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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the fiscal year ended June 30, 2002	Commission File Number 0-12957

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

Delaware	22-2372868
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
685 Route 202/206, Bridgewater, New Jersey	08807
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (908) 541-8600

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value
(Title of Class)
Preferred Stock Purchase Rights
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |X|

The aggregate market value of the Common Stock, par value $.01 per share, held by non-affiliates based upon the reported last sale price of the Common Stock on September 18, 2002 was approximately $876,693,848. There is no market for the Series A Cumulative Convertible preferred stock, the only other class of stock outstanding.

As of September 18, 2002, there were 42,999,823 shares of Common Stock, par value $.01 per share, outstanding.

The Index to Exhibits appears on page 47.

Documents Incorporated by Reference

The registrant's definitive Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on December 3, 2002, to be filed with the Commission not later than 120 days after the close of the registrant's fiscal year, has been incorporated by reference, in whole or in part, into Part III Items 10, 11, 12 and 13 of this Annual Report on Form 10-K.

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Information contained in this Annual Report contains "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should" or "anticipates" or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. No assurance can be given that the future results covered by the forward-looking statements will be achieved. The matters set forth in the section entitled Risk Factors, constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to vary materially from the future results indicated in such forward-looking statements. Other factors could also cause actual results to vary materially from the future results indicated in such forward-looking statements.

PART I

Item 1. BUSINESS

Overview

We are a biopharmaceutical company that develops and commercializes products for life-threatening diseases on our own and through strategic partnerships. We are currently executing a dual-prong strategy designed to broaden our revenue stream, expand our product pipeline, and enhance our organizational capabilities through both internal efforts and the execution of strategic transactions. First, internally we are focused on the advancement of our product pipeline through our continued investment in research and development and the application of our proprietary PEG and SCA technologies. Our PEG, or polyethylene glycol, technology is used to improve the delivery, safety, and efficacy of proteins and small molecules with known therapeutic efficacy. Our single-chain antibody, or SCA, technology is used to discover and produce antibody-like molecules that can offer many of the therapeutic benefits of monoclonal antibodies while addressing some of their limitations. Second,

through strategic transactions we plan to broaden our revenue stream and further expand our product pipeline by accessing already marketed products and products in development. Our strategic initiatives will also seek using alliances to enhance our organization by accessing additional technologies and extending our product development and commercialization capabilities.

To date we have developed three products that utilize our proprietary PEG technologies and have several under development.

PEG-INTRON(R) is a PEG-enhanced version of Schering-Plough's alpha-interferon product, INTRON(R) A. We have designed PEG-INTRON to allow for less frequent dosing and to yield greater efficacy as compared to INTRON A. Our worldwide partner for PEG-INTRON, Schering-Plough, has received approval of PEG-INTRON as a monotherapy and for use in combination with REBETOL(R) (ribavirin, USP) Capsules for the treatment of chronic hepatitis C in adult patients not previously treated with alpha-interferon in the United States and the European Union. The product is currently in Phase III clinical trials for hepatitis C in Japan and is also being evaluated for use as long term maintenance therapy in cirrhotic patients that have failed previous treatment (COPILOT study). A Phase III clinical trial is also being conducted for PEG-INTRON for the treatment of high risk malignant melanoma, and earlier stage clinical trials of PEG-INTRON are being conducted for other indications, including HIV. Schering-Plough has reported that its worldwide sales of INTRON A, REBETOL and PEG-INTRON for all indications in 2001 totaled $1.4 billion.

PROTHECAN(R) is a PEG-enhanced version of camptothecin, a compound in the class of molecules called topoisomerase I inhibitors. Camptothecin has been shown in clinical testing to be potent against certain tumor types, but its clinical development has been discontinued due to significant side effects and poor solubility. We have shown in preclinical studies that PROTHECAN preferentially accumulates in tumors and has comparable or better efficacy compared to camptothecin as well as marketed topoisomerase I inhibitors. We are currently conducting Phase II clinical trials for PROTHECAN in small cell lung, non-small cell lung and pancreatic cancers as a monotherapy. We plan to initiate additional clinical trails for PROTHECAN in other cancer indications in order to fully explore PROTHECAN'S clinical potential.

We have initiated a phase I program for PEG-paclitaxel, a PEG-modified version of paclitaxel.

We commercialize two additional products based on our PEG technology: ADAGEN(R) for the treatment of a congenital enzyme deficiency disease called Severe Combined Immunodeficiency Disease, or SCID, and ONCASPAR(R) for the treatment of acute lymphoblastic leukemia. Each of these products is a PEG-enhanced version of a naturally occurring enzyme. Both products have been marketed for several years and have demonstrated the safe and effective application of our PEG technology.

Our second proprietary technology, SCAs, are genetically engineered proteins which possess the antigen binding domains of a monoclonal antibody and as a result its binding specificity and affinity. SCAs are designed to expand on the therapeutic and diagnostic applications possible with monoclonal antibodies. Preclinical studies have shown that SCAs allow for greater tissue penetration and faster clearance from the body. During fiscal 2002 we entered into a broad product development agreement with Micromet AG, a private German company focused on the development of antibody products with complementary intellectual property and development expertise in the area of SCAs. We believe that we possess strong intellectual property in the area of SCAs. The most clinically advanced SCA based on our technology is being developed by one of our licensees, Alexion Pharmaceuticals. Alexion has commenced enrollment in a Phase III clinical trial for this SCA in patients undergoing cardiopulmonary bypass surgery. Alexion is also evaluating this SCA for myocardial infarction, for which two Phase II clinical trials are ongoing.

Our Strategy

To build a fully integrated biopharmaceutical company and to further realize the potential value of our PEG and SCA technologies, we intend to pursue the following strategic initiatives:

- Continue to identify macro and small molecules of known therapeutic

value that we believe can be improved by our PEG technology and develop PEG-enhanced versions of such compounds;

- Acquire already marketed products and build a marketing and sales infrastructure to enhance our profitability;
- Acquire products under development and technologies which are complementary to our technologies and clinical focus;
- Enter into development agreements with third parties to apply our PEG technology to their existing compounds; and
- Advance our SCA technology through our Micromet collaboration.

PEG Technology

Our proprietary PEG technology involves the covalent attachment of PEG to therapeutic proteins or small molecules for the purpose of enhancing therapeutic value. PEG is a relatively non-reactive and non-toxic polymer that is frequently used in food and pharmaceutical products. We have demonstrated, both in our marketed products and our products under development, that for some proteins and small molecules, we can impart significant pharmacologic advantages over the unmodified forms of the compound by modifying a compound using our PEG technology.

These advantages include:

- extended circulating life,
- lower toxicity,
- increased drug stability, and
- enhanced drug solubility.

[GRAPHIC OMITTED]

A depiction of a PEG-enhanced molecule.

For years, we have applied and continually improved our PEG technology to modify the pharmacologic characteristics of potential or existing protein therapeutics. We modify proteins with PEG for the purpose of prolonging life and reducing toxicities. In some cases, PEG can render a protein therapeutically effective, where the unmodified form had only limited clinical utility. For example, proteins frequently induce an immunologic response. When PEG is attached, it disguises the compound and reduces recognition by the patient's immune system. In addition, frequency of dosing can be reduced and the delay in clearance can achieve an improved therapeutic effect due to the prolonged exposure to the protein therapeutic.

We have also developed a PEG technology that allows us to apply PEG to small molecules. We are currently applying this technology to develop PEG-enhanced versions of anti-cancer compounds. Like proteins, many anti-cancer compounds of potentially significant therapeutic value possess undesired pharmacologic characteristics such as toxicity, poor solubility, and limited half-life. The attachment of PEG to anti-cancer compounds extends their circulatory life and, at the same time, greatly increases the solubility of these compounds. We attach PEG to anti-cancer compounds by means of chemistries that are designed to temporarily inactivate the compound, and then release it over time, releasing the compound in the proximity of the targeted tissue. By inactivating and then reactivating the compound in the body we create a prodrug version of such compounds. These attributes may significantly enhance the therapeutic value of new chemicals, drugs already marketed by others and off-patent drugs with otherwise limited utility. We believe that this technology has broad usefulness and that it can be applied to a wide range of small molecules, such as:

- cancer chemotherapy agents,
- antibiotics,

- anti-fungals, and
- immunosuppressants.

We have significant expertise and intellectual property in the methods by which PEG can be attached to a compound, the selection of appropriate sites on the compound to which PEG is attached, and the amount and type of PEG used. If PEG is attached to the wrong site on the protein, it can result in a loss of the protein's activity or therapeutic effect. Similarly, inappropriate linkers or the incorrect type or amount of PEG applied to a compound will typically fail to produce the desired outcome. Given our expertise, we are able to tailor the PEG technology to produce the desired results for the particular substance being modified.

PEG Products

PEG-INTRON

PEG-INTRON is a PEG-enhanced version of Schering-Plough's recombinant alpha-interferon product called INTRON A. We have modified the INTRON A compound by attaching PEG to it. The effect was not only a prolonged half life allowing for once weekly dosing, but also greater efficacy as compared to unmodified INTRON-A. Schering-Plough currently markets INTRON A for 16 major antiviral and oncology indications worldwide. Historically the largest indication for INTRON A is hepatitis C. INTRON A is also used to treat certain types of cancer. Our worldwide partner for PEG-INTRON, Schering-Plough has received approval for the treatment of adult patients with chronic hepatitis C as a monotherapy and in combination with REBETOL (ribavirin, USP) capsules in the United States and European Union. Schering-Plough is currently conducting late-stage clinical trials for the treatment of hepatitis C in Japan. Schering-Plough is also evaluating PEG-INTRON as a long term maintenance therapy (COPILOT study) and in combination with REBETOL in hepatitis C patients who did not respond to or had relapsed following previous interferon-based therapy. A Phase III clinical trial is also being conducted for PEG-INTRON for the treatment of malignant melanoma and earlier stage clinical trials of PEG-INTRON are being conducted for other indications, including HIV.

The COPILOT (Colchicine versus PEG-INTRON Long-Term) study, is evaluating maintenance therapy with PEG-INTRON in hepatitis C patients with advanced cirrhosis. In this study, 250 patients with advanced cirrhosis who had previously failed interferon-based therapy were randomized to two groups: 130 patients received once-weekly PEG-INTRON (0.5 mcg/kg) and 120 patients received twice-daily colchicine (0.6 mg). At the end of one year of treatment, the PEG-INTRON group had a reduction in detectable virus (HCV RNA), while the virus levels in the colchicine group remained the same. These findings may be important for hepatitis C patients who have not responded to previous therapy.

Schering-Plough has reported that its worldwide sales of INTRON A, REBETOL and PEG-INTRON for all indications in 2001 totaled $1.4 billion, with the majority of sales coming from hepatitis C.

Under our licensing agreement with Schering-Plough, we earned milestone payments and receive royalties on Schering-Plough's worldwide sales of PEG-INTRON. Schering-Plough is responsible for all marketing and development activities for PEG-INTRON.

Hepatitis C

According to an article published in the New England Journal of Medicine, approximately 3.9 million people in the United States are infected with the hepatitis C virus. Approximately 2.7 million of these people are characterized as having chronic hepatitis C infection. We believe that the number of people infected with the hepatitis C virus in Europe is comparable to that in the United States. It is also estimated that approximately 2.0 million people in Japan are infected with hepatitis C. According to the World Health Organization, there were approximately 170 million chronic cases of hepatitis C worldwide. A substantial number of people in the United States who were infected with hepatitis C more than 10 years ago are thought to have contracted the virus through blood transfusions. Prior to 1992, the blood supply was not screened for the hepatitis C virus. In addition, the majority of people infected with the virus are thought to be unaware of the infection because the hepatitis C virus

can incubate for 10 or more years before patients become symptomatic. Schering-Plough estimates that only 10 to 15 percent of patients with hepatitis C have been treated.

Prior to the introduction of PEG-INTRON, the standard of care for hepatitis C infection was alpha-interferon administered three times per week for one year in combination with ribavirin, another antiviral drug. The alpha-interferon plus ribavirin therapy was approved in the United States for the treatment of hepatitis C in December 1998. Prior to such approval, hepatitis C infection was typically treated with alpha-interferon alone. In clinical studies, alpha-interferon stand-alone therapy for 48 weeks has reduced viral loads below the detectable levels in 10% to 15% of patients treated. In clinical studies, alpha-interferon

plus ribavirin in combination therapy has reduced viral loads below detectable levels in 31% to 38% of patients treated. The clinical efficacy of alpha-interferon, both as a stand-alone or combination therapy, has been limited by serious side effects, which include flu-like symptoms, gastro-intestinal disorders and depression, in addition to undesirable dosing requirements. The requirement of three times per week dosing for the treatment of hepatitis C has also limited patient compliance.

Schering-Plough reported the following results of clinical trials conducted with PEG-INTRON for the treatment of hepatitis C. In a clinical study comparing PEG-INTRON to INTRON A as stand-alone therapy, 24% of patients treated with PEG-INTRON had sustained virologic response at the end of the 24 week follow-up period following completion of 48 weeks of therapy, compared to 12% of patients treated with INTRON A who had sustained virologic response. Sustained virologic response is the reduction of viral loads below detectable levels. In a clinical study comparing PEG-INTRON plus REBETOL to REBETRON Combination Therapy containing REBETOL Capsules and INTRON A, when analyzed based upon optimal body weight dosing, 61% of patients treated with PEG-INTRON plus REBETOL had sustained virologic response compared to 47% of patients treated with REBETRON combination therapy who had sustained virologic response. When the results of this clinical trial were analyzed without using optimal body weight dosing, 54% of the patients treated with PEG-INTRON plus REBETOL had sustained virologic response compared to 47% of patients treated with REBETRON who had sustained virologic response. Of the patients in this study who received at least 80% of their treatment of PEG-INTRON plus REBETOL, 72% had sustained virologic response compared to sustained virologic response in 46% of patients who received less than 80% of their treatment.

During June 2002 the National Institutes of Health (NIH) issued a consensus statement stating that the most effective treatment for hepatitis C is combination therapy with PEGylated interferon and ribavirin for a period of 48 weeks. The consensus statement also provided recommendations on how to broaden the treatment population as well as how to prevent transmission of the virus.

Hoffmann-LaRoche is developing a PEGylated version of its alpha-interferon, product ROFERON(R)-A, called PEGASYS(R). Schering-Plough and Hoffmann-LaRoche have been the major competitors in the global alpha-interferon hepatitis C market since the approval of INTRON A and ROFERON-A. PEGASYS is being developed by Hoffmann-LaRoche as a monotherapy as well as in combination with ribavirin for the treatment of hepatitis C. PEGASYS is expected to compete with PEG-INTRON on a global basis. PEGASYS was approved in the European Union in June 2002 and is currently under review by the FDA for its use as a monotherapy and in combination with ribavirin in the United States. Both products have similar characteristics and efficacy. Hoffmann-La Roche has reported that its Phase III study, which evaluated the combination of PEGASYS in combination with one of two doses of ribavirin (depending on body weight) for the treatment of hepatitis C achieved an overall sustained response of 56%.

Cancer

INTRON A is also used in the treatment of cancer. Of the 16 indications for which INTRON A is approved throughout the world, 12 are cancer indications. Currently, INTRON A is approved in the U.S. for three cancer indications and used in some cases for other indications on an off-label basis.

INTRON A may be prescribed in the U.S. for the treatment of late stage malignant melanoma, follicular NHL (low grade), chronic myelogenous leukemia and

AIDS-related Kaposi's sarcoma.

In June 2001, we reported that Schering-Plough completed its Phase III study comparing PEG-INTRON to INTRON A in patients with newly diagnosed chronic myelogenous leukemia, or CML. In this study, PEG-INTRON administered once weekly demonstrated clinical comparability to INTRON A administered daily, with a comparable safety profile. Despite demonstrating clinical comparability, the efficacy results for PEG-INTRON did not meet the protocol-specified statistical criteria for non-inferiority, the primary endpoint of the study. The major cytogenic response rates at month 12 for both PEG-INTRON

and INTRON A were similar to those previously reported in the literature for alpha-interferon.

In addition to conducting this Phase III study of PEG-INTRON in CML, Schering-Plough has advised us that it is working with independent investigators to research initiatives with PEG-INTRON in oncology indications through a comprehensive medical affairs program. This program includes ongoing studies with PEG-INTRON in high-risk melanoma, myeloma and non-Hodgkin's lymphoma, both as and in combination with other agents. A Phase III clinical trial of PEG-INTRON for high-risk malignant melanoma is ongoing.

Published data from a Phase I clinical trial of PEG-INTRON in various cancer types showed that some patients who previously did not respond to unmodified INTRON A treatment did respond to PEG-INTRON. In that trial, PEG-INTRON was administered once per week as opposed to up to five times per week, which is a typical therapy regimen using unmodified INTRON A, and we expect that the once per week dosing regimen may be used in treating various cancer types.

Potential Other Indications

We believe that PEG-INTRON may have potential in treating other diseases, including HIV, hepatitis B and multiple sclerosis. A Phase I clinical trial of PEG-INTRON has been conducted for HIV. In this study, 58% of the 30 patients had substantial reductions in their levels of HIV after adding a weekly injection of PEG-INTRON to their combination treatments.

PROTHECAN

PROTHECAN is a PEG-enhanced version of a small molecule called camptothecin, which is an anticancer compound in the class of topoisomerase I inhibitors. Camptothecin was originally developed at the National Institutes of Health and is now off patent; it is a potent topoisomerase I inhibitor.

For many years camptothecin has been known to be a very effective cytotoxic agent but its low solubility has limited its use. Two camptothecin derivatives, topotecan and irinotecan, have been approved by the FDA for the treatment of small-cell lung, ovarian and colorectal cancers. These two products together achieved 2001 worldwide sales of approximately $881 million.

We have linked PEG and camptothecin so that it forms a prodrug. The PEG component confers a long circulating half life and allows the compound to accumulate in tumor sites. Animal tests have shown that PEG-camptothecin has better efficacy compared to camptothecin, as well as other topoisomerase I inhibitors. We are currently conducting a Phase II clinical trial of PROTHECAN in small cell lung, non-small cell lung and pancreatic cancers as a monotherapy. We also expect to initiate additional Phase II clinical trials for PROTHECAN in gastric and other cancer indications.

PEG-paclitaxel

PEG-paclitaxel is a PEG-modified version of paclitaxel formulated for ease of administration. TAXOL (paclitaxel) is a chemotherapeutic agent used to treat various types of cancers, including ovarian, breast, non-small cell lung, and AIDS-related Kaposi's sarcoma. In 2001, sales of TAXOL were reported to be approximately $1.2 billion. Using our proprietary PEG technology, our scientists have modified paclitaxel through the chemical attachment of PEG giving PEG-paclitaxel prodrug attributes. PEG-paclitaxel can be delivered without the need for solubilizing agents or pre-medications. TAXOL, a commercial formulation of paclitaxel, contains the solubilizing agent CREMOPHOR and

patients are required to take pre-medications prior to treatment to reduce the potential for adverse reactions, which may be caused by CREMOPHOR.

In May 2001, we initiated the patient dosing in a Phase I clinical trial for PEG-paclitaxel. The trial is designed to determine the safety, tolerability and pharmacology of PEG-paclitaxel in patients with advanced solid tumors and lymphomas. Currently, we are evaluating the pharmacokinetic data from this trial.

ADAGEN

ADAGEN, our first FDA-approved PEG product, is used to treat patients afflicted with a type of Severe Combined Immunodeficiency Disease, or SCID, also known as the Bubble Boy Disease, which is caused by the chronic deficiency of the adenosine deaminase enzyme, or ADA. ADAGEN represents the first successful application of enzyme replacement therapy for an inherited disease. SCID results in children being born without fully functioning immune systems, leaving them susceptible to a wide range of infectious diseases. Currently, the only alternative to ADAGEN treatment is a well-matched bone marrow transplant. Injections of unmodified ADA are not effective because of its short circulating life (less than 30 minutes) and the potential for immunogenic reactions to a bovine-sourced enzyme. The attachment of PEG to ADA allows ADA to achieve its full therapeutic effect by increasing its circulating life and masking the ADA to avoid immunogenic reactions.

The adenosine deaminase or the ADA enzyme in ADAGEN is obtained from bovine intestine. We purchase this enzyme from the world's only FDA-approved supplier, which until 2002 supplied ADA derived from cattle in Germany. In November 2000, bovine spongiform encephalopathy or BSE or mad cow disease was detected in certain cattle herds in Germany. During 2002 in order to comply with FDA requirements, our supplier secured a new source of bovine intestines from New Zealand, which has no confirmed cases of BSE in its cattle herds. Bovine spongiform encephalopathy (BSE or mad cow disease) has been detected in cattle herds in the United Kingdom and more recently, in other European countries. There is evidence of a link between the agent that causes BSE in cattle and a new variant form of Creutzfeld-Jakob disease or nvCJD in humans. Based upon the use of certain purification steps taken in the manufacture of ADAGEN and from our analysis of relevant information concerning this issue, we consider the risk of product contamination to be extremely low. However, the lengthy incubation period of BSE and the absence of a validated test for the BSE agent in pharmaceutical products make it impossible to be absolutely certain that ADAGEN is free of the agent that causes nvCJD. To date, cases of nvCJD have been rare in the United Kingdom, where large numbers of BSE-infected cattle are known to have entered the human food chain. To date, no cases of nvCJD have been linked to ADAGEN or, to our knowledge, any other pharmaceutical product, including vaccines manufactured using bovine derived materials from countries where BSE has been detected.

We are marketing ADAGEN on a worldwide basis. We utilize independent distributors in certain territories including the United States, Europe and Australia. Currently, 76 patients in twelve countries are receiving ADAGEN therapy. We believe many newborns with ADA-deficient SCID go undiagnosed and we are therefore focusing our marketing efforts for ADAGEN on new patient identification. Our sales of ADAGEN for the fiscal years ended June 30, 2002, 2001 and 2000 were $13.4 million, $13.4 million and $12.2 million respectively.

Beginning in September 2002, the United States Department of Agriculture or USDA will require all animal sourced materials shipped to the United States from any European country to contain a veterinary certificate that the product is BSE free. We currently have more than a year's supply of ADA enzyme in inventory and are investigating the ability for our supplier which processes our ADA enzyme supply in Germany to comply with or obtain a waiver of this requirement. We cannot guarantee that such certificate or waiver will be available. If our supplier is unable to supply us with ADA enzyme, it is likely that we will be unable to produce or distribute ADAGEN once we utilize our current inventory of ADA enzyme.

ONCASPAR

ONCASPAR, our second FDA-approved product, is a PEG-enhanced version of a naturally occurring enzyme called L-asparaginase. It is currently approved in the U.S., Canada, and Germany and is used in conjunction with other chemotherapeutics to treat patients with acute lymphoblastic leukemia who are hypersensitive, or allergic, to native, or unmodified, forms of L-asparaginase. During June 2002 we amended our license agreement with Aventis (formerly Rhone-Poulenc Rorer Pharmaceuticals) to acquire the rights to market and distribute ONCASPAR in the U.S., Canada, Mexico and the Asia/Pacific region. Under the amended agreement we acquired the rights to market and distribute ONCASPAR in the United States and Canada in return for a payment of $15 million and a royalty of 25% on our net sales of the product through 2014. MEDAC GmbH has the exclusive right to market ONCASPAR in Europe.

L-asparaginase is an enzyme, which depletes the amino acid asparagine upon which certain leukemic cells are dependent for survival. Other companies market unmodified L-asparaginase in the U.S. for pediatric acute lymphoblastic leukemia and in Europe to treat adult acute lymphoblastic leukemia and non-Hodgkin's lymphoma, as well as pediatric acute lymphoblastic leukemia.

The therapeutic value of unmodified L-asparaginase is limited by its short half-life, which requires every-other-day injections, and its propensity to cause a high incidence of allergic reactions. We believe that ONCASPAR offers significant therapeutic advantages over unmodified L-asparaginase. ONCASPAR has a significantly increased half-life in blood, allowing every-other-week administration, and it causes fewer allergic reactions. Based upon the current use of unmodified L-asparaginase, we believe that ONCASPAR may potentially be used in other cancer indications, including lymphoma.

Other PEG Products

Our PEG technology may be applicable to other potential products. We are currently conducting preclinical studies for additional PEG-enhanced compounds. We will continue to seek opportunities to develop and commercialize other PEG-enhanced products on our own and through co-commercialization partnerships.

SCA Proteins

General

Antibodies are proteins produced by the immune system in response to the presence in the body of antigens such as, bacteria, viruses or other disease causing agents. Antibodies of identical molecular structure that bind to a specific target are called monoclonal antibodies. Over the past few years, several monoclonal antibodies have been approved for therapeutic use and have achieved significant clinical and commercial success. Much of the clinical utility of monoclonal antibodies results from the affinity and specificity with which they bind to their targets, as well as a long circulating life due to their relatively large size and their so-called effector function. Monoclonal antibodies, however, are not well suited for use in indications where a short half-life is advantageous or where their large size inhibits them physically from reaching the area of potential therapeutic activity.

SCAs are genetically engineered proteins designed to expand on the therapeutic and diagnostic applications possible with monoclonal antibodies. SCAs have the binding specificity and affinity of monoclonal antibodies and, in their native form, are about one-fifth to one-sixth of the size of a monoclonal antibody, typically giving them very short half-lives. We believe that human SCAs offer the following benefits compared to most monoclonal antibodies:

- faster clearance from the body,
- greater tissue penetration for both diagnostic imaging and therapy,

- a significant decrease in immunogenicity when compared with mouse-based antibodies,
- easier and more cost effective scale-up for manufacturing when compared with monoclonal antibodies,

- enhanced screening capabilities which allow for the more rapid assessment of SCA proteins of desired specificity using high throughput screening methods, and

- the potential for non-parenteral application.

[GRAPHIC OMITTED]

Comparison of a standard monoclonal antibody and a single-chain antibody.

In addition to these benefits, fully human SCAs can be isolated directly from human SCA libraries without the need for consuming re-cloning or humanization procedures. In specific formats, SCAs are also suitable for intracellular expression allowing for their use e.g. as in inhibitors of gene expression.

We, along with numerous other academic and industrial laboratories, have demonstrated through in vitro testing the binding specificity of dozens of SCAs. We, in collaboration with the National Cancer Institute, have shown in published preclinical studies that SCAs localize to specific tumors and rapidly penetrate the tumors.

SCAs Under Development

During April 2002 we entered into a multi-year strategic collaboration with Micromet AG a private company based in Munich, Germany. Under the terms of the agreement Enzon and Micromet will combine their significant patent estates and complementary expertise in single chain antibody technology. The collaboration will focus on the development of two clinical product candidates within the first 30 months of the collaboration. Together with Micromet, we are in the process of establishing a new 25 person research and development unit in Micromet's facility in Germany. Enzon and Micromet will share the costs of the collaboration equally, as well as in any future revenues generated through the collaboration.

To date, we have granted SCA product licenses to more than 15 companies, including Bristol-Myers Squibb, Baxter Healthcare and the Gencell Division of Aventis. These product licenses generally provide for upfront payments, milestone payments and royalties on sales of any SCA products developed. Some of the areas being explored with SCAs are cancer therapy, cardiovascular indications and AIDS. As part of our collaboration with Micromet, we are combining our core intellectual property in SCAs with Micromet's key SCA linker and fusion protein patents. Micromet will institute a comprehensive licensing program on behalf of the partnership and Micromet and Enzon will jointly market their combined SCA IP to third parties and share equally in the costs and revenues.

One of our licensees, Alexion Pharmaceuticals, Inc., is developing an SCA directed against complement protein C5, which is a component of the body's normal defense against foreign pathogens. Inappropriate complement activation during cardiopulmonary bypass and myocardial infarction can lead to clinical problems. In Phase I trials during cardiopulmonary bypass, Alexion reported that this SCA improved cardiac and neurological function and reduced blood loss. Alexion reported that it and its partner, Procter & Gamble, have completed a Phase IIb study and commenced enrollment in a pivotal Phase III study, to evaluate this SCA in patients undergoing cardiopulmonary bypass surgery and are currently conducting two additional 1,000 patient Phase II trials to evaluate this SCA in myocardial infarction patients. This product has been given fast track review status by the FDA for bypass surgery.

Licenses and Strategic Partnerships

Schering-Plough Agreement

In November 1990, we entered into an agreement with Schering-Plough. Under this agreement, Schering-Plough agreed to apply our PEG technology to develop a modified form of Schering-Plough's INTRON A. Schering-Plough is responsible for conducting and funding the clinical studies, obtaining regulatory approval and marketing and manufacturing the product worldwide on an exclusive basis and we are entitled to receive royalties on worldwide sales of PEG-INTRON for all indications. The royalty percentage to which we are entitled will be lower in

any country where a pegylated alpha-interferon product is being marketed by a third party in competition with PEG-INTRON, where such third party is not Hoffmann-La Roche.

In June 1999, we amended our agreement with Schering-Plough, which resulted in an increase in the effective royalty rate that we receive for PEG-INTRON sales. In exchange, we relinquished our option to retain exclusive U.S. manufacturing rights for this product. In addition, we granted Schering-Plough a non-exclusive license under some of our PEG patents relating to Branched or U-PEG technology. This license gave Schering-Plough the ability to sublicense rights under these patents to any party developing a competing interferon product. During August 2001, Schering-Plough, pursuant to a cross license agreement entered into as part of the settlement of certain patent lawsuits, granted Hoffmann-La Roche a sublicense under our Branched PEG patents to allow Hoffmann-La Roche to make, use, and sell its pegylated alpha-interferon product, PEGASYS.

Schering-Plough's obligation to pay us royalties on sales of PEG-INTRON terminates, on a country-by-country basis, upon the later of the date the last patent of ours to contain a claim covering PEG-INTRON expires in the country or 15 years after the first commercial sale of PEG-INTRON in such country.

Schering-Plough has the right to terminate this agreement at any time if we fail to maintain the requisite liability insurance of $5,000,000.

Aventis License Agreements

During June 2002 we amended our license agreement with Aventis (formerly Rhone-Poulenc Rorer Pharmaceutical Inc.) to reacquire the rights to market and distribute ONCASPAR in the United States, Mexico, Canada and the Asia/Pacific region. In return for the marketing and distribution rights we

paid Aventis $15 million and will pay a 25% royalty on net sales of ONCASPAR through 2014. Prior to the amendment, Aventis was responsible for marketing and distribution of ONCASPAR. Under the previous agreement Aventis paid us a royalty on net sales of ONCASPAR of 27.5% on annual sales up to $10 million and 25% on annual sales exceeding $10 million. These royalty payments included Aventis' cost of purchasing ONCASPAR from us under a supply agreement.

In connection with the reacquisition of these marketing and distribution rights to ONCASPAR we have begun to establish a specialty sales force of 5 to 10 personnel to market ONCASPAR in the United States.

The amended license agreement prohibits Aventis from making, using or selling an asparaginase product in the U.S. or a competing PEG-asparaginase product anywhere in the world until the later of the expiration of the agreement or, if the agreement is terminated earlier, five years after termination. If we cease to distribute ONCASPAR or we fail to make the required royalty payments, Aventis has the option to distribute the product in the territories under the original license.

MEDAC License Agreement

We have granted an exclusive license to MEDAC to sell ONCASPAR and any PEG-asparaginase product developed by us or MEDAC during the term of the agreement in Western Europe, Turkey and Russia. Our supply agreement with MEDAC provides for MEDAC to purchase ONCASPAR from us at certain established prices. Under the license agreement, MEDAC is responsible for obtaining additional approvals and indications in the licensed territories, beyond the currently approved hypersensitive indication in Germany. Under the agreement, MEDAC is required to meet certain minimum purchase requirements. The MEDAC license terminated in October 2001. We are currently in negotiations with MEDAC to enter into a new license agreement.

Micromet AG

On April 10, 2002, we announced a multi-year strategic collaboration with Micromet AG, a private company based in Munich, Germany, to identify and develop the next generation of antibody-based therapeutics.

Under the terms of the agreement, Enzon and Micromet will combine their

significant patent estates and complementary expertise in SCA technology to create a leading platform of therapeutic products based on antibody fragments. The collaboration will also benefit from a non-exclusive, royalty-bearing license from Enzon for PEGylated SCA products. Enzon and Micromet are establishing a new R&D Unit located at Micromet's research facility in Germany. The R&D Unit will be staffed initially with 25 scientists and plans to be fully operational by the end of 2002. During the first phase of the collaboration, covering a 30-month period beginning in the third quarter of calendar 2002, the new R&D Unit will focus on the generation of at least two clinical product candidates in therapeutic areas of common strategic interest. Enzon and Micromet will share equally the costs of research and development, and plan to share the revenues generated from technology licenses and from future commercialization of any developed products.

We hold core intellectual property in SCAs. These fundamental patents, combined with Micromet's key patents in SCA linkers and fusion protein technology, generate a compelling technology platform for SCA product development. Enzon and Micromet have entered into a cross-license agreement for their respective SCA intellectual property and have decided to jointly market their combined SCA technology to third parties. Micromet will be the exclusive marketing partner and will institute a comprehensive licensing program on behalf of the partnership, for which the parties will share equally in the costs and revenues. Current licensees to Enzon and Micromet's SCA intellectual property include Alexion, Bristol-Myers Squibb, Cambridge Antibody Technologies, Cell Genesys, Celltech, Crucell, Eli Lilly, Seattle Genetics and Xoma. Several SCA molecules are in clinical trials. Alexion is currently

conducting a pivotal Phase III clinical study of an SCA in cardiopulmonary bypass surgery.

In addition to our license and collaboration agreements with Micromet we purchased an $8.3 million Micromet convertible note which bears interest of 3% and is payable in March 2006. This note is convertible at our option into Micromet common stock at a price of $1,015 per share.

Inhale Therapeutic Systems

In January 2002, we entered into a broad strategic alliance with Inhale Therapeutic Systems, Inc. that includes the following components:

- The companies agreed to enter into a collaboration to jointly develop three products to be specified over time using Inhale's Inhance(TM) pulmonary delivery platform and SEDS(TM) supercritical fluids platform. Inhale will be responsible for formulation development, delivery system supply, and in some cases, early clinical development. We will have responsibility for most clinical development and for commercialization.

- The two companies will also explore the development of single-chain antibody (SCA) products to be administered by the pulmonary route.

- We granted to Inhale the exclusive right to grant sub-licenses under our PEG patents to third parties. We will receive a royalty or a share of profits on final product sales of any products that use our patented PEG technology. We anticipate that we will receive 0.5% or less of Hoffmann-LaRoche's sales of PEGASYS, which represents equal profit sharing with Inhale on this product. We retain the right to use all of our PEG technology for our own product portfolio, as well as those products we develop in co-commercialization collaborations with third parties.

- We purchased $40 million of newly issued Inhale convertible preferred stock in January 2002. The preferred stock is convertible into Inhale common stock at a conversion price of $22.79 per share. In the event Inhale's common stock price three years from the date of issuance of the preferred stock or earlier in certain circumstances is less than $22.79, the conversion price will be adjusted down, although in no event will it be less than $18.23 per share. Conversion of the preferred stock into common stock can occur anywhere from 1 to 4 years following the issuance of the preferred stock or earlier in certain circumstances. The preferred stock

investment is being accounted for under the cost method.

- The two companies also agreed in January 2002 to a settlement of the patent infringement suit we filed in 1998 against Inhale's subsidiary, Shearwater Polymers, Inc. Inhale will receive licensing access to the contested patents under a cross-license agreement. We received a one-time payment of $3 million from Inhale to cover expenses incurred in defending our branched PEG patents which is included in other income.

Mitsubishi Pharma

We have two license agreements with Welfide Corporation (formerly Yoshitomi Pharmaceutical Industries, Ltd.) for the development of a recombinant human serum albumin, or rHSA, as a blood volume expander. In 1998, Yoshitomi Pharmaceutical Industries, Ltd. and Green Cross Corporation merged to form Yoshitomi Pharmaceutical Industries, Ltd. and during 2000 such entity was renamed Welfide Corporation. Yoshitomi had reported that it filed for approval of this product in Japan in November 1997. The agreements, which were assigned to us in connection with our acquisition of Genex Corporation in 1991, entitle us to a royalty on sales of the rHSA product in much of Asia and North and South America. We believe, this product is currently being developed only for the Japanese market. A binding arbitration was concluded in February 2000 regarding the royalty rate required under the agreements. The arbitrators awarded us a 1% royalty on the sales of the rHSA product in Japan, South East Asia, India, China, Australia, New Zealand and North and South America for a period of 15 years after the first commercial

sale of such rHSA product following market approval of that product in Japan or the United States.

Marketing

During June 2002, we reacquired the rights to market and distribute ONCASPAR in North America from Aventis Pharmaceuticals. In connection with the reacquisition, we have begun to establish a 5 to 10 person specialty sales force to commercially market ONCASPAR in the United States. We also market ADAGEN on a worldwide basis to a small patient population.

For some of our products, we have provided exclusive marketing rights to our corporate partners in return for royalties on sales. We have an agreement with Nova Factor, Inc. (formerly known as Gentiva Health Services, Inc.) to purchase and distribute ADAGEN and ONCASPAR in the United States and Canada. The agreement provides for Nova Factor to purchase ADAGEN and ONCASPAR from us at certain prices established in the agreement. We pay Nova Factor a service fee for the distribution of the products.

We expect to evaluate whether to expand or acquire additional sales forces to market additional products we may acquire or develop.

Raw Materials and Manufacturing

In the manufacture of our products, we couple activated forms of PEG with unmodified proteins. We do not have a long-term supply agreement for the raw polyethylene glycol material that we use in the manufacturing of our PEG products. Instead, we maintain a level of inventory, which we believe should provide us sufficient time to find an alternate supplier of PEG, in the event it becomes necessary, without materially disrupting our business.

ADAGEN and ONCASPAR use our early PEG technology which is not as advanced as the PEG technology used in PEG-INTRON and our products under development. Due, in part, to certain limitations of using our earlier PEG technology we have had and will likely continue to have certain manufacturing problems with ADAGEN and ONCASPAR.

Manufacturing and stability problems required us to implement voluntarily recalls for a batch of ADAGEN in March 2001 and certain batches of ONCASPAR in June 2002.

During 1998, we began to experience manufacturing problems with one of our FDA-approved products, ONCASPAR. The problems were due to increased levels of

white particulates in batches of ONCASPAR, which resulted in an increased rejection rate for this product. During fiscal 1999, we agreed with the FDA to temporary labeling and distribution restrictions for ONCASPAR and instituted additional inspection and labeling procedures prior to distribution. During May 1999, the FDA required us to limit distribution of ONCASPAR to only those patients who are hypersensitive to native L-asparaginase. As a result of certain manufacturing changes we made, the FDA withdrew this distribution restriction in November 1999.

In July 1999, the FDA conducted an inspection of our manufacturing facility in connection with our product license for ADAGEN. Following that inspection, the FDA documented several deviations from Current Good Manufacturing Practices, known as cGMP, in a Form 483 report. We provided the FDA with a corrective action plan. In November 1999, the FDA issued a warning letter citing the same cGMP deviations listed in the July 1999 Form 483, but it also stated that the FDA was satisfied with our proposed corrective actions. As a result of the deviations, the FDA decided not to approve product export requests from us for ONCASPAR until it determined that all noted cGMP deviations were either corrected or in the process of being corrected. This restriction was removed in August 2000.

Since January 2000, the FDA has conducted follow-up inspections as well as routine inspections of our manufacturing facility related to ONCASPAR and ADAGEN. Following certain of these inspections,

the FDA issued Form 483 reports, citing deviations from cGMP. We have or are in the process of responding to such reports with corrective action plans and are currently in discussion with the FDA concerning some observations set forth in the Form 483s.

Research and Development

To date, our primary source of new products has been our internal research and development activities. Research and development expenses for the fiscal years ended June 30, 2002, 2001 and 2000 were approximately $18.4 million, $13.1 million, and $8.4 million, respectively.

Our research and development activities during fiscal 2002 concentrated primarily on the Phase II clinical trials of PROTHECAN, preclinical studies, and continued research and development of our proprietary technologies. We expect our research and development expenses for fiscal 2003 and beyond will be at significantly higher levels as we continue clinical trials for PROTHECAN and PEG-paclitaxel, and additional compounds enter clinical trials.

Patents

We have licensed, and been issued, a number of patents in the United States and other countries and have other patent applications pending to protect our proprietary technology. Although we believe that our patents provide adequate protection for the conduct of our business, we cannot assure you that such patents:

- will be of substantial protection or commercial benefit to us,
- will afford us adequate protection from competing products, or
- will not be challenged or declared invalid.

We also cannot assure you that additional United States patents or foreign patent equivalents will be issued to us.

The patent covering our original PEG technology, which we had licensed from Research Corporation Technologies, Inc., contained broad claims covering the attachment of PEG to polypeptides. However, this United States patent and its corresponding foreign patents have expired. Based upon the expiration of the Research Corporation patent, other parties will be permitted to make, use, or sell products covered by the claims of the Research Corporation patent, subject to other patents, including those which we hold. We have obtained and intend to continue to pursue patents with claims covering improved methods of attaching or linking PEG to therapeutic compounds. We also have obtained patents relating to the specific composition of the PEG-modified compounds that we have identified

or created. We will continue to seek such patents as we develop additional PEG-enhanced products. We cannot assure you that any of these patents will enable us to prevent infringement or that competitors will not develop competitive products outside the protection that may be afforded by our patents.

We are aware that others have also filed patent applications and have been granted patents in the United States and other countries with respect to the application of PEG to proteins and other compounds. Owners of any such patents may seek to prevent us or our collaborators from making, using or selling our products.

During January 2002, we settled a patent infringement suit we had brought against Shearwater Corporation Inc., a company that reportedly has developed a Branched PEG, or U-PEG, used in Hoffmann-La Roche's product, PEGASYS, a PEG-modified version of its alpha-interferon product ROFERON-A. The settlement was part of a broad strategic alliance we formed with Inhale Therapeutic Systems Inc., Shearwater Corporation's parent corporation, in which Inhale agreed to pay us $3,000,000 to cover our expenses incurred in defending our Branched PEG patents and pay us 0.5% of any revenues it receives from

Hoffmann-La Roche's manufacture and sale of PEGASYS. In addition, Enzon and Inhale agreed to cross license their PEG intellectual property estates to each other. Also, Inhale has the exclusive right to sublicense our PEG patent to third parties and we will receive a royalty or a share of profit on final product sales. We retained the rights to use our PEG patents for our own proprietary products and products we may develop with co-commercialization partners.

During August 2001, Schering-Plough granted a sublicense to Hoffmann-La Roche under our Branched PEG patents to allow Hoffmann-La Roche to make, use and sell its pegylated alpha-interferon product, PEGASYS as part of the settlement of a patent infringement lawsuit related to PEG-INTRON. During August 2001, we dismissed a patent infringement suit we had brought against Hoffmann-La Roche relating to PEGASYS as a result of the sublicense by Schering-Plough of our Branched PEG patents for PEGASYS to Hoffmann-La Roche.

In the field of SCA proteins, we have several United States and foreign patents and pending patent applications, including a patent granted in August 1990 covering the genes needed to encode SCA proteins.

In November 1993, Curis Inc. (formerly known as Creative BioMolecules Inc.) signed cross license agreements with us in the field of our SCA protein technology and Curis' Biosynthetic Antibody Binding Site protein technology. In July 2001, Curis reported that it had entered into a purchase and sale agreement with Micromet AG, a German Corporation, pursuant to which Curis assigned its single chain polypeptide technology to Micromet. In April 2002, we entered into a cross-license agreement with Micromet for our respective SCA intellectual property and have decided to jointly market such intellectual property with Micromet.

The degree of patent protection to be afforded to biotechnological inventions is uncertain and our products are subject to this uncertainty. There may be issued third party patents or patent applications containing subject matter which we or our licensees or collaborators will require in order to research, develop or commercialize at least some of our products. We cannot assure you that we will be able to obtain a license to such subject matter on acceptable terms, or at all.

In addition to the litigation described above, we expect that there may be significant litigation in the industry regarding patents and other proprietary rights and, to the extent we become involved in such litigation, it could consume a substantial amount of our resources. An adverse decision in any such litigation could subject us to significant liabilities. In addition, we rely heavily on our proprietary technologies for which pending patent applications have been filed and on unpatented know-how developed by us. Insofar as we rely on trade secrets and unpatented know-how to maintain our competitive technological position, we cannot assure you that others may not independently develop the same or similar technologies. Although we have taken steps to protect our trade secrets and unpatented know-how, third parties nonetheless may gain access to such information.

Government Regulation

The FDA and comparable regulatory agencies in state and local jurisdictions and in foreign countries impose substantial requirements on the clinical development, manufacture and marketing of pharmaceutical products. These agencies and other federal, state and local entities regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, approval and promotion of our products. All of our products will require regulatory approval before commercialization. In particular, therapeutic products for human use are subject to rigorous preclinical and clinical testing and other requirements of the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act, implemented by the FDA, as well as similar statutory and regulatory requirements of foreign countries. Obtaining these marketing approvals and subsequently complying with ongoing statutory and regulatory requirements is costly and time consuming. Any failure by us or our collaborators, licensors or licensees to obtain, or any delay in obtaining, regulatory approval or in complying with other requirements, could adversely affect the commercialization of products that we are

then developing and our ability to receive product or royalty revenues.

The steps required before a new drug or biological product may be distributed commercially in the United States generally include:

- conducting appropriate preclinical laboratory evaluations of the product's chemistry, formulation and stability, and animal studies to assess the potential safety and efficacy of the product,
- submitting the results of these evaluations and tests to the FDA, along with manufacturing information and analytical data, in an Investigational New Drug Application, or IND,
- making the IND effective after the resolution of any safety or regulatory concerns of the FDA,
- obtaining approval of Institutional Review Boards, or IRBs, to introduce the drug or biological product into humans in clinical studies,
- conducting adequate and well-controlled human clinical trials that establish the safety and efficacy of the drug or biological product candidate for the intended use, typically in the following three sequential, or slightly overlapping stages:

  Phase I. The drug or biologic is initially introduced into healthy human subjects or patients and tested for safety, dose tolerance, absorption, metabolism, distribution and excretion,

  Phase II. The drug or biologic is studied in patients to identify possible adverse effects and safety risks, to determine dose tolerance and the optimal dosage, and to collect initial efficacy data,

  Phase III. The drug or biologic is studied in an expanded patient population at multiple clinical study sites, to confirm efficacy and safety at the optimized dose, by measuring a primary endpoint established at the outset of the study,

- submitting the results of preliminary research, preclinical studies, and clinical studies as well as chemistry, manufacturing and control information on the drug or biological product to the FDA in a New Drug Application, or NDA, for a drug product, or a Biologics License Application, or BLA, for a biological product, and
- obtaining FDA approval of the NDA or BLA prior to any commercial sale or shipment of the drug or biological product.

An NDA or BLA must contain, among other things, data derived from nonclinical laboratory and clinical studies which demonstrate that the product

meets prescribed standards of safety, purity and potency, and a full description of manufacturing methods. The biological product may not be marketed in the United States until a biological license is issued.

The approval process can take a number of years and often requires substantial financial resources. The results of preclinical studies and initial clinical trials are not necessarily predictive of the results from large-scale clinical trials, and clinical trials may be subject to additional costs, delays or modifications due to a number of factors, including the difficulty in obtaining enough patients, clinical investigators, drug supply, or financial support. The FDA has issued regulations intended to accelerate the approval process for the development, evaluation and marketing of new therapeutic products intended to treat life-threatening or severely debilitating diseases, especially where no alternative therapies exist. If applicable, this procedure may shorten the traditional product development process in the United States. Similarly, products that represent a substantial improvement over existing therapies may be eligible for priority review with a target

approval time of six months. Nonetheless, approval may be denied or delayed by the FDA or additional trials may be required. The FDA also may require testing and surveillance programs to monitor the effect of approved products that have been commercialized, and the agency has the power to prevent or limit further marketing of a product based on the results of these post-marketing programs. Upon approval, a drug product or biological product may be marketed only in those dosage forms and for those indications approved in the NDA or BLA, although information about off-label indications may be distributed in certain circumstances.

In addition to obtaining FDA approval for each indication to be treated with each product, each domestic drug product manufacturing establishment must register with the FDA, list its drug products with the FDA, comply with Current Good Manufacturing Practices and permit and pass inspections by the FDA. Moreover, the submission of applications for approval may require additional time to complete manufacturing stability studies. Foreign establishments manufacturing drug products for distribution in the United States also must list their products with the FDA and comply with Current Good Manufacturing Practices. They also are subject to periodic inspection by the FDA or by local authorities under agreement with the FDA.

Any products manufactured or distributed by us pursuant to FDA approvals are subject to extensive continuing regulation by the FDA, including record-keeping requirements and a requirement to report adverse experiences with the drug. In addition to continued compliance with standard regulatory requirements, the FDA also may require post-marketing testing and surveillance to monitor the safety and efficacy of the marketed product. Adverse experiences with the product must be reported to the FDA. Product approvals may be withdrawn if compliance with regulatory requirements is not maintained or if problems concerning safety or efficacy of the product are discovered following approval.

The Federal Food, Drug, and Cosmetic Act also mandates that drug products be manufactured consistent with Current Good Manufacturing Practices. In complying with the FDA's regulations on Current Good Manufacturing Practices, manufacturers must continue to spend time, money and effort in production, record-keeping, quality control, and auditing to ensure that the marketed product meets applicable specifications and other requirements. The FDA periodically inspects drug product manufacturing facilities to ensure compliance with Current Good Manufacturing Practices. Failure to comply subjects the manufacturer to possible FDA action, such as:

- warning letters,
- suspension of manufacturing,
- seizure of the product,
- voluntary recall of a product,
- injunctive action, or
- possible civil or criminal penalties.

To the extent we rely on third parties to manufacture our compounds and products, those third parties will be required to comply with Current Good Manufacturing Practices.

Even after FDA approval has been obtained, and often as a condition to expedited approval, further studies, including post-marketing studies, may be required. Results of post-marketing studies may limit or expand the further marketing of the products. If we propose any modifications to the product, including changes in indication, manufacturing process, manufacturing facility or labeling, an NDA or BLA supplement may be required to be submitted to the FDA.

Products manufactured in the United States for distribution abroad will be subject to FDA

regulations regarding export, as well as to the requirements of the country to which they are shipped. These latter requirements are likely to cover the conduct of clinical trials, the submission of marketing applications, and all aspects of product manufacture and marketing. Such requirements can vary significantly from country to country. As part of our strategic relationships our collaborators may be responsible for the foreign regulatory approval process of our products, although we may be legally liable for noncompliance.

We are also subject to various federal, state and local laws, rules, regulations and policies relating to safe working conditions, laboratory and manufacturing practices, the experimental use of animals and the use and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, used in connection with our research work. Although we believe that our safety procedures for handling and disposing of such materials comply with current federal, state and local laws, rules, regulations and policies, the risk of accidental injury or contamination from these materials cannot be entirely eliminated.

We cannot predict the extent of government regulation which might result from future legislation or administrative action. In this regard, although the Food and Drug Administration Modernization Act of 1997 modified and created requirements and standards under the Federal Food, Drug, and Cosmetic Act with the intent of facilitating product development and marketing, the FDA is still in the process of implementing the Food and Drug Administration Modernization Act of 1997. Consequently, the actual effect of these developments on our business is uncertain and unpredictable.

Moreover, we anticipate that Congress, state legislatures and the private sector will continue to review and assess controls on health care spending. Any such proposed or actual changes could cause us or our collaborators to limit or eliminate spending on development projects and may otherwise impact us. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might result from future legislative or administrative action, either in the United States or abroad. Additionally, in both domestic and foreign markets, sales of our proposed products will depend, in part, upon the availability of reimbursement from third-party payors, such as government health administration authorities, managed care providers, private health insurers and other organizations. Significant uncertainty often exists as to the reimbursement status of newly approved health care products. In addition, third-party payors are increasingly challenging the price and cost-effectiveness of medical products and services. There can be no assurance that our proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product research and development.

PEG-INTRON was approved in the European Union and the United States for the treatment of hepatitis C in May 2000 and January 2001, respectively. ONCASPAR was approved for marketing in the United States and Germany in 1994 and in Canada in December 1997 for patients with acute lymphoblastic leukemia who are hypersensitive to native forms of L-asparaginase, and in Russia in April 1993 for therapeutic use in a broad range of cancers. ADAGEN was approved by the FDA in March 1990. Except for these approvals, none of our other products have been approved for sale and use in humans in the United States or elsewhere.

With respect to patented products, delays imposed by the government

approval process may materially reduce the period during which we will have the exclusive right to exploit them.

Competition

Competition in the biopharmaceutical industry is intense and based significantly on scientific and technological factors. These factors include the availability of patent and other protection of technology and products, the ability to commercialize technological developments and the ability to obtain governmental approval for testing, manufacturing and marketing. We compete with specialized biopharmaceutical firms in the United States, Europe and elsewhere, as well as a growing number of large pharmaceutical companies

that are applying biotechnology to their operations. These companies, as well as academic institutions, governmental agencies and private research organizations, also compete with us in recruiting and retaining highly qualified scientific personnel and consultants.

We are aware that other companies are conducting research on chemically modified therapeutic proteins and that certain companies are modifying pharmaceutical products, including proteins, by attaching PEG. In particular Amgen has received FDA approval for Neulasta, a pegylated version of Neupogen. Other than PEG-INTRON and our ONCASPAR and ADAGEN products, and Hoffmann-La Roche's PEGASYS, which has been approved by the European Union and Neulasta, we are not aware of any PEG-modified therapeutic proteins that are currently available commercially for therapeutic use. Nevertheless, other drugs or treatments that are currently available or that may be developed in the future, and which treat the same diseases as those that our products are designed to treat, may compete with our products.

Prior to the development of ADAGEN, the only treatment available to patients afflicted with ADA-deficient SCID was a bone marrow transplant. Completing a successful transplant depends upon finding a matched donor, the probability of which is low. Researchers at the National Institutes of Health, or NIH, have been treating SCID patients with gene therapy, which if successfully developed, would compete with, and could eventually replace ADAGEN as a treatment. The theory behind gene therapy is that cultured T-lymphocytes that are genetically engineered and injected back into the patient will express adenosine deaminase, the deficient enzyme in people afflicted with ADA-deficient SCID, permanently and at normal levels. To date, patients in gene therapy clinical trials have not been able to stop ADAGEN treatment and, therefore, the trials have been inconclusive.

Current standard treatment of patients with acute lymphoblastic leukemia includes administering unmodified L-asparaginase along with the drugs vincristine, prednisone and daunomycin. Studies have shown that long-term treatment with L-asparaginase increases the disease-free survival in high risk patients. ONCASPAR, our PEG-modified L-asparaginase product, is used to treat patients with acute lymphoblastic leukemia who are hypersensitive to unmodified forms of L-asparaginase. Currently, there is one unmodified form of L-asparaginase (Elspar) available in the United States and several available in Europe. We believe that ONCASPAR has two advantages over these unmodified forms of L-asparaginase: increased circulating blood life and generally reduced immunogenicity.

The current market for INTRON A, Schering-Plough's interferon alpha-2b product, is highly competitive, with Hoffmann-La Roche, Amgen and several other companies selling similar products. We believe that PEG-INTRON may have several potential advantages over the other interferon products currently approved for marketing in the United States including:

- once per week dosing versus the current three times per week dosing, and
- increased efficacy, compared with unmodified alpha-interferon.

It has also been reported that Hoffmann-La Roche's PEGASYS product is a pegylated longer lasting version of its interferon product, ROFERON-A. Hoffmann-La Roche filed for United States marketing approval for PEGASYS in May 2000. During June 2002, Roche also filed for United States marketing approval in combination with Ribavirin for treatment of hepatitis C. This product has

received priority (6 months) review status by the United States FDA. Currently the product has not received FDA approval. During June 2002, PEGASYS received European Union approval for treatment of hepatitis C as a monotherapy and in combination with ribavirin. We expect PEGASYS to compete with PEG-INTRON in the United States and the European Union.

There are several technologies which compete with our SCA protein technology, including chimeric antibodies, humanized antibodies, human monoclonal antibodies, recombinant antibody Fab fragments, low molecular weight peptides and mimetics. These competing technologies can be categorized into two areas:

- those modifying monoclonal antibodies to minimize immunological reaction to a foreign protein, which is the strategy employed with chimerics, humanized antibodies and human monoclonal antibodies, and

- those creating smaller portions of monoclonal antibodies, which are more specific to the target and have fewer side effects, as is the case with Fab fragments and low molecular weight peptides.

We believe that the smaller size of our SCA proteins should permit better penetration into the tumor, result in rapid clearance from the blood and cause a significant decrease in the immunogenic problems associated with conventional monoclonal antibodies. A number of organizations have active programs in SCA proteins. We believe that our patent position on SCA proteins will likely require companies that have not licensed our SCA protein patents to obtain licenses under our patents in order to commercialize their products, but we cannot assure you this will prove to be the case.

Employees

As of June 30, 2002, we employed 127 persons, including 27 persons with Ph.D. or MD degrees. At that date, 58 employees were engaged in research and development activities, 40 were engaged in manufacturing, and 29 were engaged in administration and management. None of our employees are covered by a collective bargaining agreement. All of our employees are covered by confidentiality agreements. We consider our relations with our employees to be good.

Item 2. Properties

We own no real property. The following are all of the facilities that we currently lease:

Location	Principal Operations	Approx. Square Footage	Approx. Annual Rent	Lease Expiration
20 Kingsbridge Road Piscataway, NJ	Research & Development	56,000	$581,000(1)	July 31, 2021
300 Corporate Ct. S. Plainfield, NJ	Manufacturing	24,000	183,000	March 31, 2007
685 Route 202/206 Bridgewater, NJ	Administrative	19,000	470,000(2)	June 30, 2007

(1) Under the terms of the lease, annual rent increases over the remaining term of the lease from $581,000 to $773,000.

(2) Under the terms of the lease, annual rent increases over the remaining term of the lease from $470,000 to $489,000.

We believe that our facilities are well maintained and generally adequate for our present and future anticipated needs.

Item 3. Legal Proceedings

There is no pending material litigation to which we are a party or to which any of our property is subject.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Our common stock is traded in the over-the-counter market and is quoted on the NASDAQ National Market under the trading symbol "ENZN".

The following table sets forth the high and low sale prices for our common stock for the years ended June 30, 2002 and 2001, as reported by the NASDAQ National Market. The quotations shown represent inter-dealer prices without adjustment for retail markups, markdowns or commissions, and may not necessarily reflect actual transactions.

Year Ended June 30, 2002	High	Low
First Quarter	67.92	42.77
Second Quarter	67.15	50.10
Third Quarter	57.86	40.75
Fourth Quarter	44.70	22.12
Year Ended June 30, 2001		
First Quarter	74.13	41.38
Second Quarter	84.13	50.75
Third Quarter	67.75	33.13
Fourth Quarter	79.40	39.56

As of September 18, 2002 there were 1,670 holders of record of our common stock.

We have never declared or paid any cash dividends on our common stock and do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings to fund the development and growth of our business. Holders of our Series A preferred stock are entitled to an annual dividend of $2.00 per share, payable semiannually, but only when and if declared by our board of directors, out of funds legally available. As of June 30, 2002, there were 7,000 shares of Series A preferred stock issued and outstanding. Dividends on the Series A preferred stock are cumulative and accrue and accumulate but will not be paid, except in liquidation or upon conversion, until such time as the board of directors deems it appropriate. No dividends are to be paid or set apart for payment on our common stock, nor are any shares of common stock to be redeemed, retired or otherwise acquired for valuable consideration unless we have paid in full or made appropriate provision for the payment in full of all dividends which have then accumulated on the Series A preferred stock.

The following table provides additional information on the Company's equity-based compensation plans as of June 30, 2002:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)

Equity compensation plans approved by security holders	3,644,428	$38.07	1,549,096
Equity compensation plans not approved by security holders	--	--	--
Total	3,644,428	$38.07	1,549,096

Item 6. Selected Financial Data

Set forth below is our selected financial data for the five fiscal years ended June 30, 2002.

Consolidated Statement of Operations Data:

	Years Ended June 30				
	2002	2001	2000	1999	1998
Revenues	$75,804,746	$31,587,709	$ 17,017,797	13,158,207	$ 14,644,032
Net Income (Loss)	45,806,343	11,525,064	(6,306,464)	(4,919,208)	(3,617,133)
Net Income (Loss) per Diluted Share	$ 1.04	$ .26	($0.17)	($0.14)	($0.12)
Dividends on Common Stock	None	None	None	None	None

Consolidated Balance Sheet Data:

	June 30,				
	2002	2001	2000	1999	1998
Total Assets	$610,747,883	$549,675,817	$130,252,250	$ 34,916,315	$13,741,378
Long-Term Obligations	$400,000,000	$400,000,000	--	--	--

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Fiscal Years Ended June 30, 2002, 2001, and 2000

Revenues. Revenues for the year ended June 30, 2002 were $75,805,000 compared to $31,588,000 for the year ended June 30, 2001 and $17,018,000 for the year ended June 30, 2000. The components of revenues are net sales and royalties we earn on the sale of our products by others and contract revenues.

Net sales increased by 7% to $22,183,000 for the year ended June 30, 2002, as compared to $20,769,000 for the year ended June 30, 2001. The increase was due to increased ONCASPAR sales. The increase in ONCASPAR sales was due to the lifting during the prior year of all of the FDA distribution and labeling restrictions that were in place for a portion of fiscal 2001. During the year ended June 30, 2001, the FDA gave final approval to manufacturing changes which we made to correct certain manufacturing problems, and all previously imposed restrictions were lifted. Net sales of ADAGEN were $13,441,000 for the year ended June 30, 2002 and $13,369,000 for the year ended June 30, 2001.

Sales increased by 33% to 20,769,000 for the year ended June 30, 2001 from $15,558,000 for the year ended June 30, 2000. This was due to increased ONCASPAR

and ADAGEN sales. The increase in ONCASPAR sales was due to the mid-year lifting of FDA imposed distribution and labelling restrictions which were in place during fiscal year ended June 30, 2000. Net sales of ADAGEN increased to $13,369,000 for the year ended June 30, 2001 as compared to $12,159,000 in fiscal 2000. The increase in ADAGEN sales resulted from an increase in the number of patients receiving ADAGEN treatment.

Royalties for the year ended June 30, 2002 increased to $53,329,000 compared to $8,251,000 in the prior year. The increase was primarily due to the commencement of sales of PEG-INTRON in combination with REBETOL in the U.S. and increased sales of PEG-INTRON in Europe. Schering-Plough, our marketing partner for PEG-INTRON, began selling PEG-INTRON in the European Union in June 2000 and in the U.S. in February 2001. PEG-INTRON also received marketing approval for use in combination with REBETOL for the treatment of chronic hepatitis C in the European Union in March 2001 and in the U.S. in August 2001. Schering-Plough launched PEG-INTRON as combination therapy with REBETOL in the U.S. in October 2001.

Royalties for the year ended June 30, 2001 increased to $8,251,000 as compared to $34,000 for the year ended June 30, 2000 due to the approval of PEG-INTRON in the European Union in late fiscal 2000 and in the United States during fiscal 2001.

Sales of ADAGEN are expected to increase at rates comparable to those achieved during the last two years as additional patients are treated. We anticipate ONCASPAR revenues to increase due to increased detailing of the product resulting from our reacquisition of marketing rights for the product from Aventis at the end of fiscal 2002. During fiscal 2002, we distributed and recorded the net sales of ONCASPAR, but the product was not marketed by us or Aventis. We expect royalties on PEG-INTRON to increase in future quarters with the continued roll out of the product in the U.S. Schering-Plough has reported that clinical trials of PEG-INTRON for additional indications are being conducted and will seek approval in additional countries for PEG-INTRON. However, we cannot assure you that any particular sales levels of ADAGEN, ONCASPAR or PEG-INTRON will be achieved or maintained.

Contract revenues for the year ended June 30, 2002 decreased by $2,275,000, as compared to the prior year. The decrease was related primarily to a $2,000,000 milestone payment from our development partner Schering-Plough which was earned as a result of the FDA's approval of PEG-INTRON during the year ended June 30, 2001.

Contract revenues for the year ended June 30, 2001 increased by $1,141,000, as compared to the prior year as a result of a $2,000,000 milestone payment from Schering-Plough in the fiscal year 2001 offset by a $1,000,000 milestone payment received in 2000 from Schering-Plough for the FDA's acceptance in February 2000 of the U.S. marketing application for PEG-INTRON.

We had export sales and royalties recognized on export sales of $26,302,000 for the year ended June 30, 2002, $11,161,000 for the year ended June 30, 2001 and $4,137,000 for the year ended June 30, 2000. Of these amounts, sales in Europe and royalties recognized on sales in Europe, were $22,671,000 for the year ended June 30, 2002, $10,226,000 for the year ended June 30, 2001 and $3,617,000 for the year ended June 30, 2000.

Cost of Sales. Cost of sales, as a percentage of net sales increased to 27% for the year ended June 30, 2002, as compared to 19% for the prior year. This increase was due to lower cost of goods sold during the previous fiscal year as certain finished goods, which had previously been reserved for due to previously disclosed manufacturing problems related to ONCASPAR, were cleared and sold in the prior year.

Cost of sales, as a percentage of sales, for the year ended June 30, 2001 was 19% as compared to 31% in 2000. This improvement was primarily due to the prior year's write-off of ONCASPAR finished goods related to the previously disclosed manufacturer problems.

Research and Development. Research and development expenses increased by $5,375,000 or 41% to $18,427,000 for the year ended June 30, 2002, as compared to $13,052,000 for the same period last year. The increase was primarily due to the clinical advancement and related clinical trial costs for PROTHECAN

(PEG-camptothecin) and PEG-paclitaxel and increased payroll and related expenses.

Research and development expenses for the year ended June 30, 2001 increased by 56% to $13,052,000 as compared to $8,383,000 in 2000. The increase was due to increased payroll and related expenses due to an increase in research personnel and increased contracted services related to clinical trials and preclinical studies for products under development, including PROTHECAN and PEG-paclitaxel.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the year ended June 30, 2002 increased by $4,892,000 to $16,687,000, as compared to $11,795,000 in 2001. The increase was primarily due to increased payroll and related expenditures for additional administrative personnel and costs related to the identification and review of potential strategic alliances to gain access to technologies and products.

Selling, general and administrative expenses for the year ended June 30, 2001 decreased by $1,161,000 to $11,795,000, as compared to $12,956,000 in 2000. The decrease was primarily due to a net charge of $2,600,000 recorded in the prior year, which was the result of a binding arbitration award in a lawsuit brought by a former financial advisor. The decrease was partially offset by increased legal fees associated with patent filings and patent litigation costs.

Other Income/Expense. Interest income increased by $10,279,000 to $18,681,000 for the year ended June 30, 2002, as compared to $8,402,000 for the prior year. The increase in interest income was attributable to an increase in interest bearing investments, primarily due to the issuance of $400,000,000 of 4.5% convertible subordinated notes during June 2001. Interest expense increased to $19,829,000 from $275,000 for the prior year due to the issuance of the $400,000,000 in 4.5% convertible subordinated notes in June 2001. Other income increased to $3,218,000 for the year ended June 30, 2002 as compared to $11,000 in the prior year, primarily due to a $3,000,000 payment from Inhale in connection with the settlement of the patent infringement suit against Inhale's subsidiary Shearwater Corporation, Inc. This one-time payment was reimbursement for expenses we incurred in defending our branched PEG patent.

Other income/expense increased by $5,234,000 to $8,137,000 for the year ended June 30, 2001, as compared to $2,903,000 for the prior year. The increase was attributable to an increase in interest income due to an increase in interest bearing investments.

Income Taxes. For the year ended June 30, 2002, the Company recognized a net tax benefit of approximately $9,123,000, primarily related to the reduction in the valuation allowance based on the Company's net operating losses expected to be utilized to offset the estimated tax liability for the year ended June 30, 2003. We also recognized a tax provision which represents our anticipated Alternative Minimum Tax liability based on our fiscal 2002 taxable income. The tax provision was offset by the sale of a portion of our net operating losses to the state of New Jersey. During the year ended June 30, 2002, we sold approximately $10,888,000 of our state net operating loss carry forwards for proceeds of $857,000. For the year ended June 30, 2001 the Company recognized a tax provision, which represents our anticipated Alternative Minimum Tax liability based on our fiscal 2001 taxable income. The tax provision was offset

by the sale of a portion of our net operating losses to the state of New Jersey. During the year ended June 30, 2001, we sold approximately $9,255,000 of our state net operating loss carry forwards and recognized a tax benefit of $728,000 from this sale.

Liquidity and Capital Resources

Total cash reserves, including cash, cash equivalents and marketable securities, as of June 30, 2002 were $485,014,000, as compared to $516,379,000 as of June 30, 2001. The decrease in total cash reserves was primarily due to the strategic investment of approximately $48,300,000 in Inhale Therapeutics and Micromet AG, and the payment of $15,000,000 for the reacquisition of ONCASPAR offset in part by approximately $31,000,000 in positive cash flow from operations. We invest our excess cash primarily in United States government-backed securities.

As of June 30, 2002, we had $400,000,000 of 4.5% convertible subordinated notes outstanding. The notes bear interest at an annual rate of 4.5%. Interest is payable on January 1 and July 1 of each year beginning January 2, 2002. Accrued interest on the notes was approximately $9,000,000 as of June 30, 2002 (which was paid on July 1, 2002). The holders may convert all or a portion of the notes into common stock at any time on or before July 1, 2008. The notes are convertible into our common stock at a conversion price of $70.98 per share, subject to adjustment in certain events. The notes are subordinated to all existing and future senior indebtedness. On or after July 7, 2004, we may redeem any or all of the notes at specified redemption prices, plus accrued and unpaid interest to the day preceding the redemption date. The notes will mature on July 1, 2008 unless earlier converted, redeemed at our option or redeemed at the option of the note-holder upon a fundamental change, as described in the indenture for the notes. Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries are restricted under the indenture from paying dividends, incurring debt or issuing or repurchasing our securities.

To date, our sources of cash have been the proceeds from the sale of our stock through public offerings and private placements, the issuance of the 4.5% convertible subordinated notes, sales of and royalties on sales of ADAGEN, ONCASPAR, and PEG-INTRON, sales of our products for research purposes, contract research and development fees, technology transfer and license fees and royalty advances.

The Company has a capital expenditure commitment for the year ended June 30, 2003 of approximately $3 million.

In January 2002, we purchased $40 million of newly issued Inhale convertible preferred stock. The preferred stock is convertible into Inhale common stock at a conversion price of $22.79 per share. In the event Inhale's common stock price three years from the date of issuance of the preferred stock, or earlier in certain circumstances, is less than $22.79, the conversion price will be adjusted down, although in no event will it be less than $18.23 per share.

In April 2002, we purchased an $8.3 million interest bearing note from Micromet which is convertible into Micromet common stock.

In June 2002, we entered into an agreement with Aventis to reacquire our rights to market and distribute ONCASPAR. Under this agreement we paid $15 million to Aventis.

As of June 30, 2002, 1,043,000 shares of Series A preferred stock had been converted into 3,325,000 shares of common stock. Accrued dividends on the converted Series A preferred stock in the aggregate of $3,770,000 were settled by the issuance of 235,000 shares of common stock and cash payments of $1,947,000. The preferred shares outstanding at June 30, 2002 are convertible into approximately 32,000 shares of common stock. Dividends accrue on the remaining outstanding shares of Series A preferred stock at a rate of $14,000 per year. As of June 30, 2002, there were accrued and unpaid dividends totaling $172,000 on the 7,000 shares of Series A preferred stock outstanding. We have the

option to pay these dividends in either cash or common stock.

Our current sources of liquidity are cash, cash equivalents and interest earned on such cash reserves, sales of and royalties on sales of ADAGEN, ONCASPAR, and PEG-INTRON, and sales of our products for research purposes and license fees. Based upon our currently planned research and development activities and related costs and our current sources of liquidity, we anticipate our current cash reserves will be sufficient to meet our capital, debt service and operational requirements for the foreseeable future.

We may seek additional financing, such as through future offerings of equity or debt securities or agreements with collaborators with respect to the development and commercialization of products, to fund future operations and potential acquisitions. We cannot assure you, however, that we will be able to obtain additional funds on acceptable terms, if at all.

Contractual Obligations

Our major outstanding contractual obligations relate to our operating leases. Our facilities lease expense in future years will increase over previous years as a result of a new lease agreement entered into in 2002.

In March 2002, we entered into a lease for a 19,000 square feet facility located in Bridgewater, NJ that will serve as our corporate headquarters. The lease has a term of 5 years, followed by one five year renewal option period. The future minimum lease payments are approximately $2,350,000 throughout the five year term of the lease. Other commitments for operating leases total $13,679,000.

In April 2002, we entered into a multi-year strategic collaboration with Micromet AG, a private company to combine our patent estates and complementary expertise in single-chain antibody (SCA) technology to create a leading platform of therapeutic products based on antibody fragments. We have an obligation to fund 50% of research and development expenses for activities relating to SCA for the collaboration through September 2003.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants discuss their most "critical accounting policies" in management's discussion and analysis of financial condition and results of operations. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of the company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe based on our current business that there are no critical accounting policies, except for our accounting related to Income Taxes. Under the asset and liability method of Statement of Financial Accounting Standards No. 109 ("SFAS 109"), deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rated expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance on net deferred tax assets is provided for when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has significant net deferred tax assets, primarily related to net operating loss carryforward, and continues to analyze what the level of the valuation allowance is needed (see Note 12 to the Consolidated Financial Statements). Our other policies are described in Note 2 to the consolidated financial statements.

Recently Issued Accounting Standards

In July 2001, the FASB issued SFAS No. 141, Business Combination, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 requires that all business combinations be accounted for under a single method - the purchase method. Use of the pooling-of-interests method no longer is permitted. SFAS 141 requires that the purchase method be used for business combinations initiated after June 30, 2001. SFAS 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The amortization of goodwill ceases upon adoption of the statement, which was adopted by the Company on July 1, 2001. SFAS 142 has no impact on our historical financial statements as we do not have any goodwill or intangible assets, which resulted from business combinations.

In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS 143 requires an enterprise to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets. Since the requirement is to recognize the obligation when incurred, approaches that have been used in the past to accrue the asset retirement obligation over the life of the asset are no longer acceptable. SFAS 143 also requires the enterprise to record the contra to the initial obligation as an increase to the carrying amount of the related long-lived asset (i.e., the associated asset retirement costs) and to depreciate that cost over the life of the asset. The liability is increased at the end of each period to reflect the

passage of time (i.e., accretion expense) and changes in the estimated future cash flows underlying the initial fair value measurement. Enterprises are required to adopt Statement 143 for fiscal years beginning after June 15, 2002. We are in the process of evaluating this SFAS and the effect that it will have on our consolidated financial statements.

In October 2001, the FASB issued SFAS 144, Accounting for Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While SFAS 144 supersedes SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of, it retains many of the fundamental provisions of that statement. SFAS also supersedes the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. However, it retains the requirement in Opinion No. 30 to report separately discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in distribution to owners) or is classified as held for sale. Enterprises are required to adopt SFAS 144 for fiscal years beginning after December 15, 2002. We are in the process of evaluating this SFAS and the effect that it will have on our consolidated financial statements.

In July 2002, FASB issued FAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This Standard supercedes the accounting guidance provided by Emerging Issues Task Force Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). FAS No. 146 requires companies to recognize costs associated with exit activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. FAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company is currently evaluating this Standard.

Risk Factors

Our near term success is heavily dependent on Schering-Plough's effective marketing of PEG-INTRON.

In the near term, our results of operations are heavily dependent on Schering-Plough's sales of PEG-INTRON. Under our agreement with Schering-Plough, pursuant to which we applied our PEG

technology to develop a modified form of Schering-Plough's INTRON A, we are receiving royalties on worldwide sales of PEG-INTRON. During the fiscal year ended June 30, 2002, royalties on sales of PEG-INTRON comprised approximately 70% of our total revenues. Schering-Plough is responsible for conducting and funding the clinical studies, obtaining regulatory approval and marketing the product worldwide on an exclusive basis. Schering-Plough received marketing authorization for PEG-INTRON in the United States in January 2001 and in the European Union in May 2000 for the treatment of hepatitis C. Schering-Plough has also been granted marketing approval for the sale of PEG-INTRON and REBETOL capsules as combination therapy for the treatment of hepatitis C in March 2001 in the European Union and in August 2001 in the U.S. If Schering-Plough fails to effectively market PEG-INTRON or discontinues the marketing of PEG-INTRON for these indications, this would have a material adverse effect on our business, financial condition and results of operations.

Even though the use of PEG-INTRON as a stand alone therapy and as combination therapy with REBETOL has received FDA approval, we cannot assure you that Schering-Plough will be successful in marketing PEG-INTRON or that Schering-Plough will not continue to market INTRON A, either as a stand-alone product or in combination therapy with REBETOL. The amount and timing of resources dedicated by Schering-Plough to the marketing of PEG-INTRON is not within our control. If Schering-Plough breaches or terminates its agreement with us, the commercialization of PEG-INTRON could be slowed or blocked completely. Our revenues will be negatively affected if Schering-Plough continues to market INTRON A in competition with PEG-INTRON or if it cannot meet the manufacturing demands of the market. Schering-Plough has experienced problems manufacturing sufficient quantities of PEG-INTRON to meet market demand. If Schering-Plough breaches the agreement, a dispute may arise between us. A dispute would be both

expensive and time-consuming and may result in delays in the commercialization of PEG-INTRON, which would likely have a material adverse effect on our business, financial condition and results of operations.

We may not sustain profitability.

Prior to the fiscal year ended June 30, 2001, we had incurred substantial losses. As of June 30, 2002, we had an accumulated deficit of approximately $73 million. Although we earned a profit for the fiscal years ended June 30, 2002 and 2001, we cannot assure you that we will be able to remain profitable. Our ability to remain profitable will depend primarily on Schering-Plough's effective marketing of PEG-INTRON, as well as on the rate of growth in our other product sales or royalty revenue and on the level of our expenses. Our ability to achieve long-term profitability will depend upon our or our licensees' ability to obtain regulatory approvals for additional product candidates. Even if our product candidates receive regulatory approval, we cannot assure you that our products will achieve market acceptance or will be commercialized successfully or that our operations will sustain profitability.

We are subject to extensive regulation. Compliance with these regulations can be costly, time consuming and subject us to unanticipated delays in developing our products.

The manufacturing and marketing of pharmaceutical products in the United States and abroad are subject to stringent governmental regulation. The sale of any of our products for use in humans in the United States will require the prior approval of the FDA. Similar approvals by comparable agencies are required in most foreign countries. The FDA has established mandatory procedures and safety standards that apply to the clinical testing, manufacture and marketing of pharmaceutical products. Obtaining FDA approval for a new therapeutic product may take several years and involve substantial expenditures. ADAGEN was approved by the FDA in 1990. ONCASPAR was approved in the United States and in Germany in 1994, and in Canada in 1997, in each case for patients with acute lymphoblastic leukemia who are hypersensitive to native forms of L-asparaginase. ONCASPAR was approved in Russia in April 1993 for therapeutic use in a broad range of cancers. PEG-INTRON was approved in Europe and the United States for the treatment of hepatitis C in May 2000 and January 2001, respectively. Except for these

approvals, none of our other products has been approved for sale and use in humans in the United States or elsewhere.

We cannot assure you that we or our licensees will be able to obtain FDA or other relevant marketing approval for any of our other products. In addition, any approved products are subject to continuing regulation. If we or our licensees fail to comply with applicable requirements it could result in:

- criminal penalties,
- civil penalties,
- fines,
- recall or seizure,
- injunctions requiring suspension of production,
- orders requiring ongoing supervision by the FDA, or
- refusal by the government to approve marketing or export applications or to allow us to enter into supply contracts.

If we or our licensees fail to obtain or maintain requisite governmental approvals or fail to obtain or maintain approvals of the scope requested, it will delay or preclude us or our licensees or marketing partners from marketing our products. It could also limit the commercial use of our products. Any such failure or limitation may have a material adverse effect on our business, financial condition and results of operations.

We have experienced problems complying with the FDA's regulations for manufacturing our products, and we may not be able to resolve these problems.

Manufacturers of drugs also must comply with the applicable FDA good manufacturing practice regulations, which include quality control and quality assurance requirements as well as the corresponding maintenance of records and documentation. Manufacturing facilities are subject to ongoing periodic inspection by the FDA and corresponding state agencies, including unannounced inspections, and must be licensed as part of the product approval process before they can be used in commercial manufacturing. We or our present or future suppliers may be unable to comply with the applicable good manufacturing practice regulations and other FDA regulatory requirements. We manufacture ONCASPAR and ADAGEN, and Schering-Plough is responsible for the manufacture of PEG-INTRON.

ADAGEN and ONCASPAR use our earlier PEG technology which tends to be less stable then the PEG technology used in PEG-INTRON and our products under development. Due, in part, to the draw backs in the earlier technologies we have had and will likely continue to have these and other potential manufacturing problems with these products.

Manufacturing and stability problems required us to implement voluntarily recalls for one ADAGEN batch in March 2001 and certain batches of ONCASPAR in June 2002.

During 1998, we experienced manufacturing problems with ONCASPAR. The problems were due to increased levels of white particulates in batches of ONCASPAR, which resulted in an increased rejection rate for this product. In November 1999, as a result of manufacturing changes we implemented, the FDA withdrew this distribution restriction. During this period we agreed with the FDA to temporary labeling

and distribution restrictions for ONCASPAR and instituted additional inspection and labeling procedures prior to distribution.

In July 1999, the FDA conducted an inspection of our manufacturing facility in connection with our product license for ADAGEN. Following that inspection, the FDA documented several deviations from Current Good Manufacturing Practices, known as cGMP, in a Form 483 report. We provided the FDA with a corrective action plan. In November 1999, the FDA issued a warning letter citing the same cGMP deviations listed in the July 1999 Form 483, but it also stated that the FDA was satisfied with our proposed corrective actions. As a result of the deviations, the FDA decided not to approve product export requests from us for ONCASPAR until it determined that all noted cGMP deviations were either corrected or in the process of being corrected. This restriction was removed in August 2000.

Since January 2000, the FDA has conducted follow-up inspections as well as routine inspections of our manufacturing facility related to ONCASPAR and ADAGEN. Following certain of these inspections, the FDA issued Form 483 reports, citing deviations from cGMP. We have or are in the process of responding to such reports with corrective action plans and are currently in discussion with the FDA concerning some observations set forth in the Form 483s.

We are aware that the FDA has conducted inspections of certain of the manufacturing facilities of Schering-Plough and those inspections have resulted in the issuance of Form 483s citing deviations from cGMP.

If we or our licensees, including Schering-Plough, face additional manufacturing problems in the future or if we or our licensees are unable to satisfactorily resolve current or future manufacturing problems, the FDA could require us or our licensees to discontinue the distribution of our products or to delay continuation of clinical trials. If we or our licensees, including Schering-Plough, cannot market and distribute our products for an extended period, sales of the products will suffer, which would adversely affect our financial results.

Our clinical trials could take longer to complete and cost more than we expect.

We will need to conduct significant additional clinical studies of all of our product candidates, which have not yet been approved for sale. These studies are costly, time consuming and unpredictable. Any unanticipated costs or delays

in our clinical studies could harm our business, financial condition and results of operations.

A Phase III clinical trial is being conducted for PEG-INTRON for one cancer indication. Schering-Plough is also in early stage clinical trials for PEG-INTRON in other cancer indications. Schering-Plough is currently conducting late-stage strategic clinical trials for treatment of hepatitis C in Japan. Clinical trials are also being conducted for PEG-INTRON as a long term maintenance therapy (COPILOT) and as combination therapy with REBETOL in patients with chronic hepatitis C who did not respond to or had relapsed following previous interferon-based therapy. We are currently conducting early stage clinical trials of two other PEG products, PROTHECAN currently in Phase II and PEG-paclitaxel currently in Phase I. The rate of completion of clinical trials depends upon many factors, including the rate of enrollment of patients. If we or the other sponsors of these clinical trials are unable to accrue sufficient clinical patients in such trials during the appropriate period, such trials may be delayed and will likely incur significant additional costs. In addition, FDA or institutional review boards may require us to delay, restrict, or discontinue our clinical trials on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

The cost of human clinical trials varies dramatically based on a number of factors, including:

- the order and timing of clinical indications pursued,

- the extent of development and financial support from corporate collaborators,
- the number of patients required for enrollment,
- the difficulty of obtaining clinical supplies of the product candidate, and
- the difficulty in obtaining sufficient patient populations and clinicians.

All statutes and regulations governing the conduct of clinical trials are subject to change in the future, which could affect the cost of our clinical trials. Any unanticipated costs or delays in our clinical studies could harm our business, financial condition and results of operations.

In some cases, we rely on corporate collaborators or academic institutions to conduct some or all aspects of clinical trials involving our product candidates. We will have less control over the timing and other aspects of these clinical trials than if we conducted them entirely on our own. We cannot assure you that these trials will commence or be completed as we expect or that they will be conducted successfully.

If preclinical and clinical trials do not yield positive results, our product candidates will fail.

If preclinical and clinical testing of one or more of our product candidates do not demonstrate the safety and efficacy of the desired indications, those potential products will fail. Numerous unforeseen events may arise during, or as a result of, the testing process, including the following:

- the results of preclinical studies may be inconclusive, or they may not be indicative of results that will be obtained in human clinical trials,
- potential products may not have the desired effect or may have undesirable side effects or other characteristics that preclude regulatory approval or limit their commercial use if approved,
- results attained in early human clinical trials may not be indicative of results that are obtained in later clinical trials, and
- after reviewing test results, we or our corporate collaborators may abandon projects which we might previously have believed to be

promising.

Clinical testing is very costly and can take many years. The failure to adequately demonstrate the safety and efficacy of a therapeutic product under development would delay or prevent regulatory approval, which could adversely affect our business and financial performance.

In June 2001, we reported that Schering-Plough completed its Phase III clinical trial, which compared PEG-INTRON to INTRON A in patients with newly diagnosed chronic myelogenous leukemia or CML. In the study, although PEG-INTRON demonstrated clinical comparability and a comparable safety profile with INTRON A, the efficacy results for PEG-INTRON did not meet the protocol-specified statistical criteria for non-inferiority, the primary endpoint of the study.

Even if we obtain regulatory approval for our products, they may not be accepted in the marketplace.

The commercial success of our products will depend upon their acceptance by the medical community and third-party payors as clinically useful, cost-effective and safe. Even if our products obtain

regulatory approval, we cannot assure you that they will achieve market acceptance of any kind. The degree of market acceptance will depend on many factors, including:

- the receipt, timing and scope of regulatory approvals,
- the timing of market entry in comparison with potentially competitive products,
- the availability of third-party reimbursement, and
- the establishment and demonstration in the medical community of the clinical safety, efficacy and cost-effectiveness of drug candidates, as well as their advantages over existing technologies and therapeutics.

If any of our products do not achieve market acceptance, we will likely lose our entire investment in that product.

We depend on our collaborative partners. If we lose our collaborative partners or they do not apply adequate resources to our collaborations, our product development and financial performance may suffer.

We rely heavily and will depend heavily in the future on collaborations with corporate partners, primarily pharmaceutical companies, for one or more of the research, development, manufacturing, marketing and other commercialization activities relating to many of our product candidates. If we lose our collaborative partners, or if they do not apply adequate resources to our collaborations, our product development and financial performance may suffer.

The amount and timing of resources dedicated by our collaborators to their collaborations with us is not within our control. If any collaborator breaches or terminates its agreements with us, or fails to conduct its collaborative activities in a timely manner, the commercialization of our product candidates could be slowed or blocked completely. We cannot assure you that our collaborative partners will not change their strategic focus or pursue alternative technologies or develop alternative products as a means for developing treatments for the diseases targeted by these collaborative programs. Our collaborators could develop competing products. In addition, our revenues will be affected by the effectiveness of our corporate partners in marketing any successfully developed products.

We cannot assure you that our collaborations will be successful. Disputes may arise between us and our collaborators as to a variety of matters, including financing obligations under our agreements and ownership of intellectual property rights. These disputes may be both expensive and time-consuming and may result in delays in the development and commercialization of products.

We are dependent upon a single outside supplier for each of the crucial raw materials necessary to the manufacture of each of our products and product

candidates.

We cannot assure you that sufficient quantities of our raw material requirements will be available to support the continued research, development or manufacture of our products. We purchase the unmodified compounds utilized in our approved products and products under development from outside suppliers. We may be required to enter into supply contracts with outside suppliers for certain unmodified compounds. We do not produce the unmodified adenosine deaminase used in the manufacture of ADAGEN or the unmodified forms of L-asparaginase used in the manufacture of ONCASPAR. We have a supply contract with an outside supplier for the supply of each of these unmodified compounds. If we experience a delay in obtaining or are unable to obtain any unmodified compound, including unmodified adenosine deaminase or unmodified L-asparaginase, on reasonable terms, or at all, it could have a material adverse effect on our business, financial condition and results of operations.

If we are required to obtain an alternate source for an unmodified compound utilized in a product, the FDA and relevant foreign regulatory agencies will likely require that we perform additional testing to demonstrate that the alternate material is biologically and chemically equivalent to the unmodified compound previously used in our clinical trials. This testing could delay or stop development of a product, limit commercial sales of an approved product and cause us to incur significant additional expenses. If we are unable to demonstrate that the alternate material is chemically and biologically equivalent to the previously used unmodified compound, we will likely be required to repeat some or all of the preclinical and clinical trials conducted for the compound. The marketing of an FDA approved drug could be disrupted while such tests are conducted. Even if the alternate material is shown to be chemically and biologically equivalent to the previously used compound, the FDA or relevant foreign regulatory agency may require that we conduct additional clinical trials with the alternate material.

There is one FDA-approved supplier of the adenosine deaminase enzyme, or ADA, used in ADAGEN. During 2002 we obtained FDA approval of the use of the ADA enzyme obtained from bovine intestines from cattle of New Zealand origin. New Zealand currently certifies that it's cattle are Bovine spongiform encephalopathy (BSE or mad cow disease) free. Beginning in September 2002, the United States Department of Agriculture or USDA will require all animal sourced materials shipped to the United States from any European country to contain a veterinary certificate that the product is BSE free. We currently have more than a year's supply of ADA enzyme in inventory and are investigating the ability for our supplier which processes our ADA enzyme supply in Germany to comply with or obtain a waiver of this requirement. We cannot guarantee that such certificate or waiver will be available. If our supplier is unable to supply us with ADA enzyme, it is likely that we will be unable to produce or distribute ADAGEN once we utilize our current inventory of ADA enzyme.

The United States and foreign patents upon which our original PEG technology was based have expired. We depend on patents and proprietary rights, which may offer only limited protection against potential infringement and the development by our competitors of competitive products.

Research Corporation Technologies, Inc. held the patent upon which our original PEG technology was based and had granted us a license under such patent. Research Corporation's patent contained broad claims covering the attachment of PEG to polypeptides. However, this United States patent and its corresponding foreign patents have expired. Based upon the expiration of the Research Corporation patent, other parties will be permitted to make, use or sell products covered by the claims of the Research Corporation patent, subject to other patents, including those which we hold. We have obtained several patents with claims covering improved methods of attaching or linking PEG to therapeutic compounds. We cannot assure you that any of these patents will enable us to prevent infringement or that competitors will not develop alternative methods of attaching PEG to compounds potentially resulting in competitive products outside the protection that may be afforded by our patents. We are aware that others have also filed patent applications and have been granted patents in the United States and other countries with respect to the application of PEG to proteins and other compounds. We cannot assure you that the expiration of the Research Corporation patent or other patents related to PEG that have been granted to third parties will not have a material adverse effect on our business, financial condition and results of operations.

The pharmaceutical industry places considerable importance on obtaining patent and trade secret protection for new technologies, products and processes. Our success depends, in part, on our ability to develop and maintain a strong patent position for our products and technologies both in the United States and in other countries. We have been licensed, and been issued, a number of patents in the United States and other countries, and we have other patent applications pending to protect our proprietary technology. Although we believe that our patents provide certain protection from competition, we cannot assure you that such patents will be of substantial protection or commercial benefit to us, will afford us adequate protection from competing products, or will not be challenged or declared invalid. In addition we cannot assure you that additional United States patents or foreign patent equivalents will be issued to us. The scope of patent

claims for biotechnological inventions is uncertain, and our patents and patent applications are subject to this uncertainty.

To facilitate development of our proprietary technology base, we may need to obtain licenses to patents or other proprietary rights from other parties. If we are unable to obtain such licenses, our product development efforts may be delayed or blocked.

We are aware that certain organizations are engaging in activities that infringe certain of our PEG and SCA technology patents. We cannot assure you that we will be able to enforce our patent and other rights against such organizations.

We expect that there will continue to be significant litigation in the biotechnology and pharmaceutical industries regarding patents and other proprietary rights. We have become involved in patent litigation, and we may likely become involved in additional patent litigation in the future. We may incur substantial costs in asserting any patent rights and in defending suits against us related to intellectual property rights. Such disputes could substantially delay our product development or commercialization activities and could have a material adverse effect on our business, financial condition and results of operations.

We also rely on trade secrets, know-how and continuing technological advancements to protect our proprietary technology. We have entered into confidentiality agreements with our employees, consultants, advisors and collaborators. However, these parties may not honor these agreements, and we may not be able to successfully protect our rights to unpatented trade secrets and know-how. Others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and know-how.

We have limited sales and marketing experience, which makes us dependent on our marketing partners.

Prior to our reacquisition in June 2002 of marketing rights to ONCASPAR for the United States and certain other countries, ADAGEN, which we market on a worldwide basis to a small patient population, was the only product for which we engaged in the direct commercial marketing and therefore we do not have significant experience in sales, marketing or distribution. For some of our products, we have provided exclusive marketing rights to our corporate partners in return for milestone payments and royalties to be received on sales. To the extent that we enter into licensing arrangements for the marketing and sale of our future products, any revenues we receive will depend primarily on the efforts of these third parties. We will not control the amount and timing of marketing resources that such third parties devote to our products. In addition, to the extent we market products directly, significant additional expenditures and management resources would be required to increase the size of our internal sales force. In any sales or marketing effort, we would compete with many other companies that currently have extensive and well-funded sales operations. Our marketing and sales efforts may be unable to compete successfully against other such companies.

We may acquire other companies or products and may be unable to successfully integrate such companies with our operations.

We may expand and diversify our operations with acquisitions. If we are unsuccessful in integrating any such company with our operations, or if integration is more difficult than anticipated, we may experience disruptions that could have a material adverse effect on our business, financial condition and results of operations. Some of the risks that may affect our ability to integrate or realize any anticipated benefits from any acquisition include those associated with:

- unexpected losses of key employees or customers of the acquired company;

- conforming the acquired company's standards, processes, procedures and controls with our operations;
- coordinating our new product and process development;
- diversion of existing management relating to the integration and operation of the acquired company;
- hiring additional management and other critical personnel; and
- increasing the scope, geographic diversity and complexity of our operations.

We may need to obtain additional financing to meet our future capital needs, and this financing may not be available when we need it.

Our current development projects require substantial capital. We may require substantial additional funds to conduct research activities, preclinical studies, clinical trials and other activities relating to the successful commercialization of potential products. In addition, we may seek to acquire additional products, technologies and companies, which could require substantial capital. We do not expect to achieve significant sales or royalty revenue from ADAGEN and ONCASPAR. In addition, we cannot be sure that we will be able to obtain significant revenue from PEG-INTRON. Additional funds from other sources may not be available on acceptable terms, if at all. If adequate funds are unavailable from operations or additional sources of financing, we may have to delay, reduce the scope of or eliminate one or more of our research or development programs or one or more of our proposed acquisitions of technologies or companies which could materially and adversely affect our business, financial condition and operations.

While we believe that our cash, cash equivalents and investments will be adequate to satisfy our capital needs for the foreseeable future, our actual capital requirements will depend on many factors, including:

- the level of revenues we receive from our FDA-approved products and product candidates,
- continued progress of our research and development programs,
- our ability to establish additional collaborative arrangements,
- changes in our existing collaborative relationships,
- progress with preclinical studies and clinical trials,
- the time and costs involved in obtaining regulatory clearance for our products,
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims,
- competing technological and market developments, and
- our ability to market and distribute our products and establish new collaborative and licensing arrangements.

We may seek to raise any necessary additional funds through equity or debt financings, collaborative arrangements with corporate partners or other sources which may be dilutive to existing stockholders. We cannot assure you that we will be able to obtain additional funds on acceptable terms, if at all. If adequate funds are not available, we may be required to:

- delay, reduce the scope or eliminate one or more of our development projects,
- obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves, or
- license rights to technologies, product candidates or products on terms that are less favorable to us than might otherwise be available.

We depend on key personnel and may not be able to retain these employees or recruit additional qualified personnel, which would harm our business.

Because of the specialized scientific nature of our business, we are highly dependent upon qualified scientific, technical and managerial personnel. There is intense competition for qualified personnel in the pharmaceutical field. Therefore, we may not be able to attract and retain the qualified personnel necessary for the development of our business. The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical and managerial personnel in a timely manner, would harm our research and development programs and our business.

Risks Related To Our Industry

We face rapid technological change and intense competition, which could harm our business and results of operations.

The biopharmaceutical industry is characterized by rapid technological change. Our future success will depend on our ability to maintain a competitive position with respect to technological advances. Rapid technological development by others may result in our products and technologies becoming obsolete.

We face intense competition from established biotechnology and pharmaceutical companies, as well as academic and research institutions that are pursuing competing technologies and products. We know that competitors are developing or manufacturing various products that are used for the prevention, diagnosis or treatment of diseases that we have targeted for product development. Many of our competitors have substantially greater research and development capabilities and experiences and greater manufacturing, marketing and financial resources than we do. Accordingly, our competitors may develop technologies and products that are superior to those we or our collaborators are developing and render our technologies and products or those of our collaborators obsolete and noncompetitive. In addition, many of our competitors have much more experience than we do in preclinical testing and human clinical trials of new drugs, as well as obtaining FDA and other regulatory approval. If we cannot compete effectively, our business and financial performance would suffer.

We may be sued for product liability.

Because our products and product candidates are new treatments with limited, if any, past use on humans, their use during testing or after approval could expose us to product liability claims. We maintain product liability insurance coverage in the total amount of $40 million for claims arising from the use of our products in clinical trials prior to FDA approval and for claims arising from the use of our products after FDA approval. We cannot assure you that we will be able to maintain our existing insurance coverage or obtain coverage for the use of our other products in the future. Also, this insurance coverage and our

resources may not be sufficient to satisfy any liability resulting from product liability claims, and a product liability claim may have a material adverse

effect on our business, financial condition or results of operations.

Sales of our products could be adversely affected if the costs for these products are not reimbursed by third-party payors.

In recent years, there have been numerous proposals to change the health care system in the United States. Some of these proposals have included measures that would limit or eliminate payments for medical procedures and treatments or subject the pricing of pharmaceuticals to government control. In addition, government and private third-party payors are increasingly attempting to contain health care costs by limiting both the coverage and the level of reimbursement of drug products. Consequently, significant uncertainty exists as to the reimbursement status of newly-approved health care products.

Our ability to commercialize our products will depend, in part, on the extent to which reimbursement for the cost of the products and related treatments will be available from third-party payors. If we or any of our collaborators succeeds in bringing one or more products to market, we cannot assure you that third-party payors will establish and maintain price levels sufficient for realization of an appropriate return on our investment in product development. In addition, lifetime limits on benefits included in most private health plans may force patients to self-pay for treatment. For example, patients who receive ADAGEN are expected to require injections for their entire lives. The cost of this treatment may exceed certain plan limits and cause patients to self-fund further treatment. Furthermore, inadequate third-party coverage may lead to reduced market acceptance of our products. Significant changes in the health care system in the United States or elsewhere could have a material adverse effect on our business and financial performance.

Risks Related To Our Subordinated Notes and Common Stock

The price of our common stock has been, and may continue to be, volatile which may significantly affect the trading price of our notes.

Historically, the market price of our common stock has fluctuated over a wide range, and it is likely that the price of our common stock will fluctuate in the future. The market price of our common stock could be impacted due to a variety of factors, including:

- the results of preclinical testing and clinical trials by us, our corporate partners or our competitors,
- announcements of technical innovations or new products by us, our corporate partners or our competitors,
- the status of corporate collaborations and supply arrangements,
- regulatory approvals,
- government regulation,
- developments in patent or other proprietary rights,
- public concern as to the safety and efficacy of products developed by us or others,
- litigation,

- acts of war or terrorism in the United States or worldwide, and
- general market conditions in our industry.

In addition, due to one or more of the foregoing factors in one or more future quarters, our results of operations may fall below the expectations of securities analysts and investors. In that event, the market price of our common stock could be materially and adversely affected.

The stock market has recently experienced extreme price and volume fluctuations. These fluctuations have especially affected the market price of the stock of many high technology and healthcare-related companies. Such fluctuations have often been unrelated to the operating performance of these

companies. Nonetheless, these broad market fluctuations may negatively affect the market price of our common stock.

Our notes are subordinated.

Our 4.5% convertible subordinated notes are unsecured and subordinated in right of payment to all of our existing and future senior indebtedness. In the event of our bankruptcy, liquidation or reorganization, or upon acceleration of the notes due to an event of default under the indenture and in certain other events, our assets will be available to pay obligations on the notes only after all senior indebtedness has been paid. As a result, there may not be sufficient assets remaining to pay amounts due on any or all of the outstanding notes. We are not prohibited from incurring debt, including senior indebtedness, under the indenture. If we were to incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. As of June 30, 2002, we had no senior indebtedness outstanding.

We may be unable to redeem our notes upon a fundamental change.

We may be unable to redeem our notes in the event of a fundamental change. Upon a fundamental change, holders of the notes may require us to redeem all or a portion of the notes. If a fundamental change were to occur, we may not have enough funds to pay the redemption price for all tendered notes. Any future credit agreements or other agreements relating to our indebtedness may contain similar provisions, or expressly prohibit the repurchase of the notes upon a fundamental change or may provide that a fundamental change constitutes an event of default under that agreement. If a fundamental change occurs at a time when we are prohibited from purchasing or redeeming notes, we could seek the consent of our lenders to redeem the notes or could attempt to refinance this debt. If we do not obtain a consent, we could not purchase or redeem the notes. Our failure to redeem tendered notes would constitute an event of default under the indenture. In such circumstances, or if a fundamental change would constitute an event of default under our senior indebtedness, the subordination provisions of the indenture would restrict payments to the holders of notes. A "fundamental change" is any transaction or event (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) in connection with which all or substantially all of our common stock is exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration which is not all or substantially all common stock that:

- is listed on, or immediately after the transaction or event will be listed on, a United States national securities exchange, or

- is approved, or immediately after the transaction or event will be approved, for quotation on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices.

The term fundamental change is limited to certain specified transactions and may not include other events that might adversely affect our financial condition or the market value of the notes or our common

stock. Our obligation to offer to redeem the notes upon a fundamental change would not necessarily afford holders of the notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

A public market for our notes may fail to develop or be sustained.

The initial purchasers of the notes, although they have advised us that they intend to make a market in the notes, are not obligated to do so and may discontinue this market making activity at any time without notice. In addition, market making activity by the initial purchasers will be subject to the limits imposed by the Securities Act and the Exchange Act of 1934, as amended. As a result, we cannot assure you that any market for the notes will develop or, if one does develop, that it will be maintained. If an active market for the notes fails to develop or be sustained, the trading price of the notes could be materially adversely affected.

Events with respect to our share capital could cause the price of our

common stock to decline.

Sales of substantial amounts of our common stock in the open market, or the availability of such shares for sale, could adversely affect the price of our common stock. An adverse effect on the price of our common stock may adversely affect the trading price of the notes. We had 42,999,823 shares of common stock outstanding as of June 30, 2002. The following securities that may be exercised for, or are convertible into, shares of our common stock were issued and outstanding as of June 30, 2002:

- Options. Stock options to purchase 3,644,428 shares of our common stock at a weighted average exercise price of approximately $38.07 per share; of this total, 1,410,153 were exercisable at a weighted average exercise price of $24.84 per share as of such date.

- Series A preferred stock. 7,000 shares of our Series A preferred stock are outstanding, which were convertible into an aggregate of 175,000 shares of our common stock as of such date.

- Convertible subordinated notes. Notes which will convert to 5,635,390 shares of our common stock at a conversion price of $70.98 as of such date.

The shares of our common stock that may be issued under the options and upon conversion of the Convertible Subordinated Notes are currently registered with the SEC. The shares of common stock that may be issued upon conversion of the Series A preferred stock are eligible for sale without any volume limitations pursuant to Rule 144(k) under the Securities Act.

The issuance of preferred stock may adversely affect rights of common stockholders or discourage a takeover.

Under our certificate of incorporation, our board of directors has the authority to issue up to 3,000,000 shares of preferred stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by our stockholders. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of preferred stock that may be issued in the future.

In May, 2002, our board of directors authorized shares of Series B Preferred Stock in connection with its adoption of a stockholder rights plan, under which we issued rights to purchase Series B Preferred Stock to holders of the common stock. Upon certain triggering events, such rights become exercisable to purchase common stock (or, in the discretion of our board of directors, Series B Preferred Stock) at a price substantially discounted from the then current market price of the Common Stock. Our stockholder rights

plan could generally discourage a merger or tender offer involving our securities that is not approved by our board of directors by increasing the cost of effecting any such transaction and, accordingly, could have an adverse impact on stockholders who might want to vote in favor of such merger or participate in such tender offer.

While we have no present intention to authorize any additional series of preferred stock, such issuance, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could also have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock. The preferred stock may have other rights, including economic rights senior to the Common Stock, and, as a result, the issuance thereof could have a material adverse effect on the market value of the common stock.

We have a significant amount of indebtedness.

As a result of the initial offering of the notes, our long-term debt is $400,000,000. This indebtedness has affected us by:

- significantly increasing our interest expense and related debt service costs, and

- making it more difficult to obtain additional financing.

We may not generate sufficient cash flow from operations to satisfy the annual debt service payments that will be required under the notes. This may require us to use a portion of the proceeds of the notes to pay interest or borrow additional funds or sell additional equity to meet our debt service obligations. If we are unable to satisfy our debt service requirements, substantial liquidity problems could result, which would negatively impact our future prospects.

The market for unrated debt is subject to disruptions, which could have an adverse effect on the market price of the notes.

Our notes have not been rated. As a result, holders of the notes have the risks associated with an investment in unrated debt. Historically, the market for unrated debt has been subject to disruptions that have caused substantial volatility in the prices of such securities and greatly reduced liquidity for the holders of such securities. If the notes are traded, they may trade at a discount from their initial offering price, depending on, among other things, prevailing interest rates, the markets for similar securities, general economic conditions and our financial condition, results of operations and prospects. The liquidity of, and trading markets for, the notes also may be adversely affected by general declines in the market for unrated debt. Such declines may adversely affect the liquidity of, and trading markets for, the notes, independent of our financial performance or prospects. In addition, certain regulatory restrictions prohibit certain types of financial institutions from investing in unrated debt, which may further suppress demand for such securities. We cannot assure you that the market for the notes will not be subject to similar disruptions. Any such disruptions may have an adverse effect on the holders of the notes.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges was negative for all periods presented, other than the years ended June 30, 2002 and 2001, because we incurred net losses in the periods prior to the year ended June 30, 2001. The dollar amounts of the deficiencies for these periods and the ratio of earnings to fixed charges for the years ended June 30, 2002 and 2001 are disclosed below (dollars in thousands):

	Year Ended June 30,				
	2002	2001	2000	1999	1998
Ratio of earnings to fixed charges*	3:1	22:1	N/A	N/A	N/A
Deficiency of earnings available to cover fixed charges*	N/A	N/A	($6,306)	($4,919)	($3,617)

*Earnings consist of net income (loss) plus fixed charges less capitalized interest and preferred stock dividends. Fixed charges consist of interest expense, including amortization of debt issuance costs and that portion of rental expense we believe to be representative of interest.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

The following discussion about our exposure to market risk of financial instruments contains forward-looking statements. Actual results may differ materially from those described.

Our holdings of financial instruments are comprised of debt securities and time deposits. All such instruments are classified as securities available-for-sale. We do not invest in portfolio equity securities or commodities or use financial derivatives for trading purposes. Our debt security portfolio represents funds held temporarily pending use in our business and operations. We manage these funds accordingly. We seek reasonable assuredness of the safety of principal and market liquidity by investing in rated fixed income securities while at the same time seeking to achieve a favorable rate of return. Our market risk exposure consists principally of exposure to changes in interest

rates. Our holdings are also exposed to the risks of changes in the credit quality of issuers. We typically invest the majority of our investments in the shorter-end of the maturity spectrum, and at June 30, 2002 all of our holdings were in instruments maturing in four years or less.

The table below presents the principal amounts and related weighted average interest rates by year of maturity for our investment portfolio as of June 30, 2002.

	2003	2004	2005	2006	Total	Fair Value
Fixed Rate	$75,062,270	$ 79,974,578	$124,212,652	$ 90,152,455	$369,401,955	$371,155,695
Average Interest Rate	2.54%	3.45%	3.84%	4.41%	3.63%	--
Variable Rate	--	--	--	--	--	--
Average Interest Rate	--	--	--	--	--	--
	$75,062,270	$ 79,974,578	$124,212,652	$ 90,152,455	$369,401,955	$371,155,695

Our 4.5% convertible subordinated notes in the principal amount of $400,000,000 due July 1, 2008 have fixed interest rates. The fair value of fixed interest rate convertible notes is affected by changes in interest rates and by changes in the price of our common stock.

Item 8. Financial Statements and Supplementary Data

The response to this item is submitted as a separate section of this report commencing on Page F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

The information required by Item 10 - Directors and Executive Officers of the Registrant; Item 11 - Executive Compensation; Item 12 - Security Ownership of Certain Beneficial Owners and Management and Item 13 - Certain Relationships and Related Transactions; is incorporated into Part III of this Annual Report on Form 10-K by reference to the Proxy Statement for our Annual Meeting of Stockholders scheduled to be held on December 3, 2002.

Item 14. Controls and Procedures

Based upon KPMG's management letter to our Board of Directors, dated September 11, 2002, there were no deficiencies or weaknesses in our internal controls and therefore, we have not made any changes to our internal controls since KPMG's last evaluation of such controls on September 11, 2002.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) and (2). The response to this portion of Item 15 is submitted as a separate section of this report commencing on page F-1.

(a)(3) and (c). Exhibits (numbered in accordance with Item 601 of Regulation S-K).

Exhibit	Page Number or Incorporation

Number	Description	By Reference
3(i)	Certificate of Incorporation as amended	@
3(ii)	By laws, as amended	^^(3(ii))
4.1	Indenture dated as of June 26, 2001, between the Company and Wilmington Trust Company, as trustee, including the form of 4 1/2% Convertible Subordinated Note due 2008 attached as Exhibit A thereto	++++(4.1)
4.2	Registration Rights Agreement dated as of June 26, 2001, between the Company and the initial purchasers	++++(4.2)
4.3	Rights Agreement dated May 17, 2002 between the Company and Continental Stock Transfer Trust Company, as rights agent	^(1)
10.1	Form of Change of Control Agreements dated as of January 20, 1995 entered into with the Company's Executive Officers	###(10.2)
10.2	Lease - 300-C Corporate Court, South Plainfield, New Jersey	***(10.3)
10.3	Lease dated April 1, 1995 regarding 20 Kingsbridge Road, Piscataway, New Jersey	###(10.7)
10.4	Lease 300A-B Corporate Court, South Plainfield, New Jersey	++(10.10)
10.5	Form of Stock Purchase Agreement between the Company and the purchasers of the Series A Cumulative Convertible Preferred Stock	+(10.11)
10.6	Stock Purchase Agreement between the Company and Schering Corporation dated as of June 30, 1995	~(10.16)
10.7	Independent Directors' Stock Plan	~~~(10.24)
10.8	Employment Agreement dated May 9, 2001, between the Company and Arthur J. Higgins	///(10.30)
10.9	Amendment dated May 23, 2001, to Employment Agreement between the Company and Arthur J. Higgins dated May 9, 2001	///(10.31)
10.10	Form of Restricted Stock Award Agreement between the Company and Arthur J. Higgins	////(4.3)
10.11	Form of Employee Retention Agreement dated as of August 3, 2001 between the Company and certain key employees	+++(10.13)
10.12	Lease - 685 Route 202/206, Bridgewater, New Jersey	####
10.13	Employment Agreement with Ulrich Grau dated as of March 6, 2002	####
10.14	2001 Incentive Stock Plan	@
10.15	Development, License and Supply Agreement between the Company and Schering Corporation; dated November 14, 1990, as amended*	@ @
12.1	Computation of Ratio of Earnings to Fixed Charges	@
21.0	Subsidiaries of Registrant	@
23.0	Consent of KPMG LLP	@

99.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	@

99.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	@

@ Filed herewith

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

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

+++ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2001 and incorporated herein by reference thereto.

++++ Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 333-67509) filed with the Commission and incorporated herein by reference thereto.

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

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

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

/// Previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 13, 2001 and incorporated herein by reference thereto.

//// Previously filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-64110) filed with the Commission and incorporated herein by reference thereto.

^ Previously filed as an exhibit to the Company's Form 8-A (File No. 000-12957) filed with the Commission on May 22, 2002 and incorporated herein by reference thereto.

^^ Previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 22, 2002 and incorporated herein by reference thereto.

Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 and incorporated herein by reference thereto.

* Copy omits information for which confidential treatment has been requested.

(b) Reports on Form 8-K.

On April 11, 2002, we filed with the Commission a Current Report on Form 8-K dated April 10, 2002 reporting our multi-year strategic collaboration with Micromet AG.
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On May 9, 2002, we filed with the Commission a Current Report on Form 8-K dated May 8, 2002

reporting our financial results for the third quarter in fiscal year 2002.

On May 22, 2002 we filed with the Commission a Current Report on Form 8-K dated May 17, 2002 reporting that we declared a dividend of one preferred share purchase right per share for each outstanding share of Common Stock, par value $0.01 of the Company. The dividend will be payable on June 3, 2002 to holders of the Common Shares of record on that date.

On June 12, 2002 we filed with the Commission a Current Report on Form 8-K dated June 12, 2002 reporting a voluntary recall of the prescription medication ONCASPAR, a product used for the treatment of acute lymphoblastic leukemia.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) 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)

Dated: September 26, 2002

by: /S/ Arthur J. Higgins

Arthur J. Higgins
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Name	Title	Date
/S/ Arthur J. Higgins Arthur J. Higgins	Chairman, President and Chief Executive Officer (Principal Executive Officer)	September 26, 2002
/S/ Kenneth J. Zuerblis Kenneth J. Zuerblis	Vice President, Finance, Chief Financial Officer (Principal Financial and Accounting Officer) and Corporate Secretary	September 26, 2002
/S/ David S. Barlow David S. Barlow	Director	September 26, 2002
/S/ Rolf A. Classon Rolf A. Classon	Director	September 26, 2002
/S/ Rosina B. Dixon Rosina B. Dixon	Director	September 26, 2002
/S/ David W. Golde David W. Golde	Director	September 26, 2002
/S/ Robert LeBuhn	Director	September 26, 2002

Robert LeBuhn

/S/ Robert L. Parkinson, Jr. Director September 26, 2002

Robert L. Parkinson, Jr.

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Arthur J. Higgins, certify that:

1. I have reviewed this annual report on Form 10-K of Enzon. Inc. ("Enzon");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of Enzon as of, and for, the periods presented in this annual report.

September 26, 2002

/s/ Arthur J. Higgins

Arthur J. Higgins
Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth J. Zuerblis, certify that:

1. I have reviewed this annual report on Form 10-K of Enzon. Inc. ("Enzon");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of Enzon as of, and for, the periods presented in this annual report.

September 26, 2002

/s/ Kenneth J. Zuerblis

Kenneth J. Zuerblis
Chief Financial Officer

ENZON, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Enzon, Inc.:

We have audited the consolidated financial statements of Enzon, Inc. and subsidiaries as listed in the accompanying index. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Enzon, Inc. and subsidiaries as of June 30, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Short Hills, New Jersey
August 8, 2002

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2002 and 2001

	2002	2001
ASSETS		
Current assets:		

Cash and cash equivalents	$ 113,857,998	$ 310,223,837
Short-term investments	75,165,094	129,520,083
Accounts receivable	26,050,415	11,087,748
Inventories	2,213,667	1,852,144
Other current assets	4,174,652	2,837,199
Total current assets	221,461,826	455,521,011
Property and equipment	19,230,456	13,181,671
Less accumulated depreciation and amortization	9,128,545	9,761,999
	10,101,911	3,419,672
Other assets:		
Marketable securities	295,990,601	76,634,780
Cost method equity investments	48,381,782	40,777
Debt issue costs, net	10,946,380	12,774,951
Product acquisition costs, net	14,008,047	--
Deferred tax assets	8,342,000	--
Patents and other assets, net	1,515,336	1,284,626
	379,184,146	90,735,134
Total assets	$ 610,747,883	$ 549,675,817
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,526,180	$ 4,670,259
Accrued expenses	6,174,304	4,490,081
Accrued interest	9,000,000	250,000
Total current liabilities	19,700,484	9,410,340
Accrued rent	552,256	581,438
Unearned revenue	--	694,814
Notes payable	400,000,000	400,000,000
	400,552,256	401,276,252
Commitments and contingencies		
Stockholders' equity:		
Preferred stock-$.01 par value, authorized 3,000,000 shares; issued and outstanding 7,000 shares in 2002 and 2001 (liquidation preference aggregating $347,000 in 2002 and $333,000 in 2001)	70	70
Common stock-$.01 par value, authorized 90,000,000 shares issued and outstanding 42,999,823 shares in 2002 and 41,990,859 shares in 2001	429,999	419,909
Additional paid-in capital	262,854,210	257,682,479
Accumulated other comprehensive income	1,095,739	884,935
Deferred compensation	(1,202,221)	(1,509,171)
Accumulated deficit	(72,682,654)	(118,488,997)
Total stockholders' equity	190,495,143	138,989,225
Total liabilities and stockholders' equity	$ 610,747,883	$ 549,675,817

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

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended June 30, 2002, 2001 and 2000

	2002	2001	2000
Revenues:			
Net sales	$ 22,182,704	$ 20,768,767	$ 15,557,906
Royalties	53,329,494	8,251,234	33,582
Contract revenue	292,548	2,567,708	1,426,309
Total revenues	75,804,746	31,587,709	17,017,797
Costs and expenses:			
Cost of sales	6,077,454	3,864,284	4,888,357
Research and development expenses	18,426,860	13,051,714	8,382,772
Selling, general and administrative expenses	16,687,365	11,795,398	12,956,118

Total costs and expenses	41,191,679	28,711,396	26,227,247
Operating income (loss)	34,613,067	2,876,313	(9,209,450)
Other income (expense):			
Interest and dividend income	18,680,908	8,401,526	2,943,311
Interest expense	(19,828,918)	(275,049)	(4,051)
Other	3,217,878	10,627	(36,274)
	2,069,868	8,137,104	2,902,986
Income (loss) before tax benefit	36,682,935	11,013,417	(6,306,464)
Tax benefit	9,123,408	511,647	--
Net income (loss)	$ 45,806,343	$ 11,525,064	($6,306,464)
Basic earnings (loss) per common share	$ 1.07	$ 0.28	($0.17)
Diluted earnings (loss) per common share	$ 1.04	$ 0.26	($0.17)
Weighted average number of common shares outstanding - basic	42,726,112	41,602,104	38,172,515
Weighted average number of common shares and dilutive potential common shares outstanding	44,025,783	43,606,194	38,172,515

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

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended June 30, 2002, 2001 and 2000

	Preferred stock			Common stock		
	Amount per share	Number of Shares	Par Value	Amount per share	Number of Shares	Par Value
Balance, July 1, 1999		107,000	$ 1,070		36,488,684	$364,886
Common stock issued for exercise of non-qualified stock options	--	--	--	4.25	807,181	8,072
Common stock issued for conversion of Series A preferred stock	25.00	(100,000)	(1,000)	11.00	227,271	2,273
Dividends issued on Series A preferred stock		--	--	--	--	--
Common stock issued for exercise of common stock warrants	--	--	--	4.57	1,012,116	10,121
Net Proceeds from common stock offering				44.50	2,300,000	23,000
Common stock issued for Independent Directors' Stock Plan	--	--	--	30.82	2,863	29
Common stock options issued for consulting services	--	--	--	--	--	--
Net loss	--	--	--	--	--	--
Balance, June 30, 2000		7,000	70		40,838,115	408,381
Common stock issued for exercise of non-qualified stock options	--	--	--	--	1,032,468	10,325
Issuance of restricted common stock	--	--	--	61.40	25,000	250
Common stock issued on conversion of common stock warrants	--	--	--	1.79	93,993	940
Common stock issued for Independent Directors' Stock Plan	--	--	--	51.84	1,283	13
Amortization of deferred compensation	--	--	--	--	--	--
Unrealized gain on securities	--	--	--	--	--	--
Net income	--	--	--	--	--	--
Balance, June 30, 2001, carried forward		7,000	$ 70		41,990,859	$419,909

	Additional paid-in capital	Other Comprehensive Income	Deferred Compensation	Accumulated Deficit	Total

Balance, July 1, 1999	$ 146,970,289			($121,761,026)	$ 25,575,219
Common stock issued for exercise of non-qualified stock options	3,286,246	--	--	--	3,294,318
Common stock issued for conversion of Series A preferred stock	(1,273)	--	--	--	--
Dividends issued on Series A preferred stock	--	--	--	(1,946,571)	(1,946,571)
Common stock issued for exercise of common stock warrants	4,395,803	--	--	--	4,405,924
Net Proceeds from common stock offering	95,647,262	--	--	--	95,670,262
Common stock issued for Independent Directors' Stock Plan	88,208	--	--	--	88,237
Common stock options issued for consulting services	181,239	--	--	--	181,239
Net loss	--	--	--	(6,306,464)	(6,306,464)
Balance, June 30, 2000	250,567,774	--	--	(130,014,061)	120,962,164
Common stock issued for exercise of non-qualified stock options	5,345,647	--	--	--	5,355,972
Issuance of restricted common stock	1,534,750	--	(1,534,750)	--	250
Common stock issued on conversion of common stock warrants	167,810	--	--	--	168,750
Common stock issued for Independent Directors' Stock Plan	66,498	--	--	--	66,511
Amortization of deferred compensation	--	--	25,579	--	25,579
Unrealized gain on securities	--	884,935	--	--	884,935
Net income	--	--	--	11,525,064	11,525,064
Balance, June 30, 2001, carried forward	$ 257,682,479	$884,935	($1,509,171)	($118,488,997)	$ 138,989,225

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

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)
Years ended 2002, 2001 and 2000

	Preferred stock			Common stock		
	Amount per share	Number of Shares	Par Value	Amount per share	Number of Shares	Par Value
Balance, June 30, 2001, brought forward		7,000	$70		41,990,859	$419,909
Common stock issued for exercise of non-qualified stock options	--	--	--	--	1,007,638	10,077
Common stock issued for Independent Directors' Stock Plan	--	--	--	--	1,326	13
Amortization of deferred compensation	--	--	--	--	--	--
Unrealized gain on securities, net of income taxes of $658,000	--	--	--	--	--	--
Net income	--	--	--	--	--	--
Balance, June 30, 2002		7,000	$70		42,999,823	$429,999

	Additional paid-in capital	Other Comprehensive Income	Deferred Compensation	Accumulated Deficit	Total
Balance, June 30, 2001, brought forward	$257,682,479	$ 884,935	($1,509,171)	($118,488,997)	$138,989,225
Common stock issued for exercise of non-qualified stock options	5,171,731	--	--	--	5,181,808
Common stock issued for Independent Directors' Stock Plan	--	--	--	--	13
Amortization of deferred compensation	--	--	306,950		306,950
Unrealized gain on securities, net of income taxes of $658,000	--	210,804	--	--	210,804
Net income	--	--	--	45,806,343	45,806,343
Balance, June 30, 2002	$262,854,210	$1,095,739	($1,202,221)	($ 72,682,654)	$190,495,143

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

ENZON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2002, 2001 and 2000

	2002	2001	2000
Cash flows from operating activities:			
Net income (loss)	$ 45,806,343	$ 11,525,064	($6,306,464)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	971,569	587,495	499,245
Amortization of bond premium/discount	(2,680,372)	(830,481)	--
Amortization of debt issue costs	1,828,571	--	--
Deferred income taxes	(9,000,000)	--	--
Loss on retirement of assets	2,870	2,746	36,274
Non-cash expense for issuance of restricted common stock, warrants, and options	306,950	92,090	269,476
Changes in operating assets and liabilities:			
Increase in accounts receivable	(14,962,667)	(5,645,293)	(837,608)
Increase (decrease) in inventories	(361,523)	(905,427)	379,884
Increase in other current assets	(1,337,453)	(567,315)	(1,232,483)
(Increase) decrease in deposits	(385,609)	(101,419)	326,952
(Decrease) increase in accounts payable	(144,079)	2,204,899	749,271
Increase (decrease) accrued expenses	1,981,362	(1,216,730)	(473,442)
Increase in accrued interest	8,750,000	250,000	--
Decrease in accrued rent	(29,182)	(26,476)	(26,476)
Increase (decrease) in unearned revenue	--	184,814	(300,363)
Net cash provided by (used in) operating activities	30,746,780	5,553,967	(6,915,734)
Cash flows from investing activities:			
Purchase of property and equipment	(7,502,741)	(2,082,621)	(768,415)
Purchase of intangible asset	(15,000,000)	--	--
Proceeds from sale of equipment	962	3,525	--
Purchase of cost method equity investments	(48,341,005)	--	--
Proceeds from sale of marketable securities	270,549,000	24,972	--
Purchase of marketable securities	(512,001,000)	(163,244,000)	(90,478,010)
Maturities of marketable securities	80,260,000	45,303,000	4,000,000
Decrease in long-term investments	(259,656)	(20,437)	--
Net cash used in investing activities	(232,294,440)	(120,015,561)	(87,246,425)
Cash flows from financing activities:			
Proceeds from issuance of common stock	5,181,821	5,524,972	103,370,504
Proceeds from issuance of notes	--	400,000,000	--
Preferred stock dividend paid	--	--	(1,946,571)
Debt issue costs	--	(12,774,951)	--
Net cash provided by financing activities	5,181,821	392,750,021	101,423,933
Net increase (decrease) in cash and equivalents	(196,365,839)	278,288,427	7,261,774
Cash and cash equivalents at beginning of year	310,223,837	31,935,410	24,673,636
Cash and cash equivalents at end of year	$ 113,857,998	$ 310,223,837	$ 31,935,410

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

ENZON, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
Years ended June 30, 2002, 2001 and 2000

(1) Company Overview

Enzon, Inc. ("Enzon" or "Company") is a biopharmaceutical company that develops, manufactures and markets enhanced therapeutics for life-threatening diseases through the application of its proprietary technologies. The Company was originally incorporated in 1981. To date, the Company's sources of cash have been the proceeds from the sale of its equity and debt securities through public offerings and private placements, sales of ADAGEN(R), and ONCASPAR(R), royalties on sales of PEG-INTRON(TM), sales of its products for research purposes, contract research and development fees, technology transfer and license fees and

royalty advances. The manufacturing and marketing of pharmaceutical products in the United States is subject to stringent governmental regulation, and the sale of any of the Company's products for use in humans in the United States will require the prior approval of the United States Food and Drug Administration ("FDA"). To date, ADAGEN, ONCASPAR and PEG-INTRON are the only products of the Company which have been approved by the FDA, all of which utilize the Company's PEG technology.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents consist primarily of U.S. Government instruments, commercial paper, and money market funds. The Company considers all highly liquid debt instruments with original maturities not exceeding three months to be cash equivalents.

Investments In Securities

The Company classifies its investments in debt and marketable equity securities as held-to-maturity or available-for-sale. Debt and marketable equity securities classified as available-for-sale are carried at fair market value, with the unrealized gains and losses, net of related tax effect, included in the determination of comprehensive income and reported in stockholders' equity. As of June 30, 2002 and 2001, all of the Company's debt and marketable equity securities were classified as available-for sale as the Company does not have the intent to hold them to maturity.

The amortized cost, gross unrealized holding gains or losses, and fair value for the Company's available-for-sale securities by major security type at June 30, 2002 were as follows:

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Market Value
U.S. Government agency debt	$339,638,000	$ 2,052,000	$ --	$341,690,000
U.S. corporate debt	29,764,000	--	(298,000)	29,466,000
	$369,402,000	$ 2,052,000	($298,000)	$371,156,000

Maturities of debt securities classified as available-for-sale at June 30, 2002 were as follows:

Years ended June, 30	Amortized Cost	Fair Market Value
2003	$ 75,062,000	$ 75,165,000
2004	79,975,000	80,171,000
2005	124,213,000	124,911,000

2006	90,152,000	90,909,000
	$369,402,000	$371,156,000

Gross realized gains from the sale of investment securities included in income for the year ended June 30, 2002 were $1,185,000.

The amortized cost, gross unrealized holding gains or losses, and fair value for securities available-for-sale by major security type at June 30, 2001 were as follows:

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Market Value
U.S. Government agency debt	$ 19,921,000	$ 467,000	$ --	$ 20,388,000
U.S. corporate debt	171,807,000	520,000	(253,000)	172,074,000
Foreign corporate debt	13,542,000	151,000	--	13,693,000
	$205,270,000	$ 1,138,000	($ 253,000)	$206,155,000

Gross realized gains from the sale of investment securities included in income for the year ended June 30, 2001 were $178,000.

The fair value of substantially all securities is determined by quoted market prices. Gains or losses on securities sold are based on the specific identification method.

Inventory Costing and Idle Capacity

Inventories are carried at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method and includes the cost of raw materials, labor and overhead.

Costs associated with idle capacity at the Company's manufacturing facility are charged to cost of sales as incurred.

Patents

The Company has licensed, and been issued, a number of patents in the United States and other countries and has other patent applications pending to protect its proprietary technology. Although the Company believes that its patents provide adequate protection for the conduct of its business, there can be no assurance that such patents will be of substantial protection or commercial benefit to the Company, will afford the Company adequate protection from competing products, or will not be challenged or declared invalid, or that additional United States patents or foreign patent equivalents will be issued to the Company. The degree of patent protection to be afforded to biotechnological inventions is uncertain, and the Company's products are subject to this uncertainty.

Patents related to the acquisition of SCA Ventures, Inc., formerly Genex Corporation, were recorded at their fair value at the date of acquisition and are being amortized over the estimated useful lives of the patents ranging from 8 to 17 years. Accumulated amortization as of June 30, 2002 and 2001 was $1,490,000 and $1,372,000, respectively.

Costs related to the filing of patent applications related to the Company's products and technology are expensed as incurred.

Property and Equipment

Property and equipment are stated at cost. Depreciation of fixed assets is

provided by straight-line methods over estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations for the period. The cost of repairs and maintenance is charged to operations as incurred; significant renewals and improvements are capitalized.

Long-Lived Assets

In accordance with statement of Financial Accounting ("SFAS") No. 121, Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, the Company reviews long-lived assets for impairment whenever events or changes in business circumstances occur that indicate the carrying amount of the assets may not be recovered. The Company assesses the recoverability of long-lived assets held and to be used based on undiscounted cash flows.

Product Acquisition Cost

Cost related to acquisition of products are recorded on the balance sheet at cost and amortized over the estimated life of the product.

Revenue Recognition

Revenues from the sale of the Company's products that are sold are recognized at the time of shipment and provision is made for estimated returns. Reimbursement for ADAGEN sold directly to third party payers is handled on an individual basis due to the high cost of treatment and limited patient

population. Because of the uncertainty of reimbursement and the Company's commitment of supply to the patient regardless of whether or not the Company will be reimbursed, revenues for the sale of ADAGEN are recognized when reimbursement from third party payers becomes likely.

Royalties under the Company's license agreements with third parties are recognized when earned (See note 13).

Contract revenues are recorded as the earnings process is completed. Non-refundable milestone payments that represent the completion of a separate earnings process are recognized as revenue when earned. Non-refundable payments received upon entering into license and other collaborative agreements where the Company has continuing involvement are recorded as deferred revenue and recognized ratably over the estimated service period.

Research and Development

All research and development costs are expensed as incurred. These include the following types of costs incurred in performing research and development activities: salaries and benefits, allocated overhead and occupancy costs, clinical trial and related clinical manufacturing costs, contract services and other outside costs.

Stock-Based Compensation Plans

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, in accounting for its fixed plan stock options. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123, Accounting for Stock-Based Compensation, established accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of SFAS No. 123.

When the exercise price of employee or director stock options is less than the fair value of the underlying stock on the grant date, the Company records deferred compensation for the difference and amortizes this amount to expense over the vesting period of the options. Options or stock awards issued to non-employees and consultants are recorded at their fair value as determined in accordance with SFAS No. 123 and EITF No. 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in

Conjunction with Selling, Goods or Services and recognized over the related vesting period.

Cash Flow Information

During the year ended June 30, 2000, 100,000 shares of Series A Preferred Stock were converted to 227,271 shares of Common Stock. Accrued dividends of $1,947,000 on the Series A Preferred Shares that were converted, were settled by cash payments. Additionally, cash payments totaling $19 were made for fractional shares related to the conversions. There were no conversions of Series A Cumulative Convertible Preferred Stock ("Series A Preferred Stock" or "Series A Preferred Shares") during the years ended June 30, 2002 and 2001.

Cash payments for interest were approximately $9,250,000, $25,000 and $4,000 for the years ended June 30, 2002, 2001 and 2000, respectively. There were no income tax payments made for the years ended June 30, 2002, 2001 and 2000.

Reclassifications

The Company made certain reclassifications to the 2001 and 2000 financial statements to conform to the 2002 presentation.

(3) Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income (loss) consists of net income (loss) and net unrealized gains (losses) on securities and is presented in the consolidated statements of stockholders' equity.

The following table reconciles net income (loss) to comprehensive income (loss):

	Years ended June 30,		
	2002	2001	2000
Net income (loss)	$45,806,000	$11,525,000	($6,306,000)
Unrealized gain on securities net of tax of $658,000 for 2002 and $0 for 2001 and 2000	211,000	885,000	--
Total comprehensive income (loss)	$46,017,000	$12,410,000	($6,306,000)

(4) Earnings (loss) Per Common Share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common shareholders adjusted for cumulative undeclared preferred stock dividends for the relevant period, by the weighted average number of shares of Common Stock issued and outstanding during the periods. For purposes of calculating diluted earnings per share for the years ended June 30, 2002 and 2001, the denominator includes both the weighted average number of shares of Common Stock outstanding and the number of dilutive Common Stock equivalents. The number of dilutive Common Stock equivalents includes the effect of non-qualified stock options calculated using the treasury stock method and the number of shares issuable upon conversion of the outstanding Series A Preferred Stock. The number of shares issuable upon conversion of the Company's 4.5% Convertible Subordinated Notes due 2008 (the "Notes") have not been included as the effect of their inclusion would be antidilutive. For the year ended June 30, 2000, the exercise or conversion of all dilutive potential common shares is not included for purposes of the diluted loss per share calculation as the effect of their inclusion would be antidilutive due to the net loss recorded for that period. As of June 30, 2002, the Company had 6,955,000 dilutive potential common shares outstanding that could potentially dilute future earnings per share calculations.

The following table reconciles the basic and diluted earnings (loss) per share calculation:

	Years ended June 30,		
	2002	2001	2000
Net income (loss)	$45,806,000	$11,525,000	($6,306,000)
Less: preferred stock dividends	14,000	14,000	14,000
Net income (loss) available to common stockholders	$45,792,000	$11,511,000	($6,320,000)
Weighted average number of common shares issued and outstanding - basic	42,726,112	41,602,104	38,172,515
Effect of dilutive common stock equivalents:			
Conversion of preferred stock	16,000	16,000	--
Exercise of non-qualified stock options and restricted stock	1,283,671	1,988,090	--
	44,025,783	43,606,194	38,172,515

(5) Inventories

Inventories consist of the following:

	June 30,	
	2002	2001
Raw materials	$ 827,000	$ 421,000
Work in process	1,043,000	737,000
Finished goods	344,000	694,000
	$2,214,000	$1,852,000

(6) Property and Equipment

Property and equipment consist of the following:

	June 30,		Estimated
	2002	2001	useful lives
Equipment	$ 9,123,000	$ 8,692,000	3-7 years
Furniture and fixtures	1,362,000	1,446,000	7 years
Vehicles	55,000	24,000	3 years
Leasehold improvements	8,690,000	3,020,000	3-15 years
	$19,230,000	$13,182,000	

During the years ended June 30, 2002 and 2001, the Company's fixed asset disposals were approximately $1,454,000 and $991,000, respectively. The Company disposed of $1,450,000 in fully depreciated assets during the year ended June 30, 2002.

Depreciation and amortization charged to operations relating to property and equipment totaled $817,000, $442,000 and $348,000 for the years ended June 30, 2002, 2001 and 2000, respectively.

(7) Accrued Expenses

Accrued expenses consist of:

	June 30,	
	2002	2001
Accrued wages and vacation	$3,685,000	$1,596,000
Accrued Medicaid rebates	1,418,000	943,000
Unearned revenue	183,000	630,000
Accrued costs associated with subordinated notes offering	--	371,000
Other	888,000	950,000
	$6,174,000	$4,490,000

(8) Long-term debt

In June 2001, the Company completed a private placement of $400,000,000 in 4.5% Convertible Subordinated Notes due July 1, 2008 (the "Notes"). The Company received net proceeds from this offering of $387,200,000, after deducting costs associated with the offering. The Notes bear interest at an annual rate of 4.5%. Accrued interest on the Notes was approximately $9,000,000 as of June 30, 2002. The holders may convert all or a portion of the Notes into Common Stock at any time on or before July 1, 2008. The Notes are convertible into Common Stock at a conversion price of $70.98 per share, subject to adjustment in certain events. The Notes are subordinated to all existing and future senior indebtedness. On or after July 7, 2004, the Company may redeem any or all of the Notes at specified redemption prices, plus accrued and unpaid interest to the day preceding the redemption date. Upon the occurrence of a "fundamental change", as defined in the indenture governing the Notes, holders of the Notes may require the Company to redeem the Notes at a price equal to 100 percent of the principal amount. In August 2001, the Company filed a registration statement with the U.S. Securities and Exchange Commission covering the resale of the Notes and the Common Stock issuable upon conversion of the Notes. The fair value of the 4.5% Convertible Subordinated Notes was approximately $286,520,000 at June 30, 2002.

(9) Stockholders' Equity

During May 2002 the Company adopted a shareholder rights plan ("Rights Plan"). The Rights Plan involves the distribution of one preferred share purchase right ("Right") as a dividend on each outstanding share of the Company's common stock to each holder of record on June 3, 2002. Each right shall entitle the holder to purchase one-thousandth of a share of Series B Preferred Stock ("Preferred Shares") of the Company at a price of $190.00 per one-thousandth of Preferred Share. The Rights are not immediately exercisable and will become exercisable only upon the occurrence of certain events. If a person or group acquires, or announces a tender or exchange offer that would result in the acquisition of 15 percent or more of Enzon's common stock while the stockholder rights plan remains in place, then, unless (1) the rights are redeemed by Enzon for $0.01 per right or (2) the Board of Directors determines that a tender or exchange offer for all of the outstanding Common Stock of the Company is in the best interest of the Company and the stockholders, then the rights will be exercisable by all right holders except the

acquiring person or group for one share of Enzon or in certain circumstances, shares of the third party acquirer, each having a value of twice the Right's then-current exercise price. The Rights will expire on May 16, 2012.

Series A Preferred Stock

The Company's Series A Preferred Shares are convertible into Common Stock at a conversion rate of $11 per share. The value of the Series A Preferred Shares for conversion purposes is $25 per share. Holders of the Series A Preferred Shares are entitled to an annual dividend of $2 per share, payable semiannually, but only when and if declared by the Board of Directors, out of funds legally available. Dividends on the Series A Preferred Shares are cumulative and accrue and accumulate but will not be paid, except in liquidation or upon conversion, until such time as the Board of Directors deems it appropriate in light of the Company's then current financial condition. No dividends are to be paid or set apart for payment on the Company's Common Stock, nor are any shares of Common Stock to be redeemed, retired or otherwise acquired for valuable consideration unless the Company has paid in full or made appropriate provision for the payment in full of all dividends which have then accumulated on the Series A Preferred Shares. Holders of the Series A Preferred Shares are entitled to one vote per share on matters to be voted upon by the stockholders of the Company. As of June 30, 2002 and 2001, undeclared accrued dividends in arrears were $172,000 or $24.54 per share and $158,000 or $22.54 per share, respectively. All Common Shares are junior in rank to the Series A Preferred Shares, with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution or winding up of the Company.

Common Stock

During the year ended June 30, 2001, the Company issued 25,000 shares of restricted Common Stock to its President and Chief Executive Officer. Such shares were issued in conjunction with an employment agreement and vest ratably over five years. Total compensation expense of approximately $1.5 million is being recognized over the five year vesting period.

In December 2001, the stockholders approved the amendment of the Company's certificate of incorporation to increase the total number of shares of common stock the Company is authorized to issue from 60,000,000 shares to 90,000,000 shares.

During the year ended June 30, 2000, the Company sold 2,300,000 shares of Common Stock in a public offering at a gross offering price of $44.50 per share. The offering resulted in gross proceeds of approximately $102,350,000 and net proceeds of approximately $95,670,000.

The board of directors has the authority to issue up to 3,000,000 shares of preferred stock, par value $0.01 per share, and to determine the price and terms, including preferences and voting rights, of those shares without stockholder approval.

Holders of shares of Common Stock are entitled to one vote per share on matters to be voted upon by the stockholders of the Company.

As of June 30, 2002, the Company has reserved its common shares for special purposes as detailed below:

Shares issuable upon conversion of Series A Preferred Shares	16,000
Non-Qualified Stock Option Plan	5,194,000
Shares issuable upon conversion of Notes	5,635,000
	10,845,000

Common Stock Warrants

As of June 30, 2002 and 2001, there were no warrants outstanding.

During the year ended June 30, 2001, warrants were exercised to purchase 94,000 shares of the Company's Common Stock. Of this amount, 34,000 warrants were issued in connection with the Company's January and March 1996 private

placements of Common Stock and 60,000 were issued during the year ended June 30, 1999 as compensation for consulting services.

During the year ended June 30, 2000, warrants were exercised to purchase 1,012,000 shares of the Company's Common Stock. Of this amount, 702,000 warrants were issued in connection with the Company's January 1996 private placement and 134,000 were issued during the year ended June 30, 1999 as compensation for consulting services. The exercise price of and the number of shares issuable under these warrants were adjusted under standard anti-dilution provisions, as defined in the warrants.

(10) Independent Directors' Stock Plan

On December 3, 1996, the stockholders voted to approve the Company's Independent Directors' Stock Plan, which provides for compensation in the form of quarterly grants of Common Stock to non-executive, independent directors serving on the Company's Board of Directors. Each independent director is granted shares of Common Stock equivalent to $2,500 per quarter plus $500 per Board of Director's meeting attended. The number of shares issued is based on the fair market value of Common Stock on the last trading day of the applicable quarter. In October 2000, the Compensation Committee of the Board of Directors amended the Plan to provide that the Independent Directors will be entitled to elect to receive up to 50% of the fees payable in cash with the remainder of the fee to be paid in Common Stock. During the years ended June 30, 2002, 2001 and 2000, the Company issued 1,000, 1,000 and 3,000 shares of Common Stock, respectively, to independent directors, pursuant to the Independent Directors' Stock Plan. Commencing with the stock issuable for the quarter ended March 31, 2002, the Compensation Committee has determined to issue the common stock previously issuable to the independent directors under the Independent Plan under the Company's 2001 Incentive Stock Plan which was approved by the Company's stockholders in December 2001.

(11) Stock Option Plans

In November 1987, the Company's Board of Directors adopted a Non-Qualified Stock Option Plan (the "Stock Option Plan"). As of June 30, 2002, 5,194,000 shares of Common Stock were reserved for issuance pursuant to options, which may be granted to employees, non-employee directors or consultants to the Company. The exercise price of the options granted must be at least 100% of the fair market value of the stock at the time the option is granted. Options may be exercised for a period of up to ten years from the date they are granted. Some of the options granted contain accelerated vesting provision, under which the vesting and exercisability of such shares will accelerate if the closing price of the Company's Common Stock extends $100 per share for at least twenty consecutive days as reported by the NASDAQ national market. The other terms and conditions of the options generally are to be determined by the Board of Directors, or an option committee appointed by the Board, at their discretion.

In October 2001, the Board of Directors adopted, and in December 2001 the stockholders approved, the 2001 Incentive Stock Plan (the "2001 Incentive Stock Plan"). The 2001 Incentive Stock Plan provides for the grant of stock options and other stock-based awards to employees, officers, consultants, independent contractors and directors providing services to Enzon and its subsidiaries as determined by the Board of Directors or by a committee of directors designated by the Board of Directors to administer the 2001 Incentive Stock Plan.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation". The Company continues to use APB No. 25, "Accounting for Stock Issued to Employees," to account for the Stock Option Plan. All options granted under the Stock Option Plan are granted with exercise prices which equal or exceed the fair market value of the stock at the date of grant. Accordingly, there is no compensation expense recognized for options granted to employees.

The following pro forma financial information shows the effect and the Company's net income (loss) and net income (loss) per share, had compensation expense been recognized consistent with the fair value method of SFAS 123.

	2002	2001	2000
Net income (loss) - as reported	$45,806,000	$11,525,000	($6,306,000)
Net income (loss) - pro forma	23,055,117	1,609,000	($10,008,000)
Net income (loss) per diluted share - as reported	$ 1.04	$ 0.26	($0.17)
Net income (loss) per diluted share - pro forma	$ 0.52	$ 0.04	($0.26)

The fair value of each option granted during the three years ended June 30, 2002 is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: (i) dividend yield of 0%, (ii) expected term of five years, (iii) volatility of 78%, 83% and 84% and (iv) a risk-free interest rate of 4.00%, 5.72% and 6.19% for the years ended June 30, 2002, 2001 and 2000, respectively. The weighted average fair value at the date of grant for options granted during the years ended June 30, 2002, 2001 and 2000 was $44.39, $56.79 and $33.78 per share, respectively.

The following is a summary of the activity in the Company's Stock Option Plans:

	Shares	Weighted Average Exercise Price	Range of Prices
Outstanding at July 1, 1999	3,724,000	4.51	$ 1.88 to $15.75
Granted at exercise prices which equaled the fair market value on the date of grant	302,000	33.78	$21.50 to $69.50
Exercised	(809,000)	4.25	$ 2.06 to $32.00
Canceled	(11,000)	20.53	$ 6.00 to $37.38
Outstanding at June 30, 2000	3,206,000	7.35	$ 1.88 to $69.50
Granted at exercise prices which equaled the fair market value on the date of grant	1,150,000	56.79	$44.75 to $73.22
Exercised	(1,033,000)	5.25	$ 2.06 to $39.94
Canceled	(39,000)	36.31	$14.13 to $58.63
Outstanding at June 30, 2001	3,284,000	24.98	$ 1.88 to $73.22
Granted at exercise prices which equaled the fair market value on the date of grant	1,399,000	44.39	$25.10 to $65.86
Exercised	(1,008,000)	4.13	$ 2.00 to $37.38
Canceled	(31,000)	41.56	$22.31 to $70.69
Outstanding at June 30, 2002	3,644,000	38.07	$ 2.47 to $73.22

Of the options the Company granted for the fiscal year ended June 30, 2002, some contain accelerated vesting provisions based on the achievement of certain milestones.

As of June 30, 2002, the Stock Option Plans had options outstanding and exercisable by price range as follows:

Range of Exercise	Options	Weighted Average Remaining Contractual	Weighted Average Exercise	Options	Weighted Average Exercise

Prices	Outstanding	Life	Price	Exercisable	Price
$1.87 - $ 4.50	541,000	2.74	$ 3.54	541,000	$ 3.54
$4.62 - $15.75	370,000	6.02	$ 8.78	350,000	$ 8.47
$22.31 - $28.17	463,000	9.54	$27.41	20,000	$22.60
$29.75 - $43.75	389,000	8.88	$39.78	108,000	$41.67
$43.85 - $44.75	424,000	8.16	$44.71	41,000	$44.75
$45.98 - $55.99	498,000	9.12	$51.13	20,000	$51.53
$57.12 - $58.63	494,000	9.28	$57.82	64,000	$58.62
$60.35 - $69.50	26,000	8.44	$63.82	7,000	$63.22
$70.00 - $73.21	439,000	8.86	$70.11	259,000	$70.04
	3,644,000	7.76	$38.08	1,410,000	$24.84

(12) Income Taxes

Under the asset and liability method of Statement of Financial Accounting Standards No. 109 ("SFAS 109"), deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The components of the income tax benefit are summarized as follows:

	June 30, 2002	June 30, 2001
Current:		
Federal	$ --	$ 217,000
State	(857,067)	(728,647)
Total current	(857,067)	(511,647)
Deferred:		
Federal	(6,132,696)	--
State	(2,133,645)	--
Total deferred	(8,266,341)	--
Income tax benefit	($9,123,408)	($511,647)

The following table represents a reconciliation between the reported income taxes and the income taxes which would be completed by applying the federal statutory rate (35%) to income before taxes:

	June 30, 2002	June 30, 2001
Income tax expense (benefit) computed at federal statutory rate	$ 12,839,027	$ 3,854,696
Add (deduct) effect of:		
State income taxes (including sale of state net operating loss carryforwards), net of federal tax	(1,930,962)	(473,620)
Federal tax benefit through		

utilization of net operating loss carryforwards against current period income	(13,116,686)	(3,892,723)
Reduction in beginning of year valuation allowance	(6,914,787)	--
	($9,123,408)	($511,647)

At June 30, 2002 and 2001, the tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities are as follows:

	2002	2001
Deferred tax assets:		
Inventories	$ 49,000	$ 116,000
Investment valuation reserve	78,000	78,000
Contribution carryover	63,000	36,000
Compensated absences	271,000	190,000
Excess of financial statement over tax depreciation	719,000	862,000
Royalty advance - Aventis	396,000	396,000
Accrued expenses	356,000	315,000
Federal and state net operating loss carryforwards	74,574,000	63,662,000
Research and development and investment tax credit carryforwards	12,009,000	9,851,000
Total gross deferred tax assets	88,515,000	75,506,000
Less valuation allowance	(78,809,000)	(74,800,000)
	9,706,000	706,000
Deferred tax liabilities:		
Unrealized gain on securities	(658,000)	--
Book basis in excess of tax basis of acquired assets	(706,000)	(706,000)
	(1,364,000)	(706,000)
Net deferred tax assets	$ 8,342,000	$ --

During 2002 and 2001, the Company recognized a tax benefit of $857,000 and $728,000 respectively, from the sale of certain state net operating loss carryforwards.

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. At June 30, 2002, the Company had Federal net operating loss carryforwards of approximately $202,000,000 and combined state net operating loss carryforwards of approximately $120,000,000 that will expire in the years 2003 through 2021. The Company also has federal research and development tax credit carryforwards of approximately $9,042,000 for tax reporting purposes, which expire in the years 2003 to 2021. In addition, the Company has $2,967,000 state research and development tax credit carryforwards, which expire in the years 2003 to 2008. The Company's ability to use the net operation loss and research and development tax credits carryforwards are subject to certain limitations due to ownership changes, as defined by rules pursuant to Section 382 of the Internal Revenue Code of 1986, as amended. Of the deferred tax asset related to the federal and state net operating loss carryforwards, approximately $54,260,000 relates to a tax deduction for non-qualified stock options. The Company will increase paid in

capital when these benefits are realized for tax purposes. Management believes that it is more likely than not that a portion of the deferred tax asset will be realized associated with the net operating losses from operating activities, based on future operations, and has recognized approximately $9 million as a deferred tax asset at June 30, 2002 related to the expected future profits. The Company has provided a

valuation allowance of $78,809,000 against the remaining deferred tax asset and will continue to reassess the need for such in accordance with SFAS 109 and based on the future operating performance of the Company.

In addition to the net operating loss carryforward stated above, the Company has additional net operating loss of $39,945,000 from the acquisition of Enzon Labs, Inc. which is limited to a maximum of $4,921,000 per year. The $39,945,000 is not included in the determination of the deferred tax asset figure in the table above.

(13) Significant Agreements

Schering Agreement

In November 1990, the Company entered into an agreement with Schering-Plough. Under this agreement, Schering-Plough agreed to apply Enzon's PEG technology to develop a modified form of Schering-Plough's INTRON A. Schering-Plough is responsible for conducting and funding the clinical studies, obtaining regulatory approval and marketing and manufacturing the product worldwide on an exclusive basis and Enzon will receive royalties on worldwide sales of PEG-INTRON for all indications. The royalty percentage to which Enzon is entitled will be lower in any country where a pegylated alpha-interferon product is being marketed by a third party in competition with PEG-INTRON, where such third party is not Hoffmann-La Roche.

PEG-INTRON received marketing authorization in the European Union as a stand-alone therapy for hepatitis C in May 2000 and as a combination therapy with REBETOL in March 2001. Schering-Plough received FDA approval for PEG-INTRON as a stand-alone therapy for the treatment of hepatitis C in January 2001 and as a combination therapy with REBETOL for the treatment of hepatitis C in August 2001.

In June 1999, the Company amended its agreement with Schering-Plough, which resulted in an increase in the effective royalty rate that it receives for PEG-INTRON sales. In exchange, the Company relinquished its option to retain exclusive U.S. manufacturing rights for this product. In addition, the Company granted Schering-Plough a non-exclusive license under some of its PEG patents relating to Branched or U-PEG technology. This license gives Schering-Plough the ability to sublicense rights under these patents to any party developing a competing interferon product. During August 2001, Schering-Plough, pursuant to a cross license agreement entered into as part of the settlement of certain patent litigation, granted Hoffmann-La Roche a sublicense under the Company's Branched PEG patents to allow Hoffmann-La Roche to make, use, and sell its pegylated alpha-interferon product, PEGASYS.

In January 2001, the Company earned a final $2,000,000 million milestone payment upon the FDA's approval of PEG-INTRON and in February 2000 the Company earned a $1,000,000 million milestone payment when the FDA accepted the Biologics License Application, or BLA, for PEG-INTRON filed by Schering-Plough. These milestone payments were recognized when received, as the earnings process was complete. Schering-Plough's obligation to pay the Company royalties on sales of PEG-INTRON terminates, on a country-by-country basis, upon the later of the date the last patent of the Company to contain a claim covering PEG-INTRON expires in the country or 15 years after the first commercial sale of PEG-INTRON in such country.

Schering-Plough has the right to terminate this agreement at any time if the Company fails to maintain the requisite liability insurance of $5,000,000.

Aventis Agreement

During June 2002, the Company amended its license agreement with Aventis to reacquire rights to market and distribute ONCASPAR in the United States, Mexico, Canada and the Asia/Pacific region. In return for the marketing and distribution rights the Company paid Aventis $15 million and will pay a 25% royalty on net sales of ONCASPAR through 2014. Prior to the amendment Aventis was responsible for the marketing and distribution of ONCASPAR. Under the previous agreement Aventis paid the Company a royalty on net sales of ONCASPAR of 27.5% on annual sales up to $10 million and 25% on annual sales exceeding $10 million.

The amended license agreement prohibits Aventis from making, using or selling an asparaginase product in the U.S. or a competing PEG-asparaginase product anywhere in the world until the later of the expiration of the agreement or, if the agreement is terminated earlier, five years after termination. If the Company ceases to distribute ONCASPAR, Aventis has the option to distribute the product in the territories under the original license.

Under the Company's license agreement with Aventis in effect prior to the June 2002 amendment discussed above (the "Prior License Agreement"), Enzon granted an exclusive license to Aventis to sell ONCASPAR in the U.S. Enzon has received licensing payments totaling $6,000,000 and was entitled to royalties on net sales of ONCASPAR. During July 2000, the Company further amended the license agreement with Aventis to increase the base royalty payable to the Company on net sales of ONCASPAR from 23.5% to 27.5% on annual sales up to $10,000,000 and 25% on annual sales exceeding $10,000,000. These royalty payments included Aventis' cost of purchasing ONCASPAR under a separate supply agreement. The agreement was also extended until 2016. Additionally, the Prior License Agreement eliminated the super royalty of 43.5% on net sales of ONCASPAR which exceed certain agreed-upon amounts. The Prior License Agreement also provided for a payment of $3,500,000 in advance royalties, which was received in January 1995.

As part of the June 2002 amendment, the remaining unpaid royalty advance on the balance sheet of $1 million was eliminated. This will be offset against the $15 million payment to Aventis and the net $14 million is included in product acquisition cost, net and will be amortized over 14 years, the estimated remaining life of ONCASPAR.

During August 2000, the Company made a $1,500,000 million payment to Aventis which was accrued at June 30, 2000 to settle a disagreement over the purchase price of ONCASPAR under the supply agreement and to settle Aventis' claim that Enzon should be responsible for Aventis' lost profits while ONCASPAR was under temporary labeling and distribution modifications. In November 1998, the Company and the FDA agreed to temporary labeling and distribution modifications for ONCASPAR, as a result of certain previously disclosed manufacturing problems. These temporary modifications resulted in Enzon, rather than Aventis, distributing ONCASPAR directly to patients on an as needed basis.

The settlement also called for a payment of $100,000 beginning in May 2000 and for each month that expired prior to the resumption of normal distribution and labeling of this product by Aventis. During the quarter ended December 31, 2000, the FDA gave final approval to the Company's manufacturing changes, which were made to correct these problems, and all previously imposed restrictions on ONCASPAR were lifted. This obligation was terminated pursuant to the June 2002 amendment to the license agreement. Payments as required were made through June 2002.

MEDAC Agreement

The Company also granted an exclusive license to MEDAC to sell ONCASPAR and any PEG-asparaginase product, developed by the Company or MEDAC, during the term of the agreement in Western Europe, Turkey and Russia. The Company's supply

agreement with MEDAC provides for MEDAC to purchase ONCASPAR from the Company at certain established prices, which increase over the initial five-year term of the agreement. Under the license agreement, MEDAC is responsible for obtaining additional approvals and indications in the licensed territories, beyond the currently approved hypersensitive indication in Germany. Under the agreement, MEDAC is required to meet certain minimum purchase requirements. The MEDAC license terminates in October 2001. The Company is currently in negotiations with MEDAC to enter into a new license agreement.

Nova Factor Agreement

The Company has an agreement with Nova Factor, Inc. ("Nova Factor"), formerly Gentiva Health Services to purchase and distribute ADAGEN and ONCASPAR in the United States and Canada. The agreement provides for Nova Factor to purchase the products from the Company at prices established in the agreement. Nova Factor also receives a service fee for the distribution of the products.

Inhale Agreement

In January 2002, the Company entered into a broad strategic alliance with Inhale Therapeutic Systems, Inc. that includes the following components:

- The companies agreed to enter into a collaboration to jointly develop three products to be specified over time using Inhale's Inhance(TM) pulmonary delivery platform and SEDS(TM) supercritical fluids platform. Inhale will be responsible for formulation development, delivery system supply, and in some cases, early clinical development. Enzon will have responsibility for most clinical development and for commercialization.

- The two companies also agreed to collaborate on the development of single-chain antibody (SCA(R)) products to be administered by the pulmonary route.

- Enzon granted to Inhale the exclusive right to grant sub-licenses under Enzon's PEG patents to third parties. Enzon will receive a share of profits for certain products that currently incorporate Enzon's branched PEG technology and royalties on sales of products that are subject to new sub-licenses that Inhale grants to its partners under Enzon's PEG patents. Enzon retains the right to use all of its PEG technology for its own product portfolio, as well as those products it develops in co-commercialization collaborations with third parties. Enzon purchased $40 million of newly issued Inhale convertible preferred stock in January 2002. The preferred stock is convertible into Inhale common stock at a conversion price of $22.79 per share. In the event Inhale's common stock price three years from the date of issuance of the preferred stock or earlier in certain circumstances is less than $22.79, the conversion price will be adjusted down, although in no event will it be less than $18.23 per share. Conversion of the preferred stock into common stock can occur anywhere from 1 to 4 years following the issuance of the preferred stock or earlier in certain circumstances. The preferred stock investment will be accounted for under the cost method.

- The two companies also agreed in January 2002 to a settlement of the patent infringement suit filed in 1998 by Enzon against Inhale's subsidiary, Shearwater Polymers, Inc. Inhale will receive licensing access to the contested patents under a cross-license agreement. Enzon received a one-time payment of $3 million from Inhale to cover expenses incurred in defending Enzon's branched PEG patents which is included in other income.

Micromet Agreement

On April 10, 2002, the Company announced a multi-year strategic collaboration with Micromet AG ("Micromet"), a private company based in Munich, Germany, to identify and develop the next generation of antibody-based therapeutics.

Under the terms of the agreement, Enzon and Micromet (collectively, the Partners) will combine their significant patent estates and complementary expertise in single-chain antibody ("SCA") technology to create a leading platform of therapeutic products based on antibody fragments. The collaboration will also benefit from a non-exclusive, royalty-bearing license from Enzon for PEGylated SCA products. The companies will establish a new R&D Unit located at Micromet's research facility in Germany. The R&D Unit will be staffed initially with 25 scientists and plans to be fully operational by the end of 2002. During the first phase of the collaboration, covering a 30-month period beginning in the third quarter of calendar 2002, the new R&D Unit will focus on the generation of at least two clinical product candidates in therapeutic areas of common strategic interest. The Partners will share equally the costs of research and development, and plan to share the revenues generated from technology licenses and from future commercialization of any developed products.

In addition to the R&D collaboration, Enzon made an $8.3 million investment into Micromet in the form of a note convertible into common stock of Micromet. This note is convertible into Micromet Common Stock at a price of $1,015 per share.

We hold core intellectual property in SCAs. These fundamental patents, combined with Micromet's key patents in SCA linkers and fusion protein technology, generate a compelling technology platform for SCA product development. The Partners have entered into a cross-license agreement for there respective SCA intellectual property and have decided to jointly market their combined SCA to third parties. Micromet will be the exclusive marketing partner and will institute a comprehensive licensing program on behalf of the partnership, for which the parties will share equally in the costs and revenues. Current licensees to Enzon and Micromet SCA intellectual property include Alexion, Bristol-Myers Squibb, Cambridge Antibody Technologies, Cell Genesys, Celltech, Crucell, Eli Lilly, Seattle Genetics and Xoma. Several SCA molecules are in clinical trials. Alexion Pharmaceuticals, Inc. is currently in Phase III clinical studies in cardiopulmonary bypass surgery.

(14) Commitments and Contingencies

In the course of normal operations, the Company is subject to the marketing and manufacturing regulations as established by the FDA. During fiscal 1999, the Company agreed with the FDA to temporary labeling and distribution modifications for ONCASPAR due to increased levels of particulates in certain batches of ONCASPAR, which the Company manufactured. The Company, rather than its marketing partner, Aventis, took over distribution of ONCASPAR directly to patients, on an as needed basis.

During fiscal 2001, the FDA gave final approval to manufacturing changes, which the Company made to correct these manufacturing problems, and all previous imposed restrictions were lifted.

During April 2000, the Company agreed to binding arbitration to settle a lawsuit, filed by LBC Capital Resources, Inc. ("LBC") a former financial advisor, in the United States District Court for the District of New Jersey. The arbitrator awarded LBC a $6,000,000 judgment. In its suit LBC claimed that under a May 2, 1995 letter agreement between LBC and the Company, LBC was entitled to a commission in connection with the Company's January and March 1996 private placements, comprised of $675,000 and warrants to purchase 1,250,000 shares of the Company's Common Stock at an exercise price of $2.50 per share. As a result of the arbitration award, the Company recognized a net charge to selling, general and administrative expenses of approximately $2,600,000 during the third quarter of the year ended June 30, 2000. The charge represents the net profit and loss effect of the incremental reserves provided specifically for this litigation, offset by the reduction during the quarter of $2,900,000 of other contingency accruals that were deemed to not be required for certain other contingencies.

The Company has agreements with certain members of its upper management, which provide for payments following a termination of employment occurring after a change in control of the Company. The Company also has an employment

agreement, dated May 9, 2001 with its Chief Executive Officer and certain members of upper management which provides for severance payments in addition to the change in control provisions discussed above.

(15) Leases

The Company has several leases for office, warehouse, production and research facilities and equipment. The non-cancelable lease-terms for the operating leases expire at various dates between 2003 and 2021 and each agreement includes renewal options.

Future minimum lease payments, for non-cancelable operating (leases with initial or remaining lease terms in excess of one year) as of June 30, 2002 are:

Year ending June 30,	Operating leases
2003	$ 1,274,000
2004	1,261,000
2005	1,250,000
2006	1,264,000
2007	1,174,000
Thereafter	9,806,000
Total minimum lease payments	$16,029,000

Rent expense amounted to $847,000, $856,000 and $1,055,000 for the years ended June 30, 2002, 2001 and 2000, respectively.

(16) Retirement Plans

The Company maintains a defined contribution, 401(k) pension plan for substantially all its employees. The Company currently matches 50% of the employee's contribution of up to 6% of compensation, as defined. The Company's match is invested solely in a fund which purchases the Company's Common Stock in the open market. Total Company contributions for the years ended June 30, 2002, 2001, and 2000 were $196,000, $156,000 and $128,000, respectively.

(17) Business and Geographical Segments

The Company is managed and operated as one business segment. The entire business is comprehensively managed by a single management team that reports to the Chief Executive Officer. The Company does not operate separate lines of business or separate business entities with respect to any of its products or product candidates. In addition, the Company does not conduct any of its operations outside of the United States.

Accordingly, the Company does not prepare discrete financial information with respect to separate product areas or by location and does not have separately reportable segments as defined by SFAS No. 131.

During the years ended June 30, 2002, 2001 and 2000, the Company had export sales and royalties recognized on export sales of $26,302,000, $11,161,000 and $4,137,000, respectively. Of these amounts, sales and royalties in Europe and royalties recognized on sales in Europe represented $22,671,000, $10,226,000 and $3,617,000 during the years ended June 30, 2002, 2001 and 2000, respectively.

ADAGEN sales represent approximately 61%, 64% and 78% of the Company's total net sales for the year ended June 30, 2002, 2001 and 2000, respectively. A portion of the Company's ADAGEN sales for the years ended June 30, 2002, 2001 and 2000, were made to Medicaid patients.

(18) Quarterly Results of Operations (Unaudited)

The following table presents summarized unaudited quarterly financial data.

	Three Months Ended				
	September 30, 2001	December 31, 2001	March 31, 2002	June 30, 2002	Fiscal Year 2002
Revenues	$12,143,702	$18,601,788	$19,844,153	$ 25,215,103	$75,804,746
Gross Profit (1)	3,715,629	4,416,756	4,352,880	3,619,985	16,105,250
Tax (Provision) Benefit	(86,331)	183,002	267,174	8,759,563	9,123,408
Net income	$ 4,230,220	$ 8,645,525	$12,167,075	$ 20,763,523	$45,806,343
Net income per common share:					
Basic	$ 0.10	$ 0.20	$ 0.28	$ 0.48	$ 1.07
Diluted	$ 0.10	$ 0.20	$ 0.28	$ 0.47	$ 1.04
Weighted average number of shares of common stock outstanding-basic	42,122,284	42,766,699	42,969,222	42,982,052	42,726,112
Weighted average number of shares of common stock outstanding-diluted	43,922,829	43,959,216	43,933,865	43,839,982	44,025,783

	Three Months Ended				
	September 30, 2000	December 31, 2000	March 31, 2001	June 30, 2001	Fiscal Year 2001
Revenues	$ 5,173,614	$ 6,019,145	$9,931,754	$ 10,463,196	$31,587,709
Gross profit (1)	3,613,914	4,134,146	4,393,680	4,762,744	16,904,484
Tax (Provision) Benefit	(11,654)	(43,622)	632,879	(65,956)	511,647
Net income	$ 571,052	$ 2,137,483	$5,508,221	$ 3,308,308	$11,525,064
Net income per common share:					
Basic	$ 0.01	$ 0.05	$ 0.13	$ 0.09	$ 0.28
Diluted	$ 0.01	$ 0.05	$ 0.13	$ 0.07	$ 0.26

	Three Months Ended				
	September 30, 2000	December 31, 2000	March 31, 2001	June 30, 2001	Fiscal Year 2001
Weighted average number of shares of common stock outstanding-basic	41,101,289	41,568,723	41,802,586	41,935,820	41,602,104
Weighted average number of shares of common stock outstanding-diluted	43,658,659	43,850,319	43,718,044	43,956,840	43,606,194

(1) Gross Profit is calculated as Product Sales less Cost of Goods sold.

EXHIBIT INDEX

Exhibit 3(i)

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 stockolders 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 or 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

CERTIFICATE OF DESIGNATIONS, PREFERENCES

AND RIGHTS OF SERIES D 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 February 27, 1997, 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 D Convertible Preferred Stock (the "Series D Preferred Shares") of the Company, as follows:

RESOLVED, that the Company is authorized to issue 20,000 shares of Series D Convertible Preferred Stock (the "Series D Preferred Shares") which shall have the following powers, designations,

preferences and other special rights:

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

(2) Conversion of Series D Preferred Shares. The holders of the Series D Preferred Shares shall have the right, at their option, to convert the

Series D Preferred Shares into shares of Common Stock on the following terms and conditions:

(a) Each Series D Preferred Share shall be convertible at any time after the date of issuance (or, if such Series D 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. Each Series D 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 D 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 D 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 $2.4625, 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 D Preferred Shares (the "Registration Rights Agreement") has not been declared effective by the U.S. Securities and Exchange Commission ("SEC") within two hundred ten (210) days after the date of issuance of the Series D 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 210 days after the date of issuance of the Series D 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 210 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 holders of Series D Preferred Stock, 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 210 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 D 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 $1.97 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 (as hereinafter defined) 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. (For example, if the Conversion Percentage was 75.5% at the time of conversion of $1,000,000 in Stated Value of Series D Preferred Shares (such that the Series D 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 D 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 D Preferred Share would have been entitled upon such Major Transaction had the holder of such Series D 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 D 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 D Preferred Shares) of the certificates of Series D 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 D 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 D 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 D 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 D 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 D 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 D 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 D 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 D 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 D Preferred Shares, redeem the whole or any part of the Series D 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 D Preferred Shares at any time outstanding, the Company shall designate the amount of Series D Preferred Shares so to be redeemed and shall redeem such Series D 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 D 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 D 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 D 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 D 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 D 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 D 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 D Preferred Shares presented for redemption in accordance with such notice), all Series D 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 D Preferred Shares shall be surrendered for redemption, and such Series D 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 D 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 D Preferred Share, provided that, if the Preferred Funds are insufficient to pay the full amount due to the holders of Series D 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 D Preferred Shares as to payments of Preferred Funds (the "Pari Passu Shares"), then each holder of Series D 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 D 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 D 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 D 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 D Preferred Shares. The Series D 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 D 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 D Preferred Shares remain outstanding the Company shall not issue any capital stock which is more senior in rank than the Series D 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 D Preferred Shares shall maintain their relative powers, designations and preferences provided for herein.

(7) Vote to Change the Terms of Series D 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 D Preferred Shares shall be required to amend, alter, change or repeal any of the powers, designations, preferences and rights of the Series D 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 28th day of February 1997.

ENZON, INC.

By: /S/PETER G. TOMBROS

President

Attest: /S/JOHN A. 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 ACorporation@), 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:

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. Number of Shares. The total number of shares of capital stock which the Corporation shall have authority to issue is sixty-three million (63,000,000) shares, of which sixty million (60,000,000) 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 voted in favor of said amendments in accordance with the provisions of Section 215 of the General Corporation Law of the State of Delaware.

FOURTH: 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, Enzon, Inc. has caused this certificate to be signed by Peter G. Tombros, its President and attested to by John A. Caruso, Secretary of the Corporation, this 18 of December, 1997.

By:/S/PETER G. TOMBROS

Peter G. Tombros
President

ATTEST:

By:/S/ JOHN A. CARUSO

John A. Caruso
Secretary

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

Pursuant to Section 242 of the Delaware General Corporation Law, Enzon, Inc., a Delaware corporation, hereby amends its Certificate of Incorporation:

1. The name of the Corporation is Enzon, Inc., (the "Corporation").

2. The Certificate of Incorporation, as amended (the "Certificate of Incorporation") of the Corporation is hereby amended by striking out the first sentence of Article 4 thereof and by substituting in lieu of said first sentence the following new sentence:

"The total number of shares of capital stock which the Corporation shall have authority to issue is 93,000,000 shares, of which 90,000,000 shares shall be Common Stock, par value $.01 per share, and 3,000,000 shares shall be Preferred Stock, par value $.01 per share."

3. That the remainder of Article 4 of the Certificate of Incorporation of the Corporation shall remain unchanged.

4. The amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 242 of the General Corporation Law of the State of Delaware.

I, Arthur J. Higgins, President and Chief Executive Officer of the Corporation, for the purpose of amending the Corporation's Certificate of Incorporation pursuant to the Delaware General Corporation Law, do make this certificate, hereby declaring and certifying that this is my act and deed on behalf of the Corporation this 4th day of December, 2001.

/s/Arthur J. Higgins

By: Arthur J. Higgins
Title: Chairman and Chief Executive Officer

CERTIFICATE OF ELIMINATION

ELIMINATING CLASSES OF SERIES B, C and D CONVERTIBLE PREFERRED STOCKS

OF

ENZON, INC.

(Pursuant to Section 151 of the Delaware General Corporation Law)

The undersigned, being the President and Chief Executive Officer of Enzon, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "GCL"), hereby certifies, pursuant to Section 151 of the GCL, that:

1. The name of the Corporation is Enzon, Inc. (the "Corporation").

2. On January 31, 1996, the Corporation filed a Certificate of Designation creating a class of capital stock designated as Series B Convertible Preferred Stock, par value $.01 per share (the "Series B Stock"), and authorized the issuance of 40,000 shares of such class.

3. On March 15, 1996, the Corporation filed a Certificate of Designation creating a class of capital stock designated as Series C Convertible Preferred Stock, par value $.01 per share (the "Series C Stock"), and authorized the issuance of 20,000 shares of such class.

4. On February 28, 1997, the Corporation filed a Certificate of Designation creating a class of capital stock designated as Series D Convertible Preferred Stock, par value $.01 per share (the "Series D Stock"), and authorized the issuance of 20,000 shares of such class.

5. No shares of the Series B Stock, the Series C Stock or the Series D Stock are outstanding and none will be issued pursuant to the Certificates of Designation listed in paragraphs two (2), three (3) and four (4) above.

6. Pursuant to the authorization and direction of the Board of Directors of the Corporation, adopted by the resolution set forth below, the Corporation hereby eliminates the Classes of Series B Stock, Series C Stock and Series D Stock.

7. The following is the resolution of the Corporation's Board of Directors eliminating such classes of preferred stock:

RESOLVED, that there currently being no outstanding shares of (1) the Series B Convertible Preferred Stock; (2) the Series C Convertible Preferred Stock or (3) the Series D Convertible Preferred Stock, and that no shares will be issued subject to the certificates of designation setting forth the relative rights and preferences of the shares of each such series and previously filed with the Delaware Secretary of State and pursuant to Section 151 of the Delaware General Corporation Law the officers of the Corporation be and they hereby are authorized to file with the Delaware Secretary of State a Certificate of Elimination reciting this resolution and such Certificate will have the effect of eliminating from the Corporation's Certificate of Incorporation, as amended all matters set forth in the certificates of designation with respect to (1) the Series B Convertible Preferred Stock; (2) the Series C Convertible Preferred Stock and (3) the Series D Convertible Preferred Stock.

IN WITNESS WHEREOF, this Certificate of Elimination is executed on behalf of the Corporation by its President and Chief Executive Officer this 20th day of May, 2002.

ENZON, INC.

By: /s/ Arthur Higgins

Arthur Higgins
President and Chief Executive Officer

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF

SERIES B PREFERRED STOCK

OF

ENZON, INC.

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Enzon, Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify that, pursuant to the authority conferred on the Board of Directors of the Corporation by the Certificate of Incorporation, as amended, of the Corporation and in accordance with Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation adopted the following resolution creating the preferences and rights of its series of 600,000 shares of Preferred Stock, no shares of which have been issued, designated as "Series B Preferred Stock."

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Certificate of Incorporation, as amended, the preferences and rights of the series of Preferred Stock of the Corporation, designated as "Series B Preferred Stock," be and are hereby amended and restated in their entirety, and that the designation and amount of such series and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

(a) Designation and Amount. The shares of such series shall be designated as "Series B Preferred Stock" (the "Series B Preferred Stock") and the number of shares constituting the Series B Preferred Stock shall be six hundred thousand (600,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series B Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options,

rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series B Preferred Stock.

(b) Dividends and Distributions.

(i) Subject to the rights of the holders of any shares of any series of preferred stock (or any similar stock) ranking prior and superior to the Series B Preferred Stock with respect to dividends, the holders of shares of Series B Preferred Stock, in preference to the holders of Common Stock, par value $.01 (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first

day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) The Corporation shall declare a dividend or distribution on the Series B Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock or a subdivision of the outstanding Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series B Preferred Stock shall nevertheless be payable, out of funds legally available for such purpose, on such subsequent Quarterly Dividend Payment Date.

(iii) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend

Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such

dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

(c) Voting Rights. The holders of shares of Series B Preferred Stock shall have the following voting rights:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) Except as otherwise provided herein, in any other Certificate of Designation creating a series of preferred stock or any similar stock, or by law, the holders of shares of Series B Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(iii) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(d) Certain Restrictions.

(i) Whenever quarterly dividends or other dividends or distributions payable on the Series B Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(1) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock;

(2) declare or pay dividends, or make any other

distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except dividends paid ratably on the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(3) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series B Preferred Stock; or

(4) redeem or purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of stock ranking on a parity with the Series B Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(ii) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

(e) Reacquired Shares. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, as amended, or in any other certificate of designation creating a series of preferred stock or any similar stock or as otherwise required by law.

(f) Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless, prior thereto, the holders of shares of Series B Preferred Stock shall have received the greater of (i) $1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity

(either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except distributions made ratably on the Series B Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser

number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (1)(ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(g) Consolidation, Merger, Etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series B Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series B Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(h) No Redemption. The shares of Series B Preferred Stock shall not be redeemable.

(i) Rank. The Series B Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's preferred stock.

(j) Fractional Shares. Series B Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Preferred Stock.

(k) Amendment. The Certificate of Incorporation, as amended of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or rights of the Series B Preferred Stock so as to affect them adversely

without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Designation, Preferences and Rights on behalf of the Corporation this 22nd day of May, 2002.

/s/ Arthur J. Higgins

Arthur J. Higgins
President, Chief Executive Officer

Exhibit 10.14

ENZON, INC.

2001 INCENTIVE STOCK PLAN

Section 1. Purpose

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, independent contractors and Non-Employee Directors capable of contributing to the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to afford such persons an opportunity to acquire a proprietary interest in the Company.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

1. "Affiliate" shall mean (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the Committee.

2. "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, Other Stock Grant or Other Stock-Based Award granted under the Plan.

3. "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any Award granted under the Plan. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

4. "Board" shall mean the Board of Directors of the Company.

5. "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

6. "Committee" shall mean a committee of Directors designated by the Board to administer the Plan. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan by the Committee to qualify under Rule 16b-3, and each member of the Committee shall be a "Non-Employee Director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Code. The Company expects to have the Plan administered in accordance with the requirements for the award of "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

7. "Company" shall mean Enzon, Inc., a Delaware corporation, and any successor corporation.

8. "Director" shall mean a member of the Board, including Non-Employee Directors.

9. "Dividend Equivalent" shall mean any right granted under Section 6(E) of the Plan.

10. "Eligible Person" shall mean any employee, officer, consultant, independent contractor or Director (including any Non-Employee Director) providing services to the Company or any Affiliate whom the Committee determines to be an Eligible Person.

11. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

12. "Fair Market Value" shall mean, with respect to any property (including, without limitation, any Shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. Notwithstanding the foregoing, unless otherwise determined by the Committee, the Fair Market Value of a Share as of a given date shall be, if the Shares are then traded on the Nasdaq National Market, the last reported sale price of one Share as reported on the Nasdaq National Market on such date or, if the Nasdaq National Market is not open for trading on such date, on the most recent preceding date when it is open for trading.

13. "Family Members" shall be those persons related to a Participant as determined by the Committee.

14. "Incentive Stock Option" shall mean an option granted under Section 6A of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

15. "Non-Employee Director" shall have the meaning ascribed in Rule 16b-3 promulgated under the Exchange Act or any successor provision.

16. "Non-Qualified Stock Option" shall mean an option granted under Section 6A of the Plan that is not intended to be an Incentive Stock Option.

17. "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

18. "Other Stock Grant" shall mean any right granted under Section 6F of the Plan.

19. "Other Stock-Based Award" shall mean any right granted under Section 6G of the Plan.

20. "Participant" shall mean an Eligible Person designated to be granted an Award under the Plan.

21. "Performance Award" shall mean any right granted under Section 6D of the Plan.

22. "Person" shall mean any individual, corporation, partnership, association or trust.

23. "Plan" shall mean the Enzon, Inc. 2001 Incentive Stock Plan, as amended from time to time, the provisions of which are set forth herein.

24. "Plan Year" shall mean a consecutive 12-month period ending on December 31 of each year.

25. "Reload Option" shall mean any Option granted under Section 6A(5) of the Plan.

26. "Restricted Stock" shall mean any Shares granted under Section 6C of the Plan.

27. "Restