to the limitations and provisions herein contained, the Board of Directors shall have the power and authority to prescribe the terms and conditions upon which the Preferred Shares shall be redeemed from time to time.

(b) Notice of every redemption shall be given by mail to every holder of record of any Preferred Shares then to be redeemed, at least thirty (30), but no more than ninety (90), days prior to the date fixed as the date for the redemption thereof, at the respective addresses of such holders as the same shall appear on the stock transfer books of the Company. The notice shall state that the Preferred Shares shall be redeemed by the Company at the redemption price of \$25.00 per share, plus a sum equal to all accumulated and unpaid dividends thereon through the date fixed for redemption, upon the surrender for cancellation, at the time and place designated in such notice, of the certificates representing the Preferred Shares to be redeemed, properly endorsed in blank for transfer, or accompanied by proper instruments of assignment and transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled. On and after the date specified in the notice described above, each holder of Preferred Shares called for redemption shall be entitled to receive therefor the specified redemption price upon presentation and surrender at the place designated in such notice of the certificates for Preferred Shares called for redemption, properly endorsed in blank for transfer or

accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled.

(c) If the Company shall give notice of redemption as aforesaid (and unless the Company shall fail to pay the redemption price of the Preferred Shares presented for redemption in accordance with such notice), all Preferred Shares called for redemption shall be deemed to have been redeemed on the date specified in such notice, whether or not the certificates for such Preferred Shares shall be surrendered for redemption, and such Preferred Shares so called for redemption shall from and after such date cease to represent any interest whatsoever in the Company or its property, and the holders thereof shall have no rights other than the right to receive such redemption price without any interest thereon from and after such date.

(d) Notwithstanding the foregoing, if such notice of redemption shall have been duly given as herein provided in this section or if the Company shall have given to a bank or trust company irrevocable authorization to give or complete such notice as herein provided, and if prior to the redemption date specified in such notice the funds necessary for such redemption shall have been deposited by the Company with a bank or trust company in good standing, organized under the laws of the United States of America or the State of New York, and having capital, surplus and undivided profits aggregating at least \$50,000,000 according to its last published statement of condition, in trust to be applied to the redemption of the Preferred Shares called for redemption, and such notice shall state that such deposit has taken place and the date thereof, then notwithstanding that any certificate for such Preferred Shares shall not have been surrendered for redemption, from and after the time of such deposit all such Preferred Shares so called for redemption shall no longer be deemed to be outstanding and all rights with respect to such Preferred Shares shall forthwith cease and terminate, except only the right of the holders thereof to receive from such bank or trust company at any time after the time of such deposit the funds so deposited, without interest, and the right of the holders thereof to convert the Preferred Shares as discussed above. Any funds so set aside or deposited, as the case may be, and unclaimed one day prior to the end of three (3) years from such redemption date shall be released or repaid to the Company, after which the holders of the Preferred Shares called for redemption shall look only to the Company for payment thereof. Any interest accrued on any funds so deposited shall be paid to the Company from time to time; and no such holder shall have any right thereto.

LIQUIDATION, DISSOLUTION, WINDING UP. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Preferred Shares shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings, available for distribution to its stockholders, before any amount shall be paid to the holders of the Common Stock, the sum of \$25 per Preferred Share, plus an amount equal to all accumulated and unpaid dividends thereon through the date fixed for payment of such distributive amount. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation nor merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of all or any part of its assets, shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company. No holder of Preferred Shares shall be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Company other than the amounts provided for herein.

PREFERRED RANK. All shares of Common Stock shall be of junior rank to all Preferred Shares in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution or winding up of the Company. The rights of the shares of Common Stock shall be subject to the preferences and relative rights of the Preferred Shares. Notwithstanding the foregoing, the Company may authorize and issue additional or other preferred stock which is of equal rank with the Preferred Shares in respect of the preferences as to dividends,

distributions and payments upon the liquidation, dissolution or winding up of the Company; PROVIDED, HOWEVER, that for so long as the Preferred Shares remain outstanding the Company shall not issue any capital stock which is more senior in rank than the Preferred Shares in respect of the foregoing preferences or which shall have greater voting rights than the Preferred Shares. In the event of a merger or consolidation of the Company with or into another corporation, the Preferred Shares shall maintain their relative powers, designations and preferences provided for herein.

VOTE TO CHANGE PREFERRED SHARES. The affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the holders of not less than two-thirds (66 2/3%) of the then outstanding Preferred Shares shall be required to amend, alter, change or repeal any of the powers, designations, preferences and rights of the Preferred Shares.

IN WITNESS WHEREOF, the Company has caused this certificate to be signed by Abraham Abuchowski, its Chief Executive Officer and President, and John Caruso, its Secretary, this 21st day of March, 1990.

ENZON, INC.

By: /S/ ABRAHAM ABUCHOWSKI
Abraham Abuchowski, Chief
Executive Officer and President

ATTEST:

By: /S/JOHN CARUSO
John Caruso, Secretary

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

ENZON, INC.

* * * * *

Enzon, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, at a meeting of its members, unanimously adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that the first sentence of Article 4 of the Certificate of Incorporation be amended to read in its entirety as set forth below:

"4: The total number of shares of capital stock which the Corporation shall have authority to issue is thirty-three million (33,000,000) shares, of which thirty million (30,000,000) shares shall be Common Stock, par value \$.01 per share, and three million (3,000,000) shares shall be Preferred Stock, par value \$.01 per share."

SECOND: That the remainder of Article 4 of the Certificate of Incorporation of said Corporation shall remain unchanged.

THIRD: That at the Annual Meeting of Stockholders of the Corporation, the holders of a majority of the outstanding stock entitled to vote thereon and a majority of the outstanding stock of each class entitled to vote thereon as a class voted in favor of said amendment in accordance with the provisions of Section 242 of the General Corporation Law of the State of

Delaware.

FOURTH: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Enzon, Inc. has caused this certificate to be signed by Abraham Abuchowski, President and Chief Executive Officer of the Corporation, and attested to by John Caruso, Secretary of the Corporation, this 17 day of January, 1991.

By: /S/ ABRAHAM ABUCHOWSKI
ABRAHAM ABUCHOWSKI, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

ATTEST:

By: /S/ JOHN CARUSO
JOHN CARUSO, SECRETARY

AMENDMENT TO CERTIFICATE OF DESIGNATIONS, PREFERENCES

AND RIGHTS OF SERIES A CUMULATIVE CONVERTIBLE

PREFERRED STOCK

OF ENZON, INC.

ENZON, Inc. (the "Company"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to Section 242 of the Delaware General Corporation Law and the authority conferred upon the holders of the Company's Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") pursuant to the Certificate of Designations, Preferences and Rights of Series A Cumulative Convertible Preferred Stock filed with the Secretary of State of the State of Delaware on March 22, 1990 (the "Certificate of Designations"), in excess of 66 2/3% of the holders of the Series A Preferred Stock pursuant to a Written Consent of such holders dated December 16, 1992, adopted a resolution providing for an addition to the voting rights section at the end of the Certificate of Designations as follows:

In addition to the voting rights currently possessed by the holders of the Series A Preferred Stock, if and whenever at any time or times dividends payable on the Company's Convertible Exchangeable Preferred Stock (the "Convertible Preferred Stock") shall have been in arrears and unpaid in an aggregate amount equal to or exceeding any amount of dividends payable thereon for six full quarterly periods, then the holders of the Convertible Preferred Stock, the Series A Preferred Stock and of any parity preferred stock having similar voting rights then exercisable shall have the exclusive right, voting as a single class without regard to series, to elect two directors of the Corporation, such directors to be in addition to the number of directors constituting the board immediately prior to the accrual of that right. The

remaining directors shall be elected in accordance with the provisions of the Corporation's Certificate of Incorporation and By-Laws by the other class or classes of stock entitled to vote therefor at each meeting of stockholders held for the purpose of electing directors. Such voting right of the Series A Preferred Stock shall continue until such time as all cumulative dividends accumulated on the Convertible Preferred Stock shall have been paid in full at which time such voting right of the holders of the Series A Preferred Stock shall terminate, subject to revesting in accordance with the provisions of the first sentence of this subparagraph in the event of each

IN WITNESS WHEREOF, the Company has caused this certificate to be signed by its President and attested to be its Secretary this 16th day of December 1992.

ENZON, INC.

By: /S/ ABRAHAM ABUCHOWSKI
Abraham Abuchowski
President and
Chief Executive Officer

ATTEST:

By: /S/ JOHN CARUSO
John Caruso, Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ENZON, INC.

* * * * *

Enzon, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, at a meeting of its members, unanimously adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that the first sentence of Article 4 of the Certificate of Incorporation be amended to read in its entirety as set forth below:

"4: The total number of shares of capital stock which the Corporation shall have authority to issue is forty-three million (43,000,000) shares, of which forty million (40,000,000) shares shall be Common Stock, par value \$.01 per share, and three million (3,000,000) shares shall be Preferred Stock, par value \$.01 per share".

SECOND: That the remainder of Article 4 of the Certificate of Incorporation of said Corporation shall remain unchanged.

THIRD: That at the Annual Meeting of Stockholders of the Corporation, the holders of a majority of the outstanding stock entitled to vote thereon and a majority of the outstanding stock of each class entitled to

vote thereon as a class voted in favor of said amendment in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation law of the State of Delaware.

IN WITNESS WHEREOF, Enzon, Inc. has caused this certificate to be signed by Abraham Abuchowski, President and Chief Executive Officer of the Corporation, and attested to by John A. Caruso, Secretary of the Corporation, this 17th day of February, 1993.

By:/S/ ABRAHAM ABUCHOWSKI
ABRAHAM ABUCHOWSKI, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

ATTEST:

By:/S/ JOHN A. CARUSO
JOHN A. CARUSO, SECRETARY

CERTIFICATE OF DESIGNATIONS, PREFERENCES

AND RIGHTS OF SERIES B CONVERTIBLE

PREFERRED STOCK

OF

ENZON, INC.

ENZON, Inc. (the "COMPANY"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company by the Certificate of Incorporation, as amended, of the Company, and pursuant to Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company at a meeting duly held on January 31, 1996, adopted resolutions providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of forty thousand (40,000) shares of Series B Convertible Preferred Stock (the "SERIES B PREFERRED SHARES") of the Company, as follows:

RESOLVED, that the Company is authorized to issue 40,000 shares of Series B Convertible Preferred Stock (the "SERIES B PREFERRED SHARES") which shall have the following powers, designations, preferences and other special rights:

(1) DIVIDENDS. The holders of the Series B Preferred Shares shall not be entitled to dividends.

(2) CONVERSION OF SERIES B PREFERRED SHARES. The holders of the Series B Preferred Shares shall have the right, at their option, to convert the Series B Preferred Shares into shares of Common Stock on the following terms and conditions:

(a) Each Preferred Share shall be convertible at any time after seventy (70) days after the date of issuance (or, if such Series B Preferred Share is called for redemption, at any time up to and including, but not after, the close of business on the fifth full business day prior to the date fixed for such redemption, unless default shall be made by the Company in providing the funds for the payment of the redemption price), into fully paid and nonassessable shares (calculated to the nearest whole share) of Common Stock of the Company as constituted at the

time of such conversion, at the conversion price (the "CONVERSION PRICE") in effect at the time of conversion determined as hereinafter provided; PROVIDED, HOWEVER, that in no event shall any holder be entitled to convert Series B Preferred Shares if, after giving effect to such conversion, the number of shares of Common Stock purchased pursuant to the Securities Purchase Agreement dated January 31, 1996 by and among the Company and certain investors (the "SECURITIES PURCHASE AGREEMENT") set forth therein providing for the purchase of Common Stock, the Series B Preferred Shares and Warrants or issued on exercise of such Warrants, or conversion of Series B Preferred Shares and beneficially owned by such holder and all other holders whose holdings would be aggregated with such holder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including, without limitation, any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). Common Stock issuable upon conversion of Series B Preferred Shares or exercise of the warrants for the purchase of Common Stock held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. Each Preferred Share shall have a value of \$100 (the "STATED VALUE") for the purpose of such conversion and the number of shares of Common Stock issuable upon conversion of each of the Series B Preferred Shares shall be determined by dividing the Stated Value thereof by the Conversion Price then in effect. Every reference herein to the COMMON STOCK of the Company (unless a different intention is expressed) shall be to the shares of the Common Stock of the Company, \$.01 par value, as such stock exists immediately after the issuance of the Series B Preferred Shares provided for hereunder, or to stock into which such Common Stock may be changed from time to time thereafter.

(b) The Conversion Price shall be eighty percent (80%) (the "CONVERSION PERCENTAGE") of the Average Market Price (as defined below) for the Common Stock for the five (5) consecutive trading days ending one trading day prior to the date the Conversion Notice (as defined below) is received by the Company, subject to adjustment as provided herein. If the registration statement (the "REGISTRATION STATEMENT") covering the shares of Common Stock issuable upon conversion of the Series B Preferred Shares required to be filed by the Company pursuant to the Registration Rights Agreement between the Company and initial holders of the Series B Preferred Shares (the "REGISTRATION RIGHTS AGREEMENT") has not been declared effective by the U.S. Securities and Exchange Commission ("SEC") within ninety (90) days after the date of issuance of the Series B Preferred Shares, or if, after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement by reason of stop order, the Company's failure to update the Registration Statement or otherwise, or if the Common Stock is not listed or included for quotation on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System (the "NASDAQ-NMS"), the New York Stock Exchange (the "NYSE"), the American Stock Exchange (the "AMEX"), or the NASDAQ SmallCap Market (the "NASDAQ SMALLCAP") then, as partial relief for the damages to the holder by reason of any such delay in or reduction of its ability to sell the shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity, except that such remedy shall be the exclusive remedy for any delay in the effectiveness of the Registration Statement provided the Registration Statement is declared effective by the SEC within 180 days after the date of issuance of the Series B Preferred Shares), the Conversion Percentage shall be reduced by a number of percentage points equal to three (3) times the sum of: (i) the number of months (prorated for partial months) after the end of such 90 day period and prior to the date the Registration Statement is declared effective by the SEC, provided, however, that there shall be excluded from such period (and from any period under clause (ii) immediate below) delays which are attributable to changes in the Registration Statement required by the Investors (as that term is defined in the Registration Rights Agreement), including, without limitation, changes in the plan of distribution;

(ii) the number of months (prorated for partial months) that sales cannot be made pursuant to the Registration Statement (by reason of stop order, the Company's failure to update the Registration or otherwise) after the Registration Statement has been declared effective; and (iii) the number of months (prorated for partial months) that the Common Stock is not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX, or NASDAQ SmallCap after the Registration Statement has been declared effective; provided that the aggregate number of months that are the basis of a reduction in the Conversion Percentage pursuant to the foregoing clauses (i), (ii) and (iii) shall not exceed twelve (12). (For example, if the Registration Statement becomes effective one and one-half (1 1/2) months after the end of such 90 day period, the Conversion Percentage would be 75.5% until any subsequent adjustment; if thereafter sales could not be made pursuant to the Registration Statement for a period of two (2) months, the Conversion Percentage would then be 69.5%.) If the holder converts Series B Preferred Shares into Common Stock and an adjustment to the Conversion Percentage is required subsequent to such conversion, but prior to the sale of such Common Stock by such holder, the Company shall pay to such holder, within five (5) days after receipt of a notice of the sale of such Common Stock from such holder, an amount equal to the Average Market Price of the Common Stock obtained upon conversion of such Series B Preferred Shares for the five (5) trading days ending one (1) trading day prior to the date of conversion multiplied by three-hundredths (.03) times the number of months (prorated for partial months) for which an adjustment was required; provided that the aggregate number of months for which such an adjustment is required (when added to the number of months for which an adjustment is made pursuant to clauses (i), (ii) and (iii) above) shall not exceed twelve (12). Such amount may be paid at the Company's option in cash or Common Stock valued based on the Average Market Price of the Common Stock for the period of five (5) consecutive trading days ending on the date of the sale of such Common Stock; PROVIDED, HOWEVER, that any amounts due as to that period during which the shares are not traded or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap shall be paid in cash only; PROVIDED, FURTHER, HOWEVER, that in no event shall shares be issued hereunder if, after giving effect to such issuance, the number of shares of Common Stock purchased pursuant to the Securities Purchase Agreement or issued on exercise of the Warrants or conversion of the Series B Preferred Shares and beneficially owned by such holder and all Related Persons would exceed four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16; cash shall be paid in lieu of any shares which cannot be issued pursuant to this second proviso. Common Stock issuable upon conversion of Series B Preferred Shares or exercise of the warrants for the purchase of Common Stock held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. (For example, if the Conversion Percentage was 75.5% at the time of conversion of \$1,000,000 in Stated Value of Series B Preferred Shares (such that the Series B Preferred Shares were converted into Common Stock having an Average Market Price for the applicable period in aggregate of \$1,324,503) and subsequent to conversion there was a further two (2) month delay in the Registration Statement's being declared effective, and such Common Stock was sold at the end of such two (2) month period, the Company would pay to the holder \$79,470.20 in cash or Common Stock.)

"AVERAGE MARKET PRICE" of any security for any period shall be computed as the arithmetic average of the closing bid prices for such security for each trading day in such period on the NASDAQ-NMS, or, if the NASDAQ-NMS is not the principal trading market for such security, on the principal trading market for such security, or, if market value cannot be calculated for such period on any of the foregoing bases, the average fair market value during such period as reasonably determined in good faith by the Board of Directors of the Company.

(c) If the Company shall consolidate with or merge into any corporation or reclassify its outstanding shares of Common Stock (other than by way of subdivision or reduction of such

shares) (each a "MAJOR TRANSACTION"), then each Series B Preferred Share shall thereafter be convertible into the number of shares of stock or securities (the "RESULTING SECURITIES") or property of the Company, or of the entity resulting from such consolidation or merger, to which a holder of the number of shares of Common Stock delivered upon conversion of such Series B Preferred Share would have been entitled upon such Major Transaction had the holder of such Series B Preferred Share exercised its right of conversion and had such Common Stock been issued and outstanding and had such holder been the holder of record of such Common Stock at the time of such Major Transaction, and the Company shall make lawful provision therefor as a part of such consolidation, merger or reclassification; PROVIDED, HOWEVER, that the Company shall give the holders of the Series B Preferred Shares written notice of any Major Transaction promptly upon the execution of any agreement whether or not binding in connection therewith (including without limitation a letter of intent or agreement in principle) and in no event shall a Major Transaction be consummated prior to ninety (90) days after such notice.

(d) The Company shall not issue any fraction of a share of Common Stock upon any conversion, but shall pay in cash therefor at the Conversion Price then in effect multiplied by such fraction.

(e) On presentation and surrender to the Company (or at any office or agency maintained for the transfer of the Series B Preferred Shares) of the certificates of Series B Preferred Shares so to be converted, duly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank (a "CONVERSION NOTICE"), with signatures guaranteed, the holder of such Series B Preferred Shares shall be entitled, subject to the limitations herein contained, to receive in exchange therefor a certificate or certificates for fully paid and nonassessable shares, which certificates shall be delivered by the second trading day after the date of delivery of the Conversion Notice, and cash for fractional shares, of Common Stock on the foregoing basis. The Series B Preferred Shares shall be deemed to have been converted, and the person converting the same to have become the holder of record of Common Stock, for all purposes as of the date of delivery of the Conversion Notice.

(f) The Company shall, so long as any of the Series B Preferred Shares are outstanding, reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series B Preferred Shares, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Series B Preferred Shares then outstanding.

(g) The Company shall pay any and all taxes which may be imposed upon it with respect to the issuance and delivery of Common Stock upon the conversion of the Series B Preferred Shares as herein provided. The Company shall not be required in any event to pay any transfer or other taxes by reason of the issuance of such Common Stock in names other than those in which the Series B Preferred Shares surrendered for conversion are registered on the Company's records, and no such conversion or issuance of Common Stock shall be made unless and until the person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company and its transfer agent, if any, that such tax has been paid.

(3) VOTING RIGHTS. Holders of Series B Preferred Shares shall have no voting rights, except as required by law and by Section 7 hereof.

(4) REDEMPTION. The Company may, but shall not be obligated to, at any time subsequent to ninety (90) days after the issuance of the Series B Preferred Shares, redeem the whole or any part of the Series B Preferred Shares then outstanding at a redemption price of \$127 per Preferred Share, in accordance with the following redemption procedures:

(a) In case of redemption of only part of the Series

B Preferred Shares at any time outstanding, the Company shall designate the amount of Series B Preferred Shares so to be redeemed and shall redeem such Series B Preferred Shares on a PRO RATA basis. Subject to the limitations and provisions herein contained, the Board of Directors shall have the power and authority to prescribe the terms and conditions upon which the Series B Preferred Shares shall be redeemed from time to time.

(b) Notice of every redemption shall be given by mail to every holder of record of any Series B Preferred Shares then to be redeemed, at least thirty (30), but no more than ninety (90), days prior to the date fixed as the date for the redemption thereof, at the respective addresses of such holders as the same shall appear on the stock transfer books of the Company. The notice shall state that the Series B Preferred Shares shall be redeemed by the Company at the redemption price specified above, upon the surrender for cancellation, at the time and place designated in such notice, of the certificates representing the Series B Preferred Shares to be redeemed, properly endorsed in blank for transfer, or accompanied by proper instruments of assignment and transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled. On and after the date specified in the notice described above, each holder of Series B Preferred Shares called for redemption shall be entitled to receive therefor the specified redemption price upon presentation and surrender at the place designated in such notice of the certificates for Series B Preferred Shares called for redemption, properly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled.

(c) If the Company shall give notice of redemption as aforesaid (and unless the Company shall fail to pay the redemption price of the Series B Preferred Shares presented for redemption in accordance with such notice), all Series B Preferred Shares called for redemption shall be deemed to have been redeemed on the date specified in such notice, whether or not the certificates for such Series B Preferred Shares shall be surrendered for redemption, and such Series B Preferred Shares so called for redemption shall from and after such date cease to represent any interest whatsoever in the Company or its property, and the holders thereof shall have no rights other than the right to receive such redemption price without any interest thereof from and after such date.

(5) LIQUIDATION, DISSOLUTION, WINDING UP. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series B Preferred Shares shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings, available for distribution to its stockholders (the "PREFERRED FUNDS"), before any amount shall be paid to the holders of the Common Stock, an amount equal to the Stated Value per Series B Preferred Share, provided that, if the Preferred Funds are insufficient to pay the full amount due to the holders of Series B Preferred Shares and holders of shares of other classes or series of preferred stock of the Company that are of equal rank with the Series B Preferred Shares as to payments of Preferred Funds (the "PARI PASSU SHARES"), then each holder of Series B Preferred Shares and Pari Passu Shares shall receive a percentage of the Preferred Funds equal to the full amount of Preferred Funds payable to such holder as a percentage of the full amount of Preferred Funds payable to all holders of Series B Preferred Shares and Pari Passu Shares. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation nor merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of less than substantially all of its assets, shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company. No holder of Series B Preferred Shares shall be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Company other than the amounts provided for herein.

(6) PREFERRED RANK. All shares of Common Stock shall be of junior rank to all Series B Preferred Shares in respect to the preferences as to distributions and payments upon the liquidation, dissolution or winding up of the Company. The rights of the shares of Common Stock shall be subject to the preferences and relative rights of the Series B Preferred Shares. The Series B Preferred Shares shall be of equal rank with the Company's Series A Cumulative Convertible Preferred Stock in respect of distributions and payments upon the liquidation, dissolution or winding up of the Company. Notwithstanding the foregoing, the Company may authorize and issue additional or other preferred stock which is of equal or junior rank with the Series B Preferred Shares in respect of the preferences as to distributions and payments upon the liquidation, dissolution or winding up of the Company; PROVIDED, HOWEVER, that for so long as the Series B Preferred Shares remain outstanding the Company shall not issue any capital stock which is more senior in rank than the Series B Preferred Shares in respect of the foregoing preferences. In the event of the merger or consolidation of the Company with or into another corporation, the Series B Preferred Shares shall maintain their relative powers, designations and preferences provided for herein.

(7) VOTE TO CHANGE THE TERMS OF SERIES B PREFERRED SHARES. The affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the holders of not less than two-thirds (2/3) of the then outstanding Series B Preferred Shares shall be required to amend, alter, change or repeal any of the powers, designations, preferences and rights of the Series B Preferred Shares.

IN WITNESS WHEREOF, the Company has caused this certificate to be signed by Peter G. Tombros, its President, and John A. Caruso, its Secretary, this 31st day of January 1996.

ENZON, INC.

By:/S/ PETER G. TOMBROS
President

Attest:/S/ JOHN A. CARUSO
Secretary

CERTIFICATE OF DESIGNATIONS, PREFERENCES

AND RIGHTS OF SERIES C CONVERTIBLE

PREFERRED STOCK

OF

ENZON, INC.

ENZON, Inc. (the "COMPANY"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company by the Certificate of Incorporation, as amended, of the Company, and pursuant to Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company at a meeting duly held on March 14, 1996, adopted resolutions providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of twenty thousand (20,000) shares of Series C Convertible Preferred Stock (the "SERIES C PREFERRED SHARES") of the Company,

as follows:

RESOLVED, that the Company is authorized to issue 20,000 shares of Series C Convertible Preferred Stock (the "SERIES C PREFERRED SHARES") which shall have the following powers, designations, preferences and other special rights:

(1) DIVIDENDS. The holders of the Series C Preferred Shares shall not be entitled to dividends.

(2) CONVERSION OF SERIES C PREFERRED SHARES. The holders of the Series C Preferred Shares shall have the right, at their option, to convert the Series C Preferred Shares into shares of Common Stock on the following terms and conditions:

(a) Each Series C Preferred Share shall be convertible at any time after seventy (70) days after the date of issuance (or, if such Series C Preferred Share is called for redemption, at any time up to and including, but not after, the close of business on the fifth full business day prior to the date fixed for such redemption, unless default shall be made by the Company in providing the funds for the payment of the redemption price), into fully paid and nonassessable shares (calculated to the nearest whole share) of Common Stock of the Company as constituted at the time of such conversion, at the conversion price (the "CONVERSION PRICE") in effect at the time of conversion determined as hereinafter provided; PROVIDED, HOWEVER, that in no event shall any holder be entitled to convert Series C Preferred Shares if, after giving effect to such conversion, the number of shares of Common Stock purchased pursuant to the Securities Purchase Agreement dated January 31, 1996 by and among the Company and certain investors providing for the purchase of Common Stock, Series B Convertible Preferred Stock (the "SERIES B PREFERRED SHARES") and warrants to purchase Common Stock (the "WARRANTS"), and pursuant to the Securities Purchase Agreement dated March 15, 1996 by and among the Company and certain investors providing for the purchase of Common Stock, the Series C Preferred Shares and warrants to purchase Common Stock (the "NEW WARRANTS") (collectively, the "SECURITIES PURCHASE AGREEMENTS"), or issued on exercise of the Warrants or New Warrants, or conversion of the Series C Preferred Shares or Series B Preferred Shares and beneficially owned by such holder and all other holders whose holdings would be aggregated with such holder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including, without limitation, any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and ninety five-hundredths percent (4.95%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). Common Stock issuable upon conversion of the Series C Preferred Shares or the Series B Preferred Shares or exercise of the Warrants or New Warrants for the purchase of Common Stock held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. Each Series C Preferred Share shall have a value of \$100 (the "STATED VALUE") for the purpose of such conversion and the number of shares of Common Stock issuable upon conversion of each of the Series C Preferred Shares shall be determined by dividing the Stated Value thereof by the Conversion Price then in effect. Every reference herein to the COMMON STOCK of the Company (unless a different intention is expressed) shall be to the shares of the Common Stock of the Company, \$.01 par value, as such stock exists immediately after the issuance of the Series C Preferred Shares provided for hereunder, or to stock into which such Common Stock may be changed from time to time thereafter.

(b) The Conversion Price shall be eighty percent (80%) (the "CONVERSION PERCENTAGE") of the Average Market Price (as defined below) for the Common Stock for the five (5) consecutive trading days ending one trading day prior to the date the Conversion Notice (as defined below) is received by the Company, subject to adjustment as provided herein. If the registration statement (the "REGISTRATION STATEMENT") covering the shares of Common Stock issuable upon conversion of the Series C Preferred

Shares required to be filed by the Company pursuant to the Registration Rights Agreement between the Company and initial holders of the Series C Preferred Shares (the "REGISTRATION RIGHTS AGREEMENT") has not been declared effective by the U.S. Securities and Exchange Commission ("SEC") within ninety (90) days after the date of issuance of the Series C Preferred Shares, or if, after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement by reason of stop order, the Company's failure to update the Registration Statement in accordance with the rules and regulations of the SEC or otherwise, or if the Common Stock is not listed or included for quotation on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System (the "NASDAQ-NMS"), the New York Stock Exchange (the "NYSE"), the American Stock Exchange (the "AMEX"), or the NASDAQ SmallCap Market (the "NASDAQ SMALLCAP") then, as partial relief for the damages to the holder by reason of any such delay in or reduction of its ability to sell the shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity, except that such remedy shall be the exclusive remedy for any delay in the effectiveness of the Registration Statement provided the Registration Statement is declared effective by the SEC within 180 days after the date of issuance of the Series C Preferred Shares), the Conversion Percentage shall be reduced by a number of percentage points equal to three (3) times the sum of: (i) the number of months (prorated for partial months) after the end of such 90 day period and prior to the date the Registration Statement is declared effective by the SEC, provided, however, that there shall be excluded from such period (and from any period under clause (ii) immediately below) delays which are attributable to changes in the Registration Statement required by the Investors (as that term is defined in the Registration Rights Agreement), including, without limitation, changes in the plan of distribution; (ii) the number of months (prorated for partial months) that sales cannot be made pursuant to the Registration Statement (by reason of stop order, the Company's failure to update the Registration or otherwise) after the Registration Statement has been declared effective; and (iii) the number of months (prorated for partial months) that the Common Stock is not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX, or NASDAQ SmallCap after the Registration Statement has been declared effective; provided that the aggregate number of months that are the basis of a reduction in the Conversion Percentage pursuant to the foregoing clauses (i), (ii) and (iii) shall not exceed twelve (12). (For example, if the Registration Statement becomes effective one and one-half (1 1/2) months after the end of such 90 day period, the Conversion Percentage would be 75.5% until any subsequent adjustment; if thereafter sales could not be made pursuant to the Registration Statement for a period of two (2) months, the Conversion Percentage would then be 69.5%.) If the holder converts Series C Preferred Shares into Common Stock and an adjustment to the Conversion Percentage is required subsequent to such conversion, but prior to the sale of such Common Stock by such holder, the Company shall pay to such holder, within five (5) days after receipt of a notice of the sale of such Common Stock from such holder, an amount equal to the Average Market Price of the Common Stock obtained upon conversion of such Series C Preferred Shares for the five (5) trading days ending one (1) trading day prior to the date of conversion multiplied by three-hundredths (.03) times the number of months (prorated for partial months) for which an adjustment was required; provided that the aggregate number of months for which such an adjustment is required (when added to the number of months for which an adjustment is made pursuant to clauses (i), (ii) and (iii) above) shall not exceed twelve (12). Such amount may be paid at the Company's option in cash or Common Stock valued based on the Average Market Price of the Common Stock for the period of five (5) consecutive trading days ending on the date of the sale of such Common Stock; PROVIDED, HOWEVER, that any amounts due as to that period during which the shares are not traded or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap shall be paid in cash only; PROVIDED, FURTHER, HOWEVER, that in no event shall shares be issued hereunder if, after giving effect to such issuance, the number of shares of Common Stock issued pursuant to the Securities Purchase Agreements or issued on exercise of the Warrants or New Warrants or conversion

of the Series C Preferred Shares or Series B Preferred Shares and beneficially owned by such holder and all Related Persons would exceed four and ninety five hundredths percent (4.95%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16); cash shall be paid in lieu of any shares which cannot be issued pursuant to this second proviso. Common Stock issuable upon conversion of Series C Preferred Shares, Series B Preferred Shares or exercise of the Warrants or New Warrants for the purchase of Common Stock held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. (For example, if the Conversion Percentage was 75.5% at the time of conversion of \$1,000,000 in Stated Value of Series C Preferred Shares (such that the Series C Preferred Shares were converted into Common Stock having an Average Market Price for the applicable period in aggregate of \$1,324,503) and subsequent to conversion there was a further two (2) month delay in the Registration Statement's being declared effective, and such Common Stock was sold at the end of such two (2) month period, the Company would pay to the holder \$79,470.20 in cash or Common Stock.)

"AVERAGE MARKET PRICE" of any security for any period shall be computed as the arithmetic average of the closing bid prices for such security for each trading day in such period on the NASDAQ-NMS, or, if the NASDAQ-NMS is not the principal trading market for such security, on the principal trading market for such security, or, if market value cannot be calculated for such period on any of the foregoing bases, the average fair market value during such period as reasonably determined in good faith by the Board of Directors of the Company.

(c) If the Company shall consolidate with or merge into any corporation or reclassify its outstanding shares of Common Stock (other than by way of subdivision or reduction of such shares) (each a "MAJOR TRANSACTION"), then each Series C Preferred Share shall thereafter be convertible into the number of shares of stock or securities (the "RESULTING SECURITIES") or property of the Company, or of the entity resulting from such consolidation or merger, to which a holder of the number of shares of Common Stock delivered upon conversion of such Series C Preferred Share would have been entitled upon such Major Transaction had the holder of such Series C Preferred Share exercised its right of conversion and had such Common Stock been issued and outstanding and had such holder been the holder of record of such Common Stock at the time of such Major Transaction, and the Company shall make lawful provision therefor as a part of such consolidation, merger or reclassification; PROVIDED, HOWEVER, that the Company shall give the holders of the Series C Preferred Shares written notice of any Major Transaction promptly upon the execution of any agreement whether or not binding in connection therewith (including without limitation a letter of intent or agreement in principle) and in no event shall a Major Transaction be consummated prior to ninety (90) days after such notice.

(d) The Company shall not issue any fraction of a share of Common Stock upon any conversion, but shall pay in cash therefor at the Conversion Price then in effect multiplied by such fraction.

(e) On presentation and surrender to the Company (or at any office or agency maintained for the transfer of the Series C Preferred Shares) of the certificates of Series C Preferred Shares so to be converted, duly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank (a "CONVERSION NOTICE"), with signatures guaranteed, the holder of such Series C Preferred Shares shall be entitled, subject to the limitations herein contained, to receive in exchange therefor a certificate or certificates for fully paid and nonassessable shares, which certificates shall be delivered by the second trading day after the date of delivery of the Conversion Notice, and cash for fractional shares, of Common Stock on the foregoing basis. The Series C Preferred Shares shall be deemed to have been converted, and the person converting the same to have become the holder of record of Common Stock, for all purposes as of the date of delivery of the Conversion Notice.

(f) The Company shall, so long as any of the Series C Preferred Shares are outstanding, reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series C Preferred Shares, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Series C Preferred Shares then outstanding.

(g) The Company shall pay any and all taxes which may be imposed upon it with respect to the issuance and delivery of Common Stock upon the conversion of the Series C Preferred Shares as herein provided. The Company shall not be required in any event to pay any transfer or other taxes by reason of the issuance of such Common Stock in names other than those in which the Series C Preferred Shares surrendered for conversion are registered on the Company's records, and no such conversion or issuance of Common Stock shall be made unless and until the person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company and its transfer agent, if any, that such tax has been paid.

(3) VOTING RIGHTS. Holders of Series C Preferred Shares shall have no voting rights, except as required by law and by Section 7 hereof.

(4) REDEMPTION. The Company may, but shall not be obligated to, at any time subsequent to ninety (90) days after the issuance of the Series C Preferred Shares, redeem the whole or any part of the Series C Preferred Shares then outstanding at a redemption price of \$127 per Preferred Share, in accordance with the following redemption procedures:

(a) In case of redemption of only part of the Series C Preferred Shares at any time outstanding, the Company shall designate the amount of Series C Preferred Shares so to be redeemed and shall redeem such Series C Preferred Shares on a PRO RATA basis. Subject to the limitations and provisions herein contained, the Board of Directors shall have the power and authority to prescribe the terms and conditions upon which the Series C Preferred Shares shall be redeemed from time to time.

(a) Notice of every redemption shall be given by mail to every holder of record of any Series C Preferred Shares then to be redeemed, at least thirty (30), but no more than ninety (90), days prior to the date fixed as the date for the redemption thereof, at the respective addresses of such holders as the same shall appear on the stock transfer books of the Company. The notice shall state that the Series C Preferred Shares shall be redeemed by the Company at the redemption price specified above, upon the surrender for cancellation, at the time and place designated in such notice, of the certificates representing the Series C Preferred Shares to be redeemed, properly endorsed in blank for transfer, or accompanied by proper instruments of assignment and transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled. On and after the date specified in the notice described above, each holder of Series C Preferred Shares called for redemption shall be entitled to receive therefor the specified redemption price upon presentation and surrender at the place designated in such notice of the certificates for Series C Preferred Shares called for redemption, properly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled.

(b) If the Company shall give notice of redemption as aforesaid (and unless the Company shall fail to pay the redemption price of the Series C Preferred Shares presented for redemption in accordance with such notice), all Series C Preferred Shares called for redemption shall be deemed to have been redeemed on the date specified in such notice, whether or not the certificates for such Series C Preferred Shares shall be surrendered for redemption, and such Series C Preferred Shares so called for redemption shall from and after such date cease to represent any interest whatsoever in the Company or its property, and the holders thereof shall have no rights other than the right to receive such redemption price without any interest thereof from and after such date.

(5) LIQUIDATION, DISSOLUTION, WINDING UP. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series C Preferred Shares shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings, available for distribution to its stockholders (the "PREFERRED FUNDS"), before any amount shall be paid to the holders of the Common Stock, an amount equal to the Stated Value per Series C Preferred Share, provided that, if the Preferred Funds are insufficient to pay the full amount due to the holders of Series C Preferred Shares and holders of shares of other classes or series of preferred stock of the Company that are of equal rank with the Series C Preferred Shares as to payments of Preferred Funds (the "PARI PASSU SHARES"), then each holder of Series C Preferred Shares and Pari Passu Shares shall receive a percentage of the Preferred Funds equal to the full amount of Preferred Funds payable to such holder as a percentage of the full amount of Preferred Funds payable to all holders of Series C Preferred Shares and Pari Passu Shares. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation nor merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of less than substantially all of its assets, shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company. No holder of Series C Preferred Shares shall be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Company other than the amounts provided for herein.

(6) PREFERRED RANK. All shares of Common Stock shall be of junior rank to all Series C Preferred Shares in respect to the preferences as to distributions and payments upon the liquidation, dissolution or winding up of the Company. The rights of the shares of Common Stock shall be subject to the preferences and relative rights of the Series C Preferred Shares. The Series C Preferred Shares shall be of equal rank with the Company's Series A Cumulative Convertible Preferred Stock and the Series B Preferred Shares in respect of distributions and payments upon the liquidation, dissolution or winding up of the Company. Notwithstanding the foregoing, the Company may authorize and issue additional or other preferred stock which is of equal or junior rank with the Series C Preferred Shares in respect of the preferences as to distributions and payments upon the liquidation, dissolution or winding up of the Company; PROVIDED, HOWEVER, that for so long as the Series C Preferred Shares remain outstanding the Company shall not issue any capital stock which is more senior in rank than the Series C Preferred Shares in respect of the foregoing preferences. In the event of the merger or consolidation of the Company with or into another corporation, the Series C Preferred Shares shall

maintain their relative powers, designations and preferences provided for herein.

(7) VOTE TO CHANGE THE TERMS OF SERIES C PREFERRED SHARES. The affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the holders of not less than two-thirds (2/3) of the then outstanding Series C Preferred Shares shall be required to amend, alter, change or repeal any of the powers, designations, preferences and rights of the Series C Preferred Shares.

IN WITNESS WHEREOF, the Company has caused this certificate to be signed by Peter G. Tombros, its President, and John A. Caruso, its Secretary, this 15th day of March 1996.

ENZON, INC.

By: /S/ PETER G. TOMBROS
President

Attest: /S/ JOHN A. CARUSO

Secretary

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (this "AGREEMENT"), dated as of March 15, 1996 by and among ENZON, INC., a Delaware corporation, with headquarters located at 20 Kingsbridge Road, Piscataway, NJ 08854 (the "COMPANY"), and the undersigned (the "BUYER").

WHEREAS:

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Rule 506 under Regulation D ("REGULATION D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 ACT");

B. The Buyer wishes to purchase, in the amounts and upon the terms and conditions stated in this Agreement, (i) shares of the Company's common stock, par value \$.01 per share (the "COMMON STOCK"), and (ii) shares of the Company's Series C Convertible Preferred Stock, \$.01 par value per share (the "SERIES C PREFERRED STOCK");

C. Contemporaneous with the closing pursuant to this Agreement, the Company is issuing to the Buyer certain warrants to purchase shares of the Common Stock (the "WARRANTS"), and the parties hereto are executing and delivering a Registration Rights Agreement (the "REGISTRATION RIGHTS AGREEMENT") pursuant to which the Company has agreed to provide certain registration rights under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws; and

D. The Buyer has previously purchased from the Company 1,094,890 shares of Common Stock and 40,000 shares of Series B Convertible Preferred Stock (the "SERIES B PREFERRED SHARES"), and been issued warrants to purchase an aggregate of 638,686 shares of Common Stock ("TRANCHE I").

NOW THEREFORE, the Company and the Buyer hereby agrees as follows:

1. PURCHASE AND SALE OF COMMON STOCK AND PREFERRED STOCK.

a. PURCHASE OF COMMON STOCK. The Company shall issue and sell to the Buyer and the Buyer shall purchase 266,667 shares of Common Stock (the "COMMON SHARES"), which number of shares shall not result in beneficial ownership (as that term is defined under Rule 13d-3 promulgated under the 1934 Act (as hereinafter defined)) by the Buyer of more than four and ninety five-hundredths percent (4.95%) of the outstanding shares of Common Stock. Common Stock issuable upon conversion of the Series C Preferred Shares (as defined below) or the Series B Preferred Shares or exercise of the Warrants for the purchase of Common Stock held by the Buyer or its related persons shall not be deemed to be beneficially owned by the Buyer for this purpose. The per share purchase price for the Common Shares shall be \$3.75, which is equal to eighty percent (80%) of the average (rounded to the nearest thousandth) closing bid price for the Common Stock as reported on the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ-NMS") during the five (5) consecutive trading days ending one trading day prior to the Closing Date, as defined below (the "CLOSING DATE AVERAGE MARKET PRICE").

b. PURCHASE OF PREFERRED STOCK. The Company shall issue and sell to the Buyer and the Buyer shall purchase 20,000 shares of Series C Convertible Preferred Stock (the "SERIES C PREFERRED SHARES"), which shall be convertible into shares of Common Stock (the "CONVERSION SHARES") in accordance with the terms of the Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock attached hereto as EXHIBIT A (the "CERTIFICATE OF DESIGNATION"). The per share purchase price for the Series C Preferred Shares shall be One Hundred Dollars (\$100).

c. ISSUANCE OF THE WARRANTS. In consideration of the Buyer's purchase of the Common Shares and the Series C Preferred Shares, the Company agrees to issue to the Buyer at the closing, without separate consideration, the Warrants to purchase 200,000 shares of Common Stock (the "WARRANT SHARES"). The exercise price of the Warrants shall be \$5.625 per Warrant Share, subject to adjustment pursuant to the terms thereof. The Warrants shall expire five (5) years from the date of issuance and shall be in the form attached hereto as EXHIBIT B. The Common Shares, the Series C

Preferred Shares, and the Warrants are hereafter collectively referred to as the "SECURITIES."

d. FORM OF PAYMENT. The Buyer shall pay the \$3,000,000 purchase price for the Common Shares and the Series C Preferred Shares (the "PURCHASE PRICE") by wire transfer of United States Dollars to the Company on the Closing Date (as defined below). The Company shall promptly deliver stock certificates, duly executed on behalf of the Company, representing the Common Shares and the Series C Preferred Shares (the "STOCK CERTIFICATES") and shall deliver the Warrants on the Closing Date, all to Buyer's counsel or as Buyer may otherwise direct.

e. CLOSING DATE. The date and time of the issuance and sale of the Common Shares and the Series C Preferred Shares and of the issuance of the Warrants (the "CLOSING DATE") shall be no later than 4:00 Eastern Standard Time on March 15, 1996.

2. BUYER'S REPRESENTATIONS AND WARRANTIES

The Buyer represents and warrants to the Company that:

a. INVESTMENT PURPOSE. The Buyer is purchasing the Common Shares and the Series C Preferred Shares and accepting the Warrants for its own account for investment only and not with a view towards the public sale or distribution thereof except pursuant to sales registered under the 1933 Act.

b. ACCREDITED INVESTOR STATUS. The Buyer is an "accredited investor" as that term is defined in Rule 501(a)(3) of Regulation D.

c. RELIANCE ON EXEMPTIONS. The Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. INFORMATION. The Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by the Buyer. The Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and have received complete and satisfactory answers to any such inquiries. The Buyer understands that its investment in the Securities involves a high degree of risk.

e. GOVERNMENTAL REVIEW. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities.

f. TRANSFER OR RESALE. The Buyer understands that (i) except as provided in the Registration Rights Agreement, the Common Shares, the Series C Preferred Shares, the Conversion Shares, the Warrants, the Warrant Shares, and the shares of Common Stock that may be issued to the Buyer pursuant to Section 2(c) of the Registration Rights Agreement and pursuant to Section (2)(b) of the Certificate of Designation (the "DAMAGE SHARES") have not been and are not being registered under the 1933 Act or any state securities laws, and may not be transferred unless (a) subsequently registered thereunder, or (b) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; (ii) any sale of such securities made in reliance on Rule 144 promulgated under the 1933 Act may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register such securities (other than pursuant to the Registration Rights Agreement) under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

g. LEGENDS. The Buyer understands that the Warrants, the Series C Preferred Shares and, until such time as the Common Shares, the Conversion Shares, the Warrant Shares, and the Damage Shares (collectively, the "REGISTRABLE SECURITIES") have been registered under the 1933 Act as contemplated by the Registration Rights Agreement, the stock certificates for the Registrable Securities may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended. The securities have been acquired for investment and may not be sold, transferred or assigned in the absence of an effective registration statement for the securities under said Act, or an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, that registration is not required under said Act.

h. AUTHORIZATION; ENFORCEMENT. This Agreement has been duly and validly authorized, executed and delivered on behalf of the Buyer and is a valid and binding agreement of the Buyer enforceable in accordance with its terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium, and other similar laws affecting the enforcement of creditors' rights generally.

i. RESIDENCY. The Buyer is a resident of the country specified in its address on the signature page hereof.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to the Buyer that:

a. ORGANIZATION AND QUALIFICATION. Each of the Company and its subsidiaries is a corporation duly organized and existing in good standing under the laws of the jurisdiction in which it is incorporated, except, in the case of any such subsidiaries, as would not have a Material Adverse Effect (as defined below), and has the requisite corporate power to own its properties and to carry on its business as now being conducted. Each of the Company and its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary and where the failure so to qualify would have a Material Adverse Effect. "MATERIAL ADVERSE EFFECT" means any material adverse effect on the operations, properties or financial condition of the Company and its subsidiaries taken as a whole.

b. AUTHORIZATION; ENFORCEMENT. (i) The Company has the requisite corporate power and authority to enter into and perform this Agreement and the Registration Rights Agreement, and to issue the Registrable Securities, the Series C Preferred Shares and the Warrants, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board or Directors, or its stockholders except with respect to the reverse stock split referred to in Section 4(g), is required, (iii) this Agreement has been duly executed and delivered by the Company, and (iv) this Agreement constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies or by other equitable principles of general application.

c. CAPITALIZATION. As of March 13, 1996, the authorized capital stock of the Company consists of (i) 40,000,000 shares of Common Stock of which 27,437,032 shares were issued and outstanding, and (ii) 3,000,000 shares of Preferred Stock \$.01 par value, of which 109,000 shares designated as Series A Cumulative Convertible Preferred Stock and 40,000 shares designated as Series B Convertible Preferred Stock were issued and outstanding. All of such outstanding shares have been validly issued and are fully paid and nonassessable. No shares of Common Stock or Preferred Stock are subject to preemptive rights or any other similar rights of the stockholders of the Company or any liens or encumbrances. Except in

connection with the securities issued in Tranche I or as disclosed in SCHEDULE 3(C), as of March 13, 1996, (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its subsidiaries, or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries, and (ii) there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act (except the Registration Rights Agreement). The Company has furnished to the Buyer true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof ("CERTIFICATE OF INCORPORATION") and the Company's By-laws, as in effect on the date hereof (the "BY-LAWS"). The Company shall provide the Buyer with a written update of this representation signed by the Company's Chief Executive or Chief Financial Officer on behalf of the Company as of the Closing Date.

d. ISSUANCE OF SHARES. The Registrable Securities, the Series C Preferred Shares and the Warrants are duly authorized and, upon issuance in accordance with the terms hereof and thereof, shall be validly issued, fully paid and non-assessable, and free from all taxes, liens and charges with respect to the issue thereof.

e. NO CONFLICTS. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby will not (i) result in a violation of the Certificate of Incorporation or By-laws or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, or result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). The businesses of the Company and its subsidiaries are not being conducted, and shall not be conducted through the date of the expiration of any unexercised Warrants issued to the Buyer, in violation of any law, ordinance or regulation of any governmental entity, except for possible violations which either singly or in the aggregate do not have a Material Adverse Effect. Except as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement in accordance with the terms hereof.

f. SEC DOCUMENTS, FINANCIAL STATEMENTS. Since June 30, 1992, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act of 1934, as amended (the "1934 ACT") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits) incorporated by reference therein, together with, on such date as it shall be declared effective by the SEC, the Registration Statement on Form S-3 (File No. 333-1535) filed by the Company with the SEC on March 7, 1996 which registers the resale of certain securities issued or issuable in connection with Tranche I, being hereinafter referred to herein as the "SEC DOCUMENTS"). The Company has or shall have delivered to the Buyer true and complete copies of the SEC Documents, except for such exhibits, schedules and incorporated documents. As of their respective filing or effective dates, the SEC Documents complied in all material respects with the requirements of the 1933 and 1934, as applicable, Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with or declared effective by the SEC, as appropriate, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material

respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). No other information provided by or on behalf of the Company to the Buyer and referred to in Section 2(d) of this Agreement, when made, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstance under which they were made, not misleading. In the aggregate, the information provided by or on behalf of the Company to the Buyer and referred to in Section 2(d), including without limitation the SEC Documents, does not omit to state a material fact or contain material inaccuracies.

g. ABSENCE OF CERTAIN CHANGES. Since June 30, 1995, there has been no material adverse change and no material adverse development in the business, properties, operations, financial condition, results of operations or prospects of the Company, except as disclosed in the documents referred to in Section 2(d) hereof or in the SEC Documents.

h. ABSENCE OF LITIGATION. Except as disclosed in SCHEDULE 3(H), there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the Company or any of its subsidiaries, threatened against or affecting the Company or any of its subsidiaries, wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect or which would adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Agreement or any of the documents contemplated herein.

4. COVENANTS.

a. BEST EFFORTS. The parties shall use their best efforts timely to satisfy each of the conditions described in Section 6 and 7 of this Agreement.

b. FORM D; BLUE SKY LAWS. The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to the Buyer promptly after such filing. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary to qualify the Securities for, or obtain exemption for the Securities for, sale to the Buyer at the closing pursuant to this Agreement under applicable securities or "blue sky" laws of the states of the United States, and shall provide evidence of any such action so taken to the Buyer on or prior to the Closing Date.

c. REPORTING STATUS. Until such date as is the earlier of (i) at least three (3) years after the date of the expiration of all the Warrants, or (ii) the date on which (a) all of the Warrants have been exercised or expired, (b) no Registrable Securities are held by any Investor, and (c) none of the Series C Preferred Shares is outstanding (the "REGISTRATION PERIOD"), the Company shall file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would permit such termination.

d. USE OF PROCEEDS. Without the consent of a majority in interest of the Registrable Securities, the Company shall not use the proceeds from the sale of the Common Shares and the Preferred Shares for anything other than the Company's internal working capital purposes and shall not, directly or indirectly, use such proceeds for any loan to or investment in any other corporation, partnership, enterprise or other person; provided that it is understood that the Company may be required to pay a finder's fee in connection with the transactions provided for herein.

e. ADDITIONAL EQUITY CAPITAL. The Company agrees that, for a period of 180 days following February 7, 1996, the Company will not, without the

prior written and approval of the Buyer, negotiate or contract with any outside party to issue additional equity financing in any form, provided that such restriction shall not apply to the issuance of equity securities in connection with a license or development agreement between the Company or one of its subsidiaries and a corporate strategic partner or as compensation for services rendered to the Company.

f. EXPENSES. The Company shall pay all expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Registration Rights Agreement, including, without limitation, Buyer's attorneys' fees and expenses up to an aggregate amount of Twenty Thousand Dollars (\$20,000).

g. REVERSE STOCK SPLIT. The Company agrees to use its best efforts to effect a reverse one-for-two stock split of the outstanding shares of Common Stock as soon as practicable after the Closing Date. The Company shall not be required to seek stockholder approval prior to the annual meeting thereof.

h. FINANCIAL INFORMATION. The Company agrees to send the following reports to the Buyer until the Buyer transfers, assigns, or sells all of the Securities, Conversion Shares, Warrant Shares, and Damage Shares: (i) within ten (10) days after the filing with the SEC, a copy of its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K; and (ii) within one day after release, copies of all press releases issued by the Company or any of its subsidiaries.

i. RESERVATION OF SHARES. The Company shall at all times have authorized, and reserved for the purpose of issuance, a sufficient number of shares of Common Stock to provide for the exercise of the Warrants, conversion of the Series C Preferred Shares and issuance of the Damage Shares.

j. LISTING. The Company shall promptly secure the listing of the Registrable Securities upon each national securities exchange or automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance) and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all shares of Registrable Securities from time to time issuable under the terms of this Agreement and the Registration Rights Agreement.

k. MAJOR TRANSACTIONS. The Company shall not consummate a Major Transaction (as that term is defined in the Certificate of Designation) without the prior written approval of the holders of a majority of the Series C Preferred Shares; PROVIDED, HOWEVER, that this Section shall terminate and be of no further force and effect if the Company reasonably determines that performance hereunder would violate NASDAQ rules with regard to the issuance of voting securities having super-majority voting rights.

5. TRANSFER AGENT INSTRUCTIONS.

The Company shall instruct its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the Conversion Shares, Warrant Shares and Damage Shares in such amounts as specified from time to time by the Company to the transfer agent in accordance with the terms of the applicable security. Prior to sale of the Registrable Securities, pursuant to an effective registration statement all such certificates shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company shall provide instructions and opinions of counsel to its transfer agent in accordance with Section 3(o) of the Registration Rights Agreement. The Company warrants that no instruction other than such instructions referred to in this Section 5, and stop transfer instructions to give effect to Section 2(f) hereof prior to registration of the Registrable Securities under the 1933 Act, will be given by the Company to its transfer agent and that the Securities and the Registrable Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Registration Rights Agreement. Nothing in this Section shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Securities and the Registrable Securities. If the Buyer provides the Company with an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, that registration of a resale by the Buyer of any of the Securities or the Registrable Securities is not required under the 1933 Act, the Company shall permit the transfer, and, in the case of the Common

Shares, the Series C Preferred Shares, the Conversion Shares, the Warrant Shares or the Damage Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denominations as specified by the Buyer.

6. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The obligation of the Company hereunder to sell the Common Shares and the Series C Preferred Shares and to issue the Warrants is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

a. The parties shall have executed this Agreement and the Registration Rights Agreement, and delivered the same to each other.

b. The Buyer shall have delivered the Purchase Price to the Company.

c. The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Date.

7. CONDITIONS TO THE BUYER'S OBLIGATION TO PURCHASE.

The obligation of the Buyer hereunder to purchase the Common Shares and Series C Preferred Shares and to accept the Warrants is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

a. The parties shall have executed this Agreement and the Registration Rights Agreement, and delivered the same to each other.

b. The Company shall have caused the Certificate of Designation to be filed with the Secretary of State for the State of Delaware at or before the Closing Date.

c. Until the Closing Date, the Common Stock shall be authorized for quotation on NASDAQ-NMS, and trading in the Common Stock (or on NASDAQ-NMS generally) shall not have been suspended by the SEC or NASDAQ.

d. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Buyer shall have received a certificate, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer.

e. The Buyer shall have received an opinion of the Company's counsel, dated as of the Closing Date, in form, scope and substance reasonably satisfactory to the Buyer.

f. The Buyer shall have received the officer's certificate described in Section 3(c) above, dated as of the Closing Date.

g. The Company shall have delivered to the Buyer the Stock Certificates and the Warrants.

8. GOVERNING LAW; MISCELLANEOUS.

a. GOVERNING LAW. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to the principles of conflict of laws.

b. COUNTERPARTS. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event any signature page is delivered by facsimile transmission, the party using such means of delivery shall cause four (4) additional original executed signature pages to be physically delivered to the other party within five (5) days of the execution and delivery hereof.

c. HEADINGS. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

d. SEVERABILITY. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

e. ENTIRE AGREEMENT; AMENDMENTS. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the party to be charged with enforcement.

f. NOTICES. Any notices required or permitted to be given under the terms of this Agreement shall be sent by mail or delivered personally or by courier and shall be effective five days after being placed in the mail, if mailed, or upon receipt, if delivered personally or by courier, in each case addressed to a party. The addresses for such communications shall be:

If to the Company:

Enzon, Inc.
20 Kingsbridge Road
Piscataway, NJ 08854
Telephone: (908) 980-4500
Telecopy: (908) 980-9606
Attention: Corporate Secretary

With copy to:

Ross & Hardies
65 East 55th Street, 31st floor
New York, NY 10022
Telephone: (212) 421-5555
Telecopy: (212) 421-5682
Attention: Kevin T. Collins, Esq.

If to the Buyer, at the addresses on the signature pages.

With copy to:

Genesee Advisers
11921 Freedom Drive, Suite 550
Reston, VA 22090
Telephone: (703) 904-4349
Telecopy: (703) 834-6627
Attention: Neil T. Chau

And:

Klehr, Harrison, Harvey, Branzburg & Ellers
1401 Walnut Street
Philadelphia, PA 19102
Telephone: (215) 569-3399
Telecopy: (215) 568-6060
Attention: Jason M. Shargel, Esq.

Each party shall provide notice to the other party of any change in address.

g. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other (which consent may be withheld for any reason in the sole discretion of the party from whom consent is sought). Notwithstanding the foregoing, the Buyer may assign its rights hereunder to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. THIRD PARTY BENEFICIARIES. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. SURVIVAL. The representations and warranties of the Company and the Buyer contained in Sections 2 and 3 and the agreements and covenants set forth in Sections 4, 5, 8(g), 8(h) and 8(k), and this subsection shall survive the closing.

k. PUBLICITY. The Company and the Buyer shall have the right to approve before issuance any press releases, SEC or NASD filings, or any other public statements with respect to the transactions contemplated hereby; PROVIDED, HOWEVER, that the Company shall be entitled, without the prior approval of the Buyer, to make any press release or SEC or NASD filings with respect to such transactions as is required by applicable law and regulations (although the Buyer shall be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof).

l. FURTHER ASSURANCES. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

m. TERMINATION. In the event that the closing shall not have occurred on or before ten (10) days from the date hereof, this Agreement shall terminate at the close of business on such date.

IN WITNESS WHEREOF, the Buyer and the Company have caused this Securities Purchase Agreement to be duly executed under seal.

ENZON, INC.

By: /S/KENNETH J. ZUERBLIS
Name: Kenneth J. Zuerblis
Its: Vice President

GFL PERFORMANCE FUND LTD.

By: /S/A.P. DE GROOT
Name: A.P. DE GROOT
Its: PRESIDENT

Address: Genesee Fund Limited

CITCO Building
Wickhams Cay
P.O. Box 662
Road Town, Tortola
British Virgin Islands

Administrator
Curacao International Trust Co. N.V.
Kaya Flamboyan 9
P.O. Box 812
Curacao, Netherland Antilles

CERTIFICATE OF DESIGNATIONS, PREFERENCES

AND RIGHTS OF SERIES C CONVERTIBLE

PREFERRED STOCK

OF

ENZON, INC.

ENZON, Inc. (the "COMPANY"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company by the Certificate of Incorporation, as amended, of the Company, and pursuant to Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company at a meeting duly held on March 14, 1996, adopted resolutions providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of twenty thousand (20,000) shares of Series C Convertible Preferred Stock (the "SERIES C PREFERRED SHARES") of the Company, as follows:

RESOLVED, that the Company is authorized to issue 20,000 shares of Series C Convertible Preferred Stock (the "SERIES C PREFERRED SHARES") which shall have the following powers, designations, preferences and other special rights:

(1) DIVIDENDS. The holders of the Series C Preferred Shares shall not be entitled to dividends.

(2) CONVERSION OF SERIES C PREFERRED SHARES. The holders of the Series C Preferred Shares shall have the right, at their option, to convert the Series C Preferred Shares into shares of Common Stock on the following terms and conditions:

(a) Each Series C Preferred Share shall be convertible at any time after seventy (70) days after the date of issuance (or, if such Series C Preferred Share is called for redemption, at any time up to and including, but not after, the close of business on the fifth full business day prior to the date fixed for such redemption, unless default shall be made by the Company in providing the funds for the payment of the redemption price), into fully paid and nonassessable shares (calculated to the nearest whole share) of Common Stock of the Company as constituted at the time of such conversion, at the conversion price (the "CONVERSION PRICE") in effect at the time of conversion determined as hereinafter provided; PROVIDED, HOWEVER, that in no event shall any holder be entitled to convert Series C Preferred Shares if, after giving effect to such conversion, the number of shares of Common Stock purchased pursuant to the Securities Purchase Agreement dated January 31, 1996 by and among the Company and certain investors providing for the purchase of Common Stock, Series B Convertible Preferred Stock (the "SERIES B PREFERRED SHARES") and warrants to purchase Common Stock (the "WARRANTS"), and pursuant to the Securities Purchase Agreement dated March 15, 1996 by and among the Company and certain investors providing for the purchase of Common Stock, the Series C Preferred Shares and warrants to purchase Common Stock (the "NEW WARRANTS") (collectively, the "SECURITIES PURCHASE AGREEMENTS"), or issued on exercise of the Warrants or New Warrants, or conversion of the Series C Preferred Shares or Series B Preferred Shares and beneficially owned by such holder and all other holders whose holdings would be aggregated with such holder for purposes of calculating beneficial ownership in

accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including, without limitation, any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and ninety five-hundredths percent (4.95%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). Common Stock issuable upon conversion of the Series C Preferred Shares or the Series B Preferred Shares or exercise of the Warrants or New Warrants for the purchase of Common Stock held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. Each Series C Preferred Share shall have a value of \$100 (the "STATED VALUE") for the purpose of such conversion and the number of shares of Common Stock issuable upon conversion of each of the Series C Preferred Shares shall be determined by dividing the Stated Value thereof by the Conversion Price then in effect. Every reference herein to the COMMON STOCK of the Company (unless a different intention is expressed) shall be to the shares of the Common Stock of the Company, \$.01 par value, as such stock exists immediately after the issuance of the Series C Preferred Shares provided for hereunder, or to stock into which such Common Stock may be changed from time to time thereafter.

(b) The Conversion Price shall be eighty percent (80%) (the "CONVERSION PERCENTAGE") of the Average Market Price (as defined below) for the Common Stock for the five (5) consecutive trading days ending one trading day prior to the date the Conversion Notice (as defined below) is received by the Company, subject to adjustment as provided herein. If the registration statement (the "REGISTRATION STATEMENT") covering the shares of Common Stock issuable upon conversion of the Series C Preferred Shares required to be filed by the Company pursuant to the Registration Rights Agreement between the Company and initial holders of the Series C Preferred Shares (the "REGISTRATION RIGHTS AGREEMENT") has not been declared effective by the U.S. Securities and Exchange Commission ("SEC") within ninety (90) days after the date of issuance of the Series C Preferred Shares, or if, after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement by reason of stop order, the Company's failure to update the Registration Statement in accordance with the rules and regulations of the SEC or otherwise, or if the Common Stock is not listed or included for quotation on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System (the "NASDAQ-NMS"), the New York Stock Exchange (the "NYSE"), the American Stock Exchange (the "AMEX"), or the NASDAQ SmallCap Market (the "NASDAQ SMALLCAP") then, as partial relief for the damages to the holder by reason of any such delay in or reduction of its ability to sell the shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity, except that such remedy shall be the exclusive remedy for any delay in the effectiveness of the Registration Statement provided the Registration Statement is declared effective by the SEC within 180 days after the date of issuance of the Series C Preferred Shares), the Conversion Percentage shall be reduced by a number of percentage points equal to three (3) times the sum of: (i) the number of months (prorated for partial months) after the end of such 90 day period and prior to the date the Registration Statement is declared effective by the SEC, provided, however, that there shall be excluded from such period (and from any period under clause (ii) immediately below) delays which are attributable to changes in the Registration Statement required by the Investors (as that term is defined in the Registration Rights Agreement), including, without limitation, changes in the plan of distribution; (ii) the number of months (prorated for partial months) that sales cannot be made pursuant to the Registration Statement (by reason of stop order, the Company's failure to update the Registration or otherwise) after the Registration Statement has been declared effective; and (iii) the number of months (prorated for partial months) that the Common Stock is not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX, or NASDAQ SmallCap after the Registration Statement has been declared effective; provided that the

aggregate number of months that are the basis of a reduction in the Conversion Percentage pursuant to the foregoing clauses (i), (ii) and (iii) shall not exceed twelve (12). (For example, if the Registration Statement becomes effective one and one-half (1 1/2) months after the end of such 90 day period, the Conversion Percentage would be 75.5% until any subsequent adjustment; if thereafter sales could not be made pursuant to the Registration Statement for a period of two (2) months, the Conversion Percentage would then be 69.5%.) If the holder converts Series C Preferred Shares into Common Stock and an adjustment to the Conversion Percentage is required subsequent to such conversion, but prior to the sale of such Common Stock by such holder, the Company shall pay to such holder, within five (5) days after receipt of a notice of the sale of such Common Stock from such holder, an amount equal to the Average Market Price of the Common Stock obtained upon conversion of such Series C Preferred Shares for the five (5) trading days ending one (1) trading day prior to the date of conversion multiplied by three-hundredths (.03) times the number of months (prorated for partial months) for which an adjustment was required; provided that the aggregate number of months for which such an adjustment is required (when added to the number of months for which an adjustment is made pursuant to clauses (i), (ii) and (iii) above) shall not exceed twelve (12). Such amount may be paid at the Company's option in cash or Common Stock valued based on the Average Market Price of the Common Stock for the period of five (5) consecutive trading days ending on the date of the sale of such Common Stock; PROVIDED, HOWEVER, that any amounts due as to that period during which the shares are not traded or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap shall be paid in cash only; PROVIDED, FURTHER, HOWEVER, that in no event shall shares be issued hereunder if, after giving effect to such issuance, the number of shares of Common Stock issued pursuant to the Securities Purchase Agreements or issued on exercise of the Warrants or New Warrants or conversion of the Series C Preferred Shares or Series B Preferred Shares and beneficially owned by such holder and all Related Persons would exceed four and ninety five hundredths percent (4.95%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16); cash shall be paid in lieu of any shares which cannot be issued pursuant to this second proviso. Common Stock issuable upon conversion of Series C Preferred Shares, Series B Preferred Shares or exercise of the Warrants or New Warrants for the purchase of Common Stock held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. (For example, if the Conversion Percentage was 75.5% at the time of conversion of \$1,000,000 in Stated Value of Series C Preferred Shares (such that the Series C Preferred Shares were converted into Common Stock having an Average Market Price for the applicable period in aggregate of \$1,324,503) and subsequent to conversion there was a further two (2) month delay in the Registration Statement's being declared effective, and such Common Stock was sold at the end of such two (2) month period, the Company would pay to the holder \$79,470.20 in cash or Common Stock.)

"AVERAGE MARKET PRICE" of any security for any period shall be computed as the arithmetic average of the closing bid prices for such security for each trading day in such period on the NASDAQ-NMS, or, if the NASDAQ-NMS is not the principal trading market for such security, on the principal trading market for such security, or, if market value cannot be calculated for such period on any of the foregoing bases, the average fair market value during such period as reasonably determined in good faith by the Board of Directors of the Company.

(c) If the Company shall consolidate with or merge into any corporation or reclassify its outstanding shares of Common Stock (other than by way of subdivision or reduction of such shares) (each a "MAJOR TRANSACTION"), then each Series C Preferred Share shall thereafter be convertible into the number of shares of stock or securities (the "RESULTING SECURITIES") or property of the Company, or of the entity resulting from such consolidation or merger, to which a holder of the number of

shares of Common Stock delivered upon conversion of such Series C Preferred Share would have been entitled upon such Major Transaction had the holder of such Series C Preferred Share exercised its right of conversion and had such Common Stock been issued and outstanding and had such holder been the holder of record of such Common Stock at the time of such Major Transaction, and the Company shall make lawful provision therefor as a part of such consolidation, merger or reclassification; PROVIDED, HOWEVER, that the Company shall give the holders of the Series C Preferred Shares written notice of any Major Transaction promptly upon the execution of any agreement whether or not binding in connection therewith (including without limitation a letter of intent or agreement in principle) and in no event shall a Major Transaction be consummated prior to ninety (90) days after such notice.

(d) The Company shall not issue any fraction of a share of Common Stock upon any conversion, but shall pay in cash therefor at the Conversion Price then in effect multiplied by such fraction.

(e) On presentation and surrender to the Company (or at any office or agency maintained for the transfer of the Series C Preferred Shares) of the certificates of Series C Preferred Shares so to be converted, duly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank (a "CONVERSION NOTICE"), with signatures guaranteed, the holder of such Series C Preferred Shares shall be entitled, subject to the limitations herein contained, to receive in exchange therefor a certificate or certificates for fully paid and nonassessable shares, which certificates shall be delivered by the second trading day after the date of delivery of the Conversion Notice, and cash for fractional shares, of Common Stock on the foregoing basis. The Series C Preferred Shares shall be deemed to have been converted, and the person converting the same to have become the holder of record of Common Stock, for all purposes as of the date of delivery of the Conversion Notice.

(f) The Company shall, so long as any of the Series C Preferred Shares are outstanding, reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series C Preferred Shares, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Series C Preferred Shares then outstanding.

(g) The Company shall pay any and all taxes which may be imposed upon it with respect to the issuance and delivery of Common Stock upon the conversion of the Series C Preferred Shares as herein provided. The Company shall not be required in any event to pay any transfer or other taxes by reason of the issuance of such Common Stock in names other than those in which the Series C Preferred Shares surrendered for conversion are registered on the Company's records, and no such conversion or issuance of Common Stock shall be made unless and until the person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company and its transfer agent, if any, that such tax has been paid.

(3) VOTING RIGHTS. Holders of Series C Preferred Shares shall have no voting rights, except as required by law and by Section 7 hereof.

(4) REDEMPTION. The Company may, but shall not be obligated to, at any time subsequent to ninety (90) days after the issuance of the Series C Preferred Shares, redeem the whole or any part of the Series C Preferred Shares then outstanding at a redemption price of \$127 per Preferred Share, in accordance with the following redemption procedures:

(a) In case of redemption of only part of the Series C Preferred Shares at any time outstanding, the Company shall designate the amount of Series C Preferred Shares so to be redeemed and shall redeem such Series C Preferred Shares on a PRO RATA basis. Subject to the limitations and provisions herein contained, the Board of Directors

shall have the power and authority to prescribe the terms and conditions upon which the Series C Preferred Shares shall be redeemed from time to time.

(a) Notice of every redemption shall be given by mail to every holder of record of any Series C Preferred Shares then to be redeemed, at least thirty (30), but no more than ninety (90), days prior to the date fixed as the date for the redemption thereof, at the respective addresses of such holders as the same shall appear on the stock transfer books of the Company. The notice shall state that the Series C Preferred Shares shall be redeemed by the Company at the redemption price specified above, upon the surrender for cancellation, at the time and place designated in such notice, of the certificates representing the Series C Preferred Shares to be redeemed, properly endorsed in blank for transfer, or accompanied by proper instruments of assignment and transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled. On and after the date specified in the notice described above, each holder of Series C Preferred Shares called for redemption shall be entitled to receive therefor the specified redemption price upon presentation and surrender at the place designated in such notice of the certificates for Series C Preferred Shares called for redemption, properly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled.

(b) If the Company shall give notice of redemption as aforesaid (and unless the Company shall fail to pay the redemption price of the Series C Preferred Shares presented for redemption in accordance with such notice), all Series C Preferred Shares called for redemption shall be deemed to have been redeemed on the date specified in such notice, whether or not the certificates for such Series C Preferred Shares shall be surrendered for redemption, and such Series C Preferred Shares so called for redemption shall from and after such date cease to represent any interest whatsoever in the Company or its property, and the holders thereof shall have no rights other than the right to receive such redemption price without any interest thereof from and after such date.

(5) LIQUIDATION, DISSOLUTION, WINDING UP. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Series C Preferred Shares shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings, available for distribution to its stockholders (the "PREFERRED FUNDS"), before any amount shall be paid to the holders of the Common Stock, an amount equal to the Stated Value per Series C Preferred Share, provided that, if the Preferred Funds are insufficient to pay the full amount due to the holders of Series C Preferred Shares and holders of shares of other classes or series of preferred stock of the Company that are of equal rank with the Series C Preferred Shares as to payments of Preferred Funds (the "PARI PASSU SHARES"), then each holder of Series C Preferred Shares and Pari Passu Shares shall receive a percentage of the Preferred Funds equal to the full amount of Preferred Funds payable to such holder as a percentage of the full amount of Preferred Funds payable to all holders of Series C Preferred Shares and Pari Passu Shares. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation nor merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of less than substantially all of its assets, shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company. No holder of Series C Preferred Shares shall be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Company other than the amounts provided for herein.

(6) PREFERRED RANK. All shares of Common Stock shall be of junior rank to all Series C Preferred Shares in respect to the

preferences as to distributions and payments upon the liquidation, dissolution or winding up of the Company. The rights of the shares of Common Stock shall be subject to the preferences and relative rights of the Series C Preferred Shares. The Series C Preferred Shares shall be of equal rank with the Company's Series A Cumulative Convertible Preferred Stock and the Series B Preferred Shares in respect of distributions and payments upon the liquidation, dissolution or winding up of the Company. Notwithstanding the foregoing, the Company may authorize and issue additional or other preferred stock which is of equal or junior rank with the Series C Preferred Shares in respect of the preferences as to distributions and payments upon the liquidation, dissolution or winding up of the Company; PROVIDED, HOWEVER, that for so long as the Series C Preferred Shares remain outstanding the Company shall not issue any capital stock which is more senior in rank than the Series C Preferred Shares in respect of the foregoing preferences. In the event of the merger or consolidation of the Company with or into another corporation, the Series C Preferred Shares shall

maintain their relative powers, designations and preferences provided for herein.

(7) VOTE TO CHANGE THE TERMS OF SERIES C PREFERRED SHARES. The affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the holders of not less than two-thirds (2/3) of the then outstanding Series C Preferred Shares shall be required to amend, alter, change or repeal any of the powers, designations, preferences and rights of the Series C Preferred Shares.

IN WITNESS WHEREOF, the Company has caused this certificate to be signed by _____, its President, and _____, its Secretary, this ___th day of March 1996.

ENZON, INC.

By: _____
President

Attest: _____
Secretary

Exhibit B
to
Securities Purchase Agreement

WARRANT TO PURCHASE 200,000 SHARES OF COMMON STOCK. VOID AFTER 5:00 P.M. NEW JERSEY TIME, ON MARCH 15, 2001. THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN AND WILL BE ISSUED IN TRANSACTIONS WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT AND SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAW, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NO. _____ 200,000 SHARES

ENZON, INC.

This certifies that, for value received, GFL Performance Fund Ltd., the registered holder hereof, or assigns (the "WARRANTHOLDER") is entitled to purchase from Enzon, Inc., a Delaware corporation (the "COMPANY"), at any time on and after the earlier of the date the Registration Statement (filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 2(a) of a certain Registration Rights Agreement of even date herewith by and among the parties hereto) is declared effective by the SEC or seventy (70) days from the date of issuance of this Warrant and before 5:00 p.m., New Jersey time, on March 15, 2001 (the "TERMINATION DATE"), at the purchase price of \$5.625 per share (the "EXERCISE PRICE"), the number

of shares of Common Stock, par value \$.01 per share (the "COMMON STOCK"), of the Company set forth above (the "WARRANT STOCK"); PROVIDED, HOWEVER, that in no event shall the Warrantholder be entitled to exercise this Warrant if, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by the Warrantholder and all other holders of Common Stock whose holdings would be aggregated with the Warrantholder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including without limitation any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and ninety five-hundredths percent (4.95%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). The Common Stock issuable upon conversion of shares of the Company's preferred stock or exercise of warrants for the purchase of Common Stock held by the Warrantholder or the Related Persons shall not be deemed to be beneficially owned by the Warrantholder or such Related Persons for this purpose. The number of shares of Warrant Stock, the Termination Date and the Exercise Price per share of this Warrant shall be subject to adjustment from time to time as set forth below.

SECTION I. TRANSFER OR EXCHANGE OF WARRANT

The Company shall be entitled to treat the Warrantholder as the owner in fact hereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Warrant on the part of any other person. This Warrant shall be transferable only on the books of the Company, maintained at its principal office, upon delivery of this Warrant Certificate duly endorsed by the Warrantholder or by its duly authorized attorney or representative, or accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration of transfer, the Company shall deliver a new Warrant Certificate or Certificates to the persons entitled thereto.

SECTION II. TERM OF WARRANT; EXERCISE OF WARRANTS

A. TERMINATION. The Company may, in its sole discretion, extend the Termination Date with respect to the exercise of this Warrant upon notice to the Warrantholder. As used herein, "TERMINATION DATE" shall be deemed to include any such extensions.

B. EXERCISE. This Warrant shall be exercised by surrender to the Company, at its principal office, of this Warrant Certificate, together with the Purchase Form attached hereto duly completed and signed, and upon payment to the Company of the Exercise Price for the number of shares of Warrant Stock in respect of which this Warrant is then exercised. Payment of the aggregate Exercise Price shall be made in cash or by certified or official bank check.

C. WARRANT CERTIFICATE. Subject to Section III hereof, upon such surrender of this Warrant Certificate and payment of the Exercise Price as aforesaid, the Company shall issue and cause to be delivered to or upon the written order of the Warrantholder, by the second trading day after exercise, a certificate or certificates for the number of full shares of Warrant Stock so purchased upon the exercise of such Warrant, together with cash, as provided in Section VI hereof, in respect of any fractional shares of Warrant Stock otherwise issuable upon such surrender. Such certificate or certificates representing the Warrant Stock shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of record of such shares of Warrant Stock as of the date of receipt by the Company of this Warrant Certificate and payment of the Exercise Price as aforesaid; PROVIDED, HOWEVER, that if, at the date of surrender of this Warrant Certificate and payment of the Exercise Price, the transfer books for the Warrant Stock or other class of stock purchasable upon the exercise of this Warrant shall be closed, the certificate or certificates for the shares of Warrant Stock in respect of which this Warrant is then exercised shall be deemed issuable as of the date on which such books shall next be opened (whether before or after the Termination Date) and until such date the Company shall be under no duty to deliver any certificate for such shares of Warrant Stock; PROVIDED FURTHER, HOWEVER, that the transfer books of record, unless otherwise required by law, shall not be closed at any one time for a period longer than twenty (20) days. The rights of purchase represented by this Warrant shall be exercisable, at the election of the Warrantholder, either in full or from time to time in part, and, in the event that this Warrant is exercised in

respect of fewer than all of the shares of Warrant Stock purchasable on such exercise at any time prior to the Termination Date, a new Warrant Certificate evidencing the remaining Warrant or Warrants will be issued, and the Company shall deliver the new Warrant Certificate or Certificates pursuant to the provisions of this Section.

SECTION III. PAYMENT OF TAXES

The Company will pay all documentary stamp taxes, if any, attributable to the initial issuance of the shares of Warrant Stock upon the exercise of this Warrant; provided, however, that the Warrantholder shall pay any tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of Warrant Certificates or the certificates for the shares of Warrant Stock in a name other than that of the Warrantholder in respect of which this Warrant or shares of Warrant Stock are issued.

SECTION IV. MUTILATED OR MISSING WARRANT CERTIFICATES

In case this Warrant Certificate shall be mutilated, lost, stolen or destroyed, the Company shall, at the request of the Warrantholder, issue and deliver, in exchange and substitution for and upon cancellation of this certificate if mutilated, or in lieu of and in substitution for this certificate if lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent right or interest, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of this Warrant Certificate and indemnity, if requested, also reasonably satisfactory to the Company.

SECTION V. RESERVATION OF SHARES OF WARRANT STOCK.

There has been reserved, and the Company shall at all times keep reserved so long as this Warrant remains outstanding, out of its authorized Common Stock a number of shares of Common Stock sufficient to provide for the exercise of the rights of purchase represented by this Warrant. The transfer agent for the Common Stock and every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of this Warrant will be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be requisite for such purpose.

SECTION VI. FRACTIONAL SHARES.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon the exercise of this Warrant, the Company shall pay to the Warrantholder an amount in cash equal to such fraction multiplied by the Exercise Price then in effect.

SECTION VII. ADJUSTMENTS OF EXERCISE PRICE AND NUMBER OF SHARES.

A. COMPUTATION OF ADJUSTED EXERCISE PRICE. Except as hereinafter provided, in case the Company shall at any time after the date hereof (i) issue or sell any shares of Common Stock (except in those instances referred to in subsection F of this Section VII), including shares held in the Company's treasury and shares issued upon the exercise of any option, rights or warrants (with the exception of this Warrant and any other options and warrants outstanding on the date hereof, and without duplicating any adjustments pursuant to clause (ii) below) and shares issued upon the direct or indirect conversion or exchange of securities for shares of Common Stock (with the exception of the Company's Series A Cumulative Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Convertible Preferred Stock (collectively, the "PREFERRED STOCK"), and without duplicating any adjustments pursuant to clause (ii) below) for a consideration per share less than the Market Price (as hereinafter defined) on the trading day immediately prior to the date of issuance or sale of such share or without consideration, or (ii) issue any rights, options or warrants to subscribe for or purchase or otherwise acquire Common Stock (the "OPTION SECURITIES") or any evidences of indebtedness, shares of stock or other securities (other than the Preferred Stock) which are convertible into or exchangeable, with or without payment of consideration, for shares of Common Stock (the "CONVERTIBLE SECURITIES"), whether or not the right to exercise such Option Securities or to convert or exchange such Convertible Securities is immediately exercisable or is conditioned upon the passage of time, the occurrence or non-occurrence of some other event, or both, for a consideration per share

of Common Stock (calculated in accordance with subsections A(iii) and A(iv) of this Article VII) less than the Market Price on the trading day immediately prior to the date of issuance of such Option Securities or Convertible Securities, then forthwith upon such issuance or sale the Exercise Price shall (until another such issuance or sale) be reduced to a price (calculated to the nearest full cent) determined by multiplying the Exercise Price immediately prior to such issuance or sale by a fraction, the numerator of which is an amount equal to the sum of (X) the total number of shares of Common Stock outstanding immediately prior to such issuance or sale, multiplied by the Market Price in effect immediately prior to such issuance or sale, plus (Y) the aggregate of the amount of all consideration, if any, received by the Company upon such issuance or sale, and the denominator of which is the Market Price in effect immediately prior to such issuance or sale multiplied by the total number of shares of Common Stock outstanding immediately after such issuance or sale; PROVIDED, HOWEVER, that in no event shall the Exercise Price be adjusted pursuant to this computation to an amount in excess of the Exercise Price in effect immediately prior to such computation, except in the case of a combination of outstanding shares of Common Stock, as provided by subsection B of this Section VII.

For the purposes of any computation to be made in accordance with this subsection A, the following provisions shall be applicable:

(i) In case of the issuance or sale of shares of Common Stock for a consideration part or all of which shall be cash, the amount of the cash consideration therefor shall be deemed to be the amount of the cash received by the Company for such shares (or, if shares are offered by the Company for subscription, the subscription price, or, if sold to underwriters or dealers the public offering price) before deducting therefrom any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services, or any expenses incurred in connection therewith.

(ii) In case of the issuance or sale (otherwise than as a dividend or other distribution on any stock of the Company) of shares of Common Stock for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Company.

(iii) In case of the issuance of Convertible Securities (other than the Convertible Securities described in (iv) below), the aggregate consideration received therefor shall be deemed to be the consideration, if any, received by the Company for the issuance of such Convertible Securities, plus the additional minimum consideration, if any, to be received by the Company upon the conversion or exchange thereof.

(iv) In the case of the issuance of Option Securities, the aggregate consideration received therefor shall be deemed to be the consideration, if any, received by the Company for the issuance of such Option Securities, plus the additional minimum consideration, if any, to be received by the Company upon the exercise thereof.

(v) Shares of Common Stock issuable by way of dividend or other distribution on any stock of the Company shall be deemed to have been issued immediately after the opening of business on the date following the record date for the determination of stockholders entitled to receive such dividend or other distribution and shall be deemed to have been issued without consideration.

(vi) The reclassification of securities of the Company, other than shares of Common Stock into securities including shares of Common Stock, shall be deemed to involve the issuance of such shares for a consideration other than cash immediately prior to the close of business on the date fixed for the determination of security holders entitled to receive such shares, and the value of the consideration allocable to such shares shall be determined as provided in subsection (ii) of this subsection A.

(vii) The number of shares of Common Stock at any one time outstanding shall include the aggregate number of shares issued or issuable (subject to readjustment upon the actual issuance thereof) upon the exercise of outstanding options, rights, warrants and upon the conversion

or exchange of outstanding convertible or exchangeable securities.

"MARKET PRICE," as of any date, (i) means the average of the last reported sale prices for the shares of Common Stock as reported by National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ-NMS") for five consecutive trading days, or (ii) if the NASDAQ-NMS is not the principal trading market for the shares of Common Stock, the average of the last reported sale prices on the principal trading market for the Common Stock during the same period, or (iii) if market value cannot be calculated as of such date on any of the foregoing bases, the Market Price shall be the average fair market value as reasonably determined in good faith by the Board of Directors of the Company.

B. SUBDIVISION AND COMBINATION. In case the Company shall at any time subdivide or combine the outstanding shares of Common Stock, the Exercise Price shall forthwith be proportionately decreased in the case of subdivision or increased in case of combination.

C. ADJUSTMENT IN NUMBER OF SHARES. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section VII, the number of shares of Warrant Stock issuable upon the exercise of this Warrant shall be adjusted to the nearest full share by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of shares of Warrant Stock issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

D. RECLASSIFICATION, CONSOLIDATION, MERGER, ETC. In case of any reclassification or change of the outstanding shares of Common Stock (other than a change in par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in the case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger in which the Company is the surviving corporation and which does not result in any reclassification or change of the outstanding shares of Common Stock, except a change as a result of a subdivision or combination of such shares or a change in par value, as aforesaid), or in the case of a sale or conveyance to another corporation of all or substantially all of the property of the Company, the Warrantholder shall thereafter have the right to purchase upon the exercise of this Warrant the kind and number of shares of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance as if the Warrantholder were the owner of the shares of Warrant Stock underlying this Warrant immediately prior to any such events at the Exercise Price in effect immediately prior to the record date for such reclassification, change, consolidation, merger, sale or conveyance as if such Warrantholder had exercised this Warrant.

E. SPECIAL ADJUSTMENT. If the purchase price provided for in any Option Securities, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock shall change, or if any Option Securities or Convertible Securities terminate in whole or in part without being exercised, converted or exchanged, the Exercise Price in effect at the time of such event shall forthwith be readjusted. The Exercise Price shall be adjusted to that amount which would have been in effect at such time had such Option Securities or Convertible Securities outstanding at such time initially been granted, issued or sold and the Exercise Price initially adjusted as provided in subsection A of this Article VII, except that the minimum amount of additional consideration payable and the total maximum number of shares issuable shall be determined after giving effect to such event (and any prior event or events).

F. NO ADJUSTMENT OF EXERCISE PRICE IN CERTAIN CASES. No adjustment of the Exercise Price shall be made:

(i) Upon the issuance or sale of this Warrant or the shares of Warrant Stock issuable upon the exercise of this Warrant or the Warrants dated February 7, 1996, or the issuance or sale of the Preferred Stock, or upon the issuance of shares of Common Stock in connection with the conversion of such Preferred Stock, or the issuance of shares of Common Stock pursuant to Section 2(c) of the Registration Rights Agreements of even date herewith and January 31, 1996, respectively, by and among the

Company and the Buyer and pursuant to Section 2(b) of the Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock and of the Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of the Company;

(ii) Upon the issuance of options, or shares upon the exercise thereof, pursuant to the Company's Non-Qualified Stock Option Plan, or any amendment or successor plan thereto;

(iii) If the amount of said adjustment shall be less than one cent (\$.01) per share; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with any adjustment so carried forward, shall amount to at least one cent (\$.01) per Share;

(iv) Upon the issuance or sale of shares of Common Stock or securities which are exercisable or convertible into shares of Common Stock to employees of the Company or its affiliates, under an Employee Stock Purchase or Option Plan;

(v) Upon the issuance of any Option Securities or the issuance of shares of Common Stock upon the exercise thereof, where such Option Security option, right or warrant was issued for a consideration price per share of Common Stock initially deliverable upon exercise of such Option Security equal to or greater than the Market Price in effect immediately prior to the issuance or sale of such Option Security;

(vi) Upon the issuance of securities convertible into Common Stock, where the conversion price is equal to or greater than the Market Price in effect immediately prior to the issuance of such securities; or

(vii) Upon the issuance of Common Stock to non-management directors of the Company in an amount up to Twelve Thousand Dollars (\$12,000) per such director per year, based upon such method of valuation as may be established from time to time by the Company's Board of Directors in its reasonable discretion.

SECTION VIII. NOTICES TO WARRANTHOLDERS.

So long as this Warrant shall be outstanding and unexercised (a) if the Company shall pay any dividend or make any distribution upon the Common Stock or (b) if the Company shall offer to the holders of Common Stock for subscription or purchase by them any shares of stock of any class or any other rights or (c) if any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of the Company to another corporation, or voluntary or involuntary dissolution, liquidation or winding up of the Company shall be effected, then, in any such case, the Company shall cause to be delivered to the Warrantholder, at least ten (10) days prior to the date specified in (i) or (ii) below, as the case may be, a notice containing a brief description of the proposed action and stating the date on which (i) a record is to be taken for the purpose of such dividend or distribution, or (ii) such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation or winding up is to take place and the date, if any, as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up. Additionally, so long as this Warrant shall be outstanding and unexercised, if the Company shall make any adjustment to the Exercise Price, the Company shall cause to be delivered to the Warrantholder, within twenty (20) days after the date of such adjustment, a notice containing a description of the calculations pertaining to such adjustment and stating the date on which the adjustment to the Exercise Price became effective.

SECTION IX. DELIVERY OF NOTICES.

Any notice pursuant to this Warrant by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given if delivered or mailed certified mail, return receipt requested, (a) if to the Company, to it at 20 Kingsbridge Road, Piscataway, New Jersey 08854, Attention: Corporate Secretary and (b) if to the Warrantholder to it at the address set forth on the signature page hereto. Each party hereto may from time to time change the address to which such party's notices are to be delivered or mailed hereunder by notice in accordance herewith to the

other party.

SECTION X. SUCCESSORS.

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrantholder shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION XI. APPLICABLE LAW.

This Warrant shall be deemed to be a contract made under the laws of the State of Delaware applicable to agreements made and to be performed entirely in Delaware and for all purposes shall be construed in accordance with the internal laws of Delaware without giving effect to the conflicts of laws principles thereof.

SECTION XII. BENEFITS OF THIS AGREEMENT

Nothing in this Warrant shall be construed to give to any person or corporation other than the Company and the Warrantholder any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and the Warrantholder.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant Certificate or caused this Warrant Certificate to be duly executed as of the day and year first above written.

ENZON, INC.

By: _____
Name: Kenneth J. Zuerblis
Title: Vice President

GFL PERFORMANCE FUND LTD.

By: _____
Name: _____
Title: _____

Address of Warrantholder:

Genesee Fund Limited
CITCO Building
Wickhams Cay
P.O. Box 662
Road Town, Tortola
British Virgin Islands

Administrator
Curacao International Trust Co. N.V.
Kaya Flamboyen 9
P.O. Box 812
Curacao, Netherland Antilles

PURCHASE FORM

The undersigned hereby irrevocably elects to exercise the Warrant represented by this Warrant Certificate to the extent of _____ shares of Common Stock, par value \$.01 per share, of Enzon, Inc., and hereby makes payment of \$_____ in payment of the actual exercise price thereof.

[_____]

By: _____
Name:
Title:

Employer Taxpayer
Identification Number:

Address for delivery of Stock
Certificate:

ASSIGNMENT FORM

FOR VALUED RECEIVED, _____ hereby sells, assigns
and transfers unto _____ address
_____ the right to purchase Common Stock, par value \$.01 per
share, of Enzon, Inc., represented by this Warrant Certificate to the
extent of _____ shares as to which such right is exercisable and does
hereby irrevocably constitute and appoint _____, to transfer the
same on the books of the Company with full power of substitution in the
premises.

Signature

Dated: _____, _____

Notice: The signature of this assignment
must correspond with the name as it appears
upon the face of this Warrant Certificate in
every particular, without alteration or
enlargement or any change whatever.

SIGNATURE GUARANTEED:

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "AGREEMENT"), dated as of March 15, 1996 by and among ENZON, INC., a Delaware corporation, with headquarters located at 20 Kingsbridge Road, Piscataway, NJ 08854 (the "COMPANY"), and the undersigned (the "BUYER").

WHEREAS:

A. In connection with the Securities Purchase Agreement by and among the parties of even date herewith (the "SECURITIES PURCHASE AGREEMENT"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, (i) to issue and sell to the Buyer shares (the "COMMON SHARES") of the Company's common stock (the "COMMON STOCK"), (ii) to issue and sell to the Buyer shares of the Company's Series C Convertible Preferred Stock (the "SERIES C PREFERRED SHARES") which will be convertible into shares of Common Stock (as converted, the "CONVERSION SHARES"), and (iii) to issue to the Buyer warrants (the "WARRANTS") for the purchase of shares of Common Stock (as exercised, the "WARRANT SHARES");

B. To induce the Buyer to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "1933 ACT"), and applicable state securities laws; and

C. The Buyer has previously purchased from the Company 1,094,890 shares of Common Stock and 40,000 shares of Series B Convertible Preferred Stock (the "SERIES B PREFERRED SHARES"), and been issued warrants to purchase an aggregate of 638,686 shares of Common Stock ("TRANCHE I");

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Buyer hereby agree as follows:

1. DEFINITIONS.

a. As used in this Agreement, the following terms shall have the following meanings:

(i) "INVESTOR" means the Buyer and any transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof.

(ii) "REGISTER," "REGISTERED," and "REGISTRATION" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous basis ("RULE 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(iii) "REGISTRABLE SECURITIES" means the Common Shares, the Conversion Shares, the Warrant Shares, and the Damage Shares (as defined below).

(iv) "REGISTRATION STATEMENT" means a registration statement of the Company under the 1933 Act.

b. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement.

2. REGISTRATION.

a. MANDATORY REGISTRATION. The Company shall prepare, and, on or prior to April 15, 1996 file with the SEC a Registration Statement on Form S-3, or, if permitted by applicable law, an amendment to the Registration Statement on Form S-3 (File No. 333-1535), filed by the Company with the SEC on March 7, 1996 in connection with Tranche I (the

"TRANCHE I REGISTRATION STATEMENT"), covering the resale of the Registrable Securities, which Registration Statement shall state that, in accordance with Rule 416 promulgated under the 1933 Act, such Registration Statement also covers such indeterminate number of additional shares of Common Stock as may become issuable upon conversion of the Series C Preferred Shares and exercise of the Warrants to prevent dilution resulting from stock splits, stock dividends or similar transactions. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided to and approved by the Buyer and its counsel prior to its filing or other submission.

b. UNDERWRITTEN OFFERING. If any offering pursuant to a Registration Statement pursuant to Section 2(a) hereof involves an underwritten offering, the Investors who hold a majority in interest of the Registrable Securities subject to such underwritten offering shall have the right to select one legal counsel and an investment banker or bankers and manager or managers to administer the offering, which investment banker or bankers or manager or managers shall be reasonably satisfactory to the Company.

c. PAYMENTS BY THE COMPANY. If the Registration Statement covering the Registrable Securities required to be filed by the Company pursuant to Section 2(a) hereof is not declared effective by the SEC on or before June 13, 1996 or if, after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement (by reason of stop order, the Company's failure to update the Registration Statement as required by SEC rules and regulations or otherwise), or if the Common Stock is not listed or included for quotation on the National Association of Securities Dealers Automated Quotation (the "NASDAQ") National Market System (the "NASDAQ-NMS"), the New York Stock Exchange (the "NYSE"), the American Stock Exchange (the "AMEX") or the NASDAQ SmallCap Market ("NASDAQ SMALLCAP"), then the Company will make payments to the Investors in such amounts and at such times as shall be determined pursuant to this Section 2(c) as partial relief for the damages to the Investors by reason of any such delay in or reduction of their ability to sell the Registrable Securities (which remedy shall not be exclusive of any other remedies available at law or in equity, except that such remedy shall be the exclusive remedy for delay in the effectiveness of the Registration Statement provided that the Registration Statement is declared effective by the SEC within 180 days after March 15, 1996). The Company shall pay to each holder of Registrable Securities an amount equal to the Average Market Price (as defined below) of the Common Stock during the five (5) consecutive trading days ending one (1) trading day prior to March 15, 1996 (the "CLOSING DATE AVERAGE MARKET PRICE") multiplied by three-hundredths (.03) times the sum of: (i) the number of months (prorated for partial months) after June 13, 1996 and prior to the date the Registration Statement is declared effective by the SEC, provided, however, that there shall be excluded from such period (and from any period under clause (ii) immediately below) delays which are attributable to changes required by the Investors in the Registration Statement, including, without limitation, changes to the plan of distribution; (ii) the number of months (prorated for partial months) that sales cannot be made pursuant to the Registration Statement after the Registration Statement has been declared effective; and (iii) the number of months (prorated for partial months) that the Common Stock is not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap after the Registration Statement has been declared effective; provided that the aggregate number of months for which payments shall be made pursuant to clauses (i), (ii) and (iii) above shall not exceed twelve (12). (For example, if the Registration Statement becomes effective one and one-half (1 1/2) months after June 13, 1996, the Company would pay \$45,000 for each \$1,000,000 of Closing Date Average Market Price until any subsequent adjustment; if thereafter, sales could not be made pursuant to the Registration Statement for a period of two (2) months, the Company would pay an additional \$60,000 for each \$1,000,000 of Closing Date Average Market Price.) Such amounts may be paid at the Company's option in cash or Common Stock (the "DAMAGE SHARES," which term shall include shares of Common Stock that may be issued pursuant to Section 2(b) of the Certificate of Designation) valued based on the Average Market Price for the period (a "DAMAGE PRICING PERIOD") of five (5) consecutive trading days ending on the trading day prior to the date that the Registration Statement is declared effective or that sales can be resumed under the Registration Statement, as applicable; PROVIDED, HOWEVER, any amounts due as to any Damage Pricing Period during which the Registrable Securities not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap shall be paid in cash only; and PROVIDED

FURTHER, HOWEVER, that in no event shall Damage Shares be paid hereunder if, after giving effect to such payment, the number of shares of Common Stock beneficially owned by such holder and all other holders whose holdings would be aggregated with such holder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including, without limitation, any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and ninety five-hundredths percent (4.95%) of outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16); cash shall be paid for any Damage Shares which cannot be issued pursuant to this proviso. Common Stock issuable upon conversion of the Series C Preferred Shares or Series B Preferred Shares or exercise of the Warrants held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. Payments of cash or issuances of Damage Shares pursuant hereto shall be made within five (5) days after the end of each period that gives rise to such obligation, provided that, if any such period extends for more than thirty (30) days, interim payments shall be made for each such thirty (30) day period with the interim payment (if paid in Damage Shares) based on the last five (5) trading days of such thirty (30) day period. In addition to the payments provided herein, the Company shall provide an adjustment to the Conversion Percentage (as that term is defined in the Certificate of Designation) and pay the amounts specified in Section 2(b) of the Certificate of Designation. "AVERAGE MARKET PRICE" of any security for any period shall be computed as the arithmetic average of the closing bid prices for such security for each trading day in such period on the NASDAQ-NMS, or, if the NASDAQ-NMS is not the principal trading market for such security, on the principal trading market for such security, or, if market value cannot be calculated for such period on any of the foregoing bases, the Average Market Price shall be the average fair market value during such period as reasonably determined in good faith by the Board of Directors of the Company.

d. PIGGY-BACK REGISTRATIONS. If at any time prior to the expiration of the Registration Period (as hereinafter defined) the Company shall file with the SEC a Registration Statement relating to an offering for its own account or the account of others under the 1933 Act of any of its equity securities (other than on Form S-4 or Form S-8 or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans) the Company shall send to each Investor who is entitled to registration rights under this Section 2(d) written notice of such determination and, if within twenty (20) days after receipt of such notice, such Investor shall so request in writing, the Company shall include in such Registration Statement all or any part of the Registrable Securities such Investor requests to be registered, except that if, in connection with any underwritten public offering for the account of the Company the managing underwriter(s) thereof shall impose a limitation on the number of shares of Common Stock which may be included in the Registration Statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which such Investor has requested inclusion hereunder; provided that no portion of the equity securities which the Company is offering for its own account shall be excluded; PROVIDED, FURTHER that the Company shall be entitled to exclude Registrable Securities to the extent necessary to avoid breaching obligations existing prior to the date hereof to other stockholders of the Company. Any exclusion of Registrable Securities shall be made pro rata among the Investors seeking to include Registrable Securities, in proportion to the number of Registrable Securities sought to be included by such Investors; PROVIDED, HOWEVER, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities; and PROVIDED, FURTHER, HOWEVER, that, after giving effect to the immediately preceding proviso, any exclusion of Registrable Securities shall be made pro rata with holders of other securities having the right to include such securities in the Registration Statement other than holders of securities entitled to inclusion of their securities in such Registration Statement by reason of demand registration rights. No right to registration of Registrable Securities under this Section 2(d) shall be construed to limit any

registration required under Section 2(a) hereof. The obligations of the Company under this Section 2(d) may be waived by Investors holding a majority in interest of the Registrable Securities. If an offering in connection with which an Investor is entitled to registration under this Section 2(d) is an underwritten offering, then each Investor whose Registrable Securities are included in such Registration Statement shall, unless otherwise agreed by the Company, offer and sell such Registrable Securities in an underwritten offering using the same underwriter or underwriters and, subject to the provisions of this Agreement, on the same terms and conditions as other shares of Common Stock included in such underwritten offering.

e. ELIGIBILITY FOR FORM S-3. The Company represents and warrants that it meets the requirements for the use of Form S-3 for registration of the sale by the Buyer and any other Investor of the Registrable Securities and the Company shall file all reports required to be filed by the Company with the SEC in a timely manner so as to maintain such eligibility for the use of Form S-3. In the event that Form S-3 is not available for the sale by the Investors of the Registrable Securities, the Company shall register the sale on another appropriate form.

3. OBLIGATIONS OF THE COMPANY.

In connection with the registration of the Registrable Securities, the Company shall have the following obligations:

a. The Company shall prepare promptly, and file with the SEC not later than April 15, 1996, a Registration Statement or an amendment to the Tranche I Registration Statement with respect to the number of Registrable Securities provided in Section 2(a), and thereafter to use its best efforts to cause each Registration Statement relating to Registrable Securities to become effective as soon as possible after such filing, and keep the Registration Statement effective pursuant to Rule 415 at all times until such date as is the earlier of (i) at least three (3) years after the date of the expiration of all the Warrants, or (ii) the date on which (a) all of the Warrants have been exercised or expired, (b) no Registrable Securities are held by any Investor, and (c) none of the Series C Preferred Shares is outstanding (the "REGISTRATION PERIOD"), which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

b. The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement.

c. The Company shall furnish to each Investor whose Registrable Securities are included in the Registration Statement and its legal counsel (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one copy of the Registration Statement and any amendment thereto, each preliminary prospectus and prospectus and each amendment or supplement thereto, and, in the case of the Registration Statement referred to in Section 2(a), each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor.

d. The Company shall use reasonable efforts to (i) register and qualify the Registrable Securities covered by the Registration

Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Investors who hold a majority in interest of the Registrable Securities being offered reasonably request, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; PROVIDED, HOWEVER, that the Company shall not be required in connection therewith or as a condition thereto to (a) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (b) subject itself to general taxation in any such jurisdiction, (c) file a general consent to service of process in any such jurisdiction, (d) provide any undertakings that cause more than nominal expense or burden to the Company, or (e) make any change in its charter or bylaws, which in each case the Board of Directors of the Company determines to be contrary to the best interests of the Company and its stockholders.

e. In the event Investors who hold a majority in interest of the Registrable Securities being offered in the offering select underwriters for the offering, the Company shall enter into and perform its obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the underwriters of such offering. The incremental costs incident to such an underwritten offering shall be paid by the participating Investors pro rata based on the number of Registrable Securities sold by them.

f. As promptly as practicable after becoming aware of such event, the Company shall notify each Investor of the happening of any event, of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and use its best efforts promptly to prepare a supplement or amendment to the Registration Statement to correct such untrue statement or omission, and deliver such number of copies of such supplement or amendment to each Investor as such Investor may reasonably request.

g. The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, and, if such an order is issued, to obtain the withdrawal of such order at the earliest possible moment and to notify each Investor who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance of such order and the resolution thereof.

h. The Company shall permit a single firm of counsel, designated as selling stockholders' counsel by the Investors who hold a majority in interest of the Registrable Securities being sold, to review the Registration Statement and all amendments and supplements thereto a reasonable period of time prior to their filing with the SEC, and not file any document in a form to which such counsel reasonably objects.

i. The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration Statement.

j. At the request of the Investors who hold a majority in interest of the Registrable Securities being sold, the Company shall furnish, on the date that Registrable Securities are delivered to an underwriter, if any, for sale in connection with the Registration Statement (i) if required by an underwriter, a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the

underwriters, and (ii) an opinion, dated as of such date, from counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the underwriters and the Investors.

k. The Company shall make available for inspection by (i) any Investor, (ii) any underwriter participating in any disposition pursuant to the Registration Statement, (iii) one firm of attorneys and one firm of accountants or other agents retained by the Buyer, (iv) one firm of attorneys and one firm of accountants or other agents retained by all other Investors, and (v) one firm of attorneys retained by all such underwriters (collectively, the "INSPECTORS") all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "RECORDS"), as shall be reasonably deemed necessary by each Inspector to enable each Inspector to exercise its due diligence responsibility, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request for purposes of such due diligence; PROVIDED, HOWEVER, that each Inspector shall hold in confidence and shall not make any disclosure (except to an Investor) of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement, (b) the release of such Records is ordered pursuant to a subpoena or other order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement. The Company shall not be required to disclose any confidential information in such Records to any Inspector until and unless such Inspector shall have entered into confidentiality agreements (in form and substance satisfactory to the Company) with the Company with respect thereto, substantially in the form of this Section 3(k). Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential.

l. The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company hereof unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to such Investor, and allow the Investor, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

m. The Company shall use its best efforts either to (i) cause all the Registrable Securities covered by the Registration Statement to be listed on a national securities exchange and on each additional national securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) secure designation and quotation of all the Registrable Securities covered by the Registration Statement on the NASDAQ-NMS or, if, despite the Company's best efforts to satisfy the preceding clause (i) or (ii), the Company is unsuccessful in satisfying the preceding clause (i) or (ii), to secure the inclusion for quotation on the NASDAQ SmallCap for such Registrable Securities and, without limiting the generality of the foregoing, to arrange for at least two market makers to register with the National Association of Securities Dealers, Inc. ("NASD") as such with respect to such Registrable Securities.

n. The Company shall provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities, and CUSIP numbers therefor, not later than the effective date of the Registration Statement.

o. The Company shall cooperate with the Investors who hold Registrable Securities being offered and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the managing underwriter or underwriters, if any, or the Investors may reasonably request and registered in such names as the managing underwriter or underwriters, if any, or the Investors may request. No later than the effective date of any Registration Statement registering the resale of Registrable Securities, the Company shall deliver to its transfer agent instructions, accompanied by any reasonably required opinion of counsel, that (i) permit sales of legended securities in a timely fashion that complies with then mandated securities settlement procedures for regular way market transactions; and (ii) upon the exercise of Warrants or conversion of Series C Preferred Shares and the contemporaneous resale, pursuant to a Registration Statement, of the applicable Warrant Shares and Conversion Shares, permit the issuance of stock certificates without restrictive legends to the transferees of such Warrant Shares and Conversion Shares.

p. The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by the Investors of Registrable Securities pursuant to the Registration Statement.

4. OBLIGATIONS OF THE INVESTORS.

In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

a. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least five (5) days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each investor of the information the Company requires from each such Investor if such Investor elects to have any of such Investor's Registrable Securities included in the Registration Statement.

b. Each Investor by such Investor's acceptance of the Registrable Securities agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement.

c. In the event Investors holding a majority in interest of the Registrable Securities being registered determine to engage the services of an underwriter, each Investor agrees to enter into and perform such Investor's obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the managing underwriter of such offering and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement. The incremental costs incident to such an underwritten offering shall be paid by the Investor to the extent provided in Section 3(e).

d. Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f) or 3(g), such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f) or 3(g) and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

e. No Investor may participate in any underwritten registration hereunder unless such Investor (i) agrees to sell such Investor's Registrable Securities on the basis provided in any underwriting arrangements approved by the Investors entitled hereunder to approve such arrangements, (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, and (iii) agrees to pay its pro rata share of all underwriting discounts and commissions.

5. EXPENSES OF REGISTRATION.

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company, and the fees and disbursements of one (1) firm of counsel for the Investors, shall be borne by the Company.

6. INDEMNIFICATION.

In the event any Registrable Securities are included in a Registration Statement under this Agreement:

a. To the extent permitted by law, the Company will indemnify, hold harmless and defend (i) each Investor who holds such Registrable Securities, (ii) the directors, officers and each person who controls any Investor within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended (the "1934 ACT"), if any, and (iii) any underwriter (as defined in the 1933 Act) for the Investors; and the directors, officers and each person who controls any such underwriter within the meaning of the 1933 Act or the 1934 Act, if any, (each, an "INDEMNIFIED PERSON"), against any losses, claims, damages, liabilities or expenses (joint or several) (collectively, "CLAIMS") to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation relating to the offer or sale of the Registrable Securities by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder (the matters in the foregoing clauses (i) through (iii) being, collectively, "VIOLATIONS"). Subject to the restrictions set forth in Section 6(d) with respect to the number of legal counsel, the Company shall reimburse the Investors and each such underwriter or controlling person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim, subject to the provisions of Section 6(d). Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person or underwriter for such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(c) hereof; (ii) with respect to any preliminary prospectus, shall not inure to the benefit of any such person from whom the person asserting any such Claim purchased the Registrable Securities that are the subject thereof (or to the benefit of any person controlling such person) if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected in the prospectus, as then amended or supplemented, if such prospectus was timely made available by the Company

pursuant to Section 3(c) hereof; (iii) shall not be available to the extent such Claim is based on a failure of the Investor to deliver or to cause to be delivered the prospectus made available by the Company; and (iv) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9.

b. In connection with any Registration Statement in which an Investor is participating, each such Investor agrees to indemnify, hold harmless and defend, to the same extent and in the same manner set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act, any underwriter and any other stockholder selling securities pursuant to the Registration Statement or any of its directors or officers or any person who controls such stockholder or underwriter within the meaning of the 1933 Act or the 1934 Act (collectively and together with an indemnified Person, an "INDEMNIFIED PARTY"), against any Claim to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim arises out of or is based upon any Violation, in each case to the extent (and only to the extent) that such violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and such Investor will reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld; PROVIDED, FURTHER, HOWEVER, that the Investor shall be liable under this Section 6(b) for only that amount of a Claim as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(b) with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented.

c. The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in any distribution, to the same extent as provided above, with respect to information such persons so furnished in writing by such persons expressly for inclusion in the Registration Statement.

d. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; PROVIDED, HOWEVER, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The Company shall pay for only one separate legal counsel for the Investors, and such legal counsel shall be selected by the Investors holding a majority in interest of the Registrable Securities included in the Registration Statement to which the Claim

relates. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. CONTRIBUTION.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; PROVIDED, HOWEVER, that (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6, (ii) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation, and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. REPORTS UNDER THE 1934 ACT.

With a view to making available to the Investors the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the investors to sell securities of the Company to the public without registration ("RULE 144"), the Company agrees to:

a. make and keep public information available, as those terms are understood and defined in Rule 144;

b. file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the Exchange Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations under Section 4(c) of the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

c. furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the investors to sell such securities pursuant to Rule 144 without registration.

9. ASSIGNMENT OF REGISTRATION RIGHTS.

The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned, (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws, (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, (v) such transfer shall have been made in accordance with the applicable requirements of the Securities Purchase Agreement, and (vi) such transferee shall be an "ACCREDITED INVESTOR" as

that term defined in Rule 501 of Regulation D promulgated under the 1933 Act.

10. AMENDMENT OF REGISTRATION RIGHTS.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with written consent of the Company and Investors who hold a majority in interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. MISCELLANEOUS.

a. A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

b. Notices required or permitted to be given hereunder shall be in writing and shall be deemed to be sufficiently given when personally delivered (by hand, by courier, by telephone line facsimile transmission or other means) or sent by certified mail, return receipt requested, properly addressed and with proper postage pre-paid,

if to the Company:

Enzon, Inc.
20 Kingsbridge Road
Piscataway, NJ 08854
Telephone: (908) 980-4500
Telecopy: (908) 980-9648
Attention: Corporate Secretary

with copy to:

Ross & Hardies
65 East 55th Street, 31st floor
New York, NY 10022
Telephone: (212) 421-5555
Telecopy: (212) 421-5682
Attention: Kevin T. Collins, Esq.

if to the Buyer, at the addresses listed on their respective signature pages

with copy to:

Genesee Advisers
11921 Freedom Drive, Suite 550
Reston, VA 22090
Telephone: (703) 904-4349
Telecopy: (703) 834-6627
Attention: Neil T. Chau

and:

Klehr, Harrison, Harvey, Branzburg & Ellers
1401 Walnut Street
Philadelphia, PA 19102
Telephone: (215) 569-3399
Telecopy: (215) 568-6060
Attention: Jason M. Shargel, Esq.

and if to any other Investor, at such address as such Investor shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 11(b), and shall be effective, when personally delivered, upon receipt and, when so sent by certified mail, four days after deposit with the United States Postal Service.

c. Failure of any party to exercise any right or remedy

under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such State. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. This Agreement and the Securities Purchase Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the Securities Purchase Agreement supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

f. Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed under seal as of day and year first above written.

ENZON, INC.

By: /S/KENNETH J. ZUERBLIS
Name: Kenneth J. Zuerblis
Its: Vice President

GFL PERFORMANCE FUND LTD.

By: /S/A.P. DE GROOT
Name: A.P. DE GROOT
Its: PRESIDENT

Address: Genesee Fund Limited
CITCO Building
Wickhams Cay
P.O. Box 662
Road Town, Tortola
British Virgin Islands

Administrator
Curacao International Trust Co. N.V.
Kaya Flamboyen 9
P.O. Box 812
Curacao, Netherland Antilles

WARRANT TO PURCHASE 200,000 SHARES OF COMMON STOCK. VOID AFTER 5:00 P.M. NEW JERSEY TIME, ON MARCH 15, 2001. THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN AND WILL BE ISSUED IN TRANSACTIONS WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT AND SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAW, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NO. 6

200,000 SHARES

ENZON, INC.

This certifies that, for value received, GFL Performance Fund Ltd., the registered holder hereof, or assigns (the "WARRANTHOLDER") is entitled to purchase from Enzon, Inc., a Delaware corporation (the "COMPANY"), at any time on and after the earlier of the date the Registration Statement (filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 2(a) of a certain Registration Rights Agreement of even date herewith by and among the parties hereto) is declared effective by the SEC or seventy (70) days from the date of issuance of this Warrant and before 5:00 p.m., New Jersey time, on March 15, 2001 (the "TERMINATION DATE"), at the purchase price of \$5.625 per share (the "EXERCISE PRICE"), the number of shares of Common Stock, par value \$.01 per share (the "COMMON STOCK"), of the Company set forth above (the "WARRANT STOCK"); PROVIDED, HOWEVER, that in no event shall the Warrant holder be entitled to exercise this Warrant if, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by the Warrant holder and all other holders of Common Stock whose holdings would be aggregated with the Warrant holder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including without limitation any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and ninety five-hundredths percent (4.95%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). The Common Stock issuable upon conversion of shares of the Company's preferred stock or exercise of warrants for the purchase of Common Stock held by the Warrant holder or the Related Persons shall not be deemed to be beneficially owned by the Warrant holder or such Related Persons for this purpose. The number of shares of Warrant Stock, the Termination Date and the Exercise Price per share of this Warrant shall be subject to adjustment from time to time as set forth below.

SECTION I. TRANSFER OR EXCHANGE OF WARRANT

The Company shall be entitled to treat the Warrant holder as the owner in fact hereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Warrant on the part of any other person. This Warrant shall be transferable only on the books of the Company, maintained at its principal office, upon delivery of this Warrant Certificate duly endorsed by the Warrant holder or by its duly authorized attorney or representative, or accompanied by proper evidence of succession, assignment or authority to transfer. Upon any registration of transfer, the Company shall deliver a new Warrant Certificate or Certificates to the persons entitled thereto.

SECTION II. TERM OF WARRANT; EXERCISE OF WARRANTS

A. TERMINATION. The Company may, in its sole discretion, extend the Termination Date with respect to the exercise of this Warrant upon notice to the Warrant holder. As used herein, "TERMINATION DATE" shall be deemed to include any such extensions.

B. EXERCISE. This Warrant shall be exercised by surrender to the Company, at its principal office, of this Warrant Certificate, together with the Purchase Form attached hereto duly completed and signed, and upon payment to the Company of the Exercise Price for the number of shares of

Warrant Stock in respect of which this Warrant is then exercised. Payment of the aggregate Exercise Price shall be made in cash or by certified or official bank check.

C. WARRANT CERTIFICATE. Subject to Section III hereof, upon such surrender of this Warrant Certificate and payment of the Exercise Price as aforesaid, the Company shall issue and cause to be delivered to or upon the written order of the Warrantholder, by the second trading day after exercise, a certificate or certificates for the number of full shares of Warrant Stock so purchased upon the exercise of such Warrant, together with cash, as provided in Section VI hereof, in respect of any fractional shares of Warrant Stock otherwise issuable upon such surrender. Such certificate or certificates representing the Warrant Stock shall be deemed to have been issued and any person so designated to be named therein shall be deemed to have become a holder of record of such shares of Warrant Stock as of the date of receipt by the Company of this Warrant Certificate and payment of the Exercise Price as aforesaid; PROVIDED, HOWEVER, that if, at the date of surrender of this Warrant Certificate and payment of the Exercise Price, the transfer books for the Warrant Stock or other class of stock purchasable upon the exercise of this Warrant shall be closed, the certificate or certificates for the shares of Warrant Stock in respect of which this Warrant is then exercised shall be deemed issuable as of the date on which such books shall next be opened (whether before or after the Termination Date) and until such date the Company shall be under no duty to deliver any certificate for such shares of Warrant Stock; PROVIDED FURTHER, HOWEVER, that the transfer books of record, unless otherwise required by law, shall not be closed at any one time for a period longer than twenty (20) days. The rights of purchase represented by this Warrant shall be exercisable, at the election of the Warrantholder, either in full or from time to time in part, and, in the event that this Warrant is exercised in respect of fewer than all of the shares of Warrant Stock purchasable on such exercise at any time prior to the Termination Date, a new Warrant Certificate evidencing the remaining Warrant or Warrants will be issued, and the Company shall deliver the new Warrant Certificate or Certificates pursuant to the provisions of this Section.

SECTION III. PAYMENT OF TAXES

The Company will pay all documentary stamp taxes, if any, attributable to the initial issuance of the shares of Warrant Stock upon the exercise of this Warrant; provided, however, that the Warrantholder shall pay any tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of Warrant Certificates or the certificates for the shares of Warrant Stock in a name other than that of the Warrantholder in respect of which this Warrant or shares of Warrant Stock are issued.

SECTION IV. MUTILATED OR MISSING WARRANT CERTIFICATES

In case this Warrant Certificate shall be mutilated, lost, stolen or destroyed, the Company shall, at the request of the Warrantholder, issue and deliver, in exchange and substitution for and upon cancellation of this certificate if mutilated, or in lieu of and in substitution for this certificate if lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent right or interest, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of this Warrant Certificate and indemnity, if requested, also reasonably satisfactory to the Company.

SECTION V. RESERVATION OF SHARES OF WARRANT STOCK.

There has been reserved, and the Company shall at all times keep reserved so long as this Warrant remains outstanding, out of its authorized Common Stock a number of shares of Common Stock sufficient to provide for the exercise of the rights of purchase represented by this Warrant. The transfer agent for the Common Stock and every subsequent transfer agent for any shares of the Company's capital stock issuable upon the exercise of this Warrant will be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be requisite for such purpose.

SECTION VI. FRACTIONAL SHARES.

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any

fraction of a share called for upon the exercise of this Warrant, the Company shall pay to the Warrantholder an amount in cash equal to such fraction multiplied by the Exercise Price then in effect.

SECTION VII. ADJUSTMENTS OF EXERCISE PRICE AND NUMBER OF SHARES.

A. COMPUTATION OF ADJUSTED EXERCISE PRICE. Except as hereinafter provided, in case the Company shall at any time after the date hereof (i) issue or sell any shares of Common Stock (except in those instances referred to in subsection F of this Section VII), including shares held in the Company's treasury and shares issued upon the exercise of any option, rights or warrants (with the exception of this Warrant and any other options and warrants outstanding on the date hereof, and without duplicating any adjustments pursuant to clause (ii) below) and shares issued upon the direct or indirect conversion or exchange of securities for shares of Common Stock (with the exception of the Company's Series A Cumulative Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Convertible Preferred Stock (collectively, the "PREFERRED STOCK"), and without duplicating any adjustments pursuant to clause (ii) below) for a consideration per share less than the Market Price (as hereinafter defined) on the trading day immediately prior to the date of issuance or sale of such share or without consideration, or (ii) issue any rights, options or warrants to subscribe for or purchase or otherwise acquire Common Stock (the "OPTION SECURITIES") or any evidences of indebtedness, shares of stock or other securities (other than the Preferred Stock) which are convertible into or exchangeable, with or without payment of consideration, for shares of Common Stock (the "CONVERTIBLE SECURITIES"), whether or not the right to exercise such Option Securities or to convert or exchange such Convertible Securities is immediately exercisable or is conditioned upon the passage of time, the occurrence or non-occurrence of some other event, or both, for a consideration per share of Common Stock (calculated in accordance with subsections A(iii) and A(iv) of this Article VII) less than the Market Price on the trading day immediately prior to the date of issuance of such Option Securities or Convertible Securities, then forthwith upon such issuance or sale the Exercise Price shall (until another such issuance or sale) be reduced to a price (calculated to the nearest full cent) determined by multiplying the Exercise Price immediately prior to such issuance or sale by a fraction, the numerator of which is an amount equal to the sum of (X) the total number of shares of Common Stock outstanding immediately prior to such issuance or sale, multiplied by the Market Price in effect immediately prior to such issuance or sale, plus (Y) the aggregate of the amount of all consideration, if any, received by the Company upon such issuance or sale, and the denominator of which is the Market Price in effect immediately prior to such issuance or sale multiplied by the total number of shares of Common Stock outstanding immediately after such issuance or sale; PROVIDED, HOWEVER, that in no event shall the Exercise Price be adjusted pursuant to this computation to an amount in excess of the Exercise Price in effect immediately prior to such computation, except in the case of a combination of outstanding shares of Common Stock, as provided by subsection B of this Section VII.

For the purposes of any computation to be made in accordance with this subsection A, the following provisions shall be applicable:

(i) In case of the issuance or sale of shares of Common Stock for a consideration part or all of which shall be cash, the amount of the cash consideration therefor shall be deemed to be the amount of the cash received by the Company for such shares (or, if shares are offered by the Company for subscription, the subscription price, or, if sold to underwriters or dealers the public offering price) before deducting therefrom any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services, or any expenses incurred in connection therewith.

(ii) In case of the issuance or sale (otherwise than as a dividend or other distribution on any stock of the Company) of shares of Common Stock for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Company.

(iii) In case of the issuance of Convertible Securities (other than the Convertible Securities described in (iv) below), the

aggregate consideration received therefor shall be deemed to be the consideration, if any, received by the Company for the issuance of such Convertible Securities, plus the additional minimum consideration, if any, to be received by the Company upon the conversion or exchange thereof.

(iv) In the case of the issuance of Option Securities, the aggregate consideration received therefor shall be deemed to be the consideration, if any, received by the Company for the issuance of such Option Securities, plus the additional minimum consideration, if any, to be received by the Company upon the exercise thereof.

(v) Shares of Common Stock issuable by way of dividend or other distribution on any stock of the Company shall be deemed to have been issued immediately after the opening of business on the date following the record date for the determination of stockholders entitled to receive such dividend or other distribution and shall be deemed to have been issued without consideration.

(vi) The reclassification of securities of the Company, other than shares of Common Stock into securities including shares of Common Stock, shall be deemed to involve the issuance of such shares for a consideration other than cash immediately prior to the close of business on the date fixed for the determination of security holders entitled to receive such shares, and the value of the consideration allocable to such shares shall be determined as provided in subsection (ii) of this subsection A.

(vii) The number of shares of Common Stock at any one time outstanding shall include the aggregate number of shares issued or issuable (subject to readjustment upon the actual issuance thereof) upon the exercise of outstanding options, rights, warrants and upon the conversion or exchange of outstanding convertible or exchangeable securities.

"MARKET PRICE," as of any date, (i) means the average of the last reported sale prices for the shares of Common Stock as reported by National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ-NMS") for five consecutive trading days, or (ii) if the NASDAQ-NMS is not the principal trading market for the shares of Common Stock, the average of the last reported sale prices on the principal trading market for the Common Stock during the same period, or (iii) if market value cannot be calculated as of such date on any of the foregoing bases, the Market Price shall be the average fair market value as reasonably determined in good faith by the Board of Directors of the Company.

B. SUBDIVISION AND COMBINATION. In case the Company shall at any time subdivide or combine the outstanding shares of Common Stock, the Exercise Price shall forthwith be proportionately decreased in the case of subdivision or increased in case of combination.

C. ADJUSTMENT IN NUMBER OF SHARES. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section VII, the number of shares of Warrant Stock issuable upon the exercise of this Warrant shall be adjusted to the nearest full share by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of shares of Warrant Stock issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

D. RECLASSIFICATION, CONSOLIDATION, MERGER, ETC. In case of any reclassification or change of the outstanding shares of Common Stock (other than a change in par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in the case of any consolidation of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger in which the Company is the surviving corporation and which does not result in any reclassification or change of the outstanding shares of Common Stock, except a change as a result of a subdivision or combination of such shares or a change in par value, as aforesaid), or in the case of a sale or conveyance to another corporation of all or substantially all of the property of the Company, the Warrantholder shall thereafter have the right to purchase upon the exercise of this Warrant the kind and number of shares of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance as if the Warrantholder were the owner of the shares of Warrant Stock underlying

this Warrant immediately prior to any such events at the Exercise Price in effect immediately prior to the record date for such reclassification, change, consolidation, merger, sale or conveyance as if such Warrantholder had exercised this Warrant.

E. SPECIAL ADJUSTMENT. If the purchase price provided for in any Option Securities, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock shall change, or if any Option Securities or Convertible Securities terminate in whole or in part without being exercised, converted or exchanged, the Exercise Price in effect at the time of such event shall forthwith be readjusted. The Exercise Price shall be adjusted to that amount which would have been in effect at such time had such Option Securities or Convertible Securities outstanding at such time initially been granted, issued or sold and the Exercise Price initially adjusted as provided in subsection A of this Article VII, except that the minimum amount of additional consideration payable and the total maximum number of shares issuable shall be determined after giving effect to such event (and any prior event or events).

F. NO ADJUSTMENT OF EXERCISE PRICE IN CERTAIN CASES. No adjustment of the Exercise Price shall be made:

(i) Upon the issuance or sale of this Warrant or the shares of Warrant Stock issuable upon the exercise of this Warrant or the Warrants dated February 7, 1996, or the issuance or sale of the Preferred Stock, or upon the issuance of shares of Common Stock in connection with the conversion of such Preferred Stock, or the issuance of shares of Common Stock pursuant to Section 2(c) of the Registration Rights Agreements of even date herewith and January 31, 1996, respectively, by and among the Company and the Buyer and pursuant to Section 2(b) of the Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock and of the Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock of the Company;

(ii) Upon the issuance of options, or shares upon the exercise thereof, pursuant to the Company's Non-Qualified Stock Option Plan, or any amendment or successor plan thereto;

(iii) If the amount of said adjustment shall be less than one cent (\$.01) per share; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with any adjustment so carried forward, shall amount to at least one cent (\$.01) per Share;

(iv) Upon the issuance or sale of shares of Common Stock or securities which are exercisable or convertible into shares of Common Stock to employees of the Company or its affiliates, under an Employee Stock Purchase or Option Plan;

(v) Upon the issuance of any Option Securities or the issuance of shares of Common Stock upon the exercise thereof, where such Option Security option, right or warrant was issued for a consideration price per share of Common Stock initially deliverable upon exercise of such Option Security equal to or greater than the Market Price in effect immediately prior to the issuance or sale of such Option Security;

(vi) Upon the issuance of securities convertible into Common Stock, where the conversion price is equal to or greater than the Market Price in effect immediately prior to the issuance of such securities; or

(vii) Upon the issuance of Common Stock to non-management directors of the Company in an amount up to Twelve Thousand Dollars (\$12,000) per such director per year, based upon such method of valuation as may be established from time to time by the Company's Board of Directors in its reasonable discretion.

SECTION VIII. NOTICES TO WARRANTHOLDERS.

So long as this Warrant shall be outstanding and unexercised (a) if the Company shall pay any dividend or make any distribution upon the Common Stock or (b) if the Company shall offer to the holders of Common

Stock for subscription or purchase by them any shares of stock of any class or any other rights or (c) if any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of the Company to another corporation, or voluntary or involuntary dissolution, liquidation or winding up of the Company shall be effected, then, in any such case, the Company shall cause to be delivered to the Warrantholder, at least ten (10) days prior to the date specified in (i) or (ii) below, as the case may be, a notice containing a brief description of the proposed action and stating the date on which (i) a record is to be taken for the purpose of such dividend or distribution, or (ii) such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation or winding up is to take place and the date, if any, as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up. Additionally, so long as this Warrant shall be outstanding and unexercised, if the Company shall make any adjustment to the Exercise Price, the Company shall cause to be delivered to the Warrantholder, within twenty (20) days after the date of such adjustment, a notice containing a description of the calculations pertaining to such adjustment and stating the date on which the adjustment to the Exercise Price became effective.

SECTION IX. DELIVERY OF NOTICES.

Any notice pursuant to this Warrant by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given if delivered or mailed certified mail, return receipt requested, (a) if to the Company, to it at 20 Kingsbridge Road, Piscataway, New Jersey 08854, Attention: Corporate Secretary and (b) if to the Warrantholder to it at the address set forth on the signature page hereto. Each party hereto may from time to time change the address to which such party's notices are to be delivered or mailed hereunder by notice in accordance herewith to the other party.

SECTION X. SUCCESSORS.

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrantholder shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION XI. APPLICABLE LAW.

This Warrant shall be deemed to be a contract made under the laws of the State of Delaware applicable to agreements made and to be performed entirely in Delaware and for all purposes shall be construed in accordance with the internal laws of Delaware without giving effect to the conflicts of laws principles thereof.

SECTION XII. BENEFITS OF THIS AGREEMENT

Nothing in this Warrant shall be construed to give to any person or corporation other than the Company and the Warrantholder any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and the Warrantholder.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant Certificate or caused this Warrant Certificate to be duly executed as of the day and year first above written.

ENZON, INC.

By: /S/ KENNETH J. ZUERBLIS
Name: Kenneth J. Zuerblis
Title: Vice President

GFL PERFORMANCE FUND LTD.

By: /S/ A.P. DE GROOT
Name: A.P. De Groot
Title: President

Address of Warrantholder:

Genesee Fund Limited
CITCO Building
Wickhams Cay
P.O. Box 662
Road Town, Tortola
British Virgin Islands

Administrator
Curacao International Trust Co. N.V.
Kaya Flamboyen 9
P.O. Box 812
Curacao, Netherland Antilles

PURCHASE FORM

The undersigned hereby irrevocably elects to exercise the Warrant represented by this Warrant Certificate to the extent of _____ shares of Common Stock, par value \$.01 per share, of Enzon, Inc., and hereby makes payment of \$_____ in payment of the actual exercise price thereof.

[_____]

By: _____
Name:
Title:

Employer Taxpayer
Identification Number:

Address for delivery of Stock
Certificate:

ASSIGNMENT FORM

FOR VALUED RECEIVED, _____ hereby sells, assigns and transfers unto _____ address _____ the right to purchase Common Stock, par value \$.01 per share, of Enzon, Inc., represented by this Warrant Certificate to the extent of _____ shares as to which such right is exercisable and does hereby irrevocably constitute and appoint _____, to transfer the same on the books of the Company with full power of substitution in the premises.

Signature

Dated: _____, _____

Notice: The signature of this assignment must correspond with the name as it appears upon the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

<ARTICLE> 5

<LEGEND>

This schedule contains summary information extracted from the Enzon, Inc. and Subsidiaries Consolidated Balance Sheet as of March 31, 1996 and the Consolidated Condensed Statement of Operations for the three and nine months ended March 31, 1996 and is qualified in its entirety by reference to such financial statements.

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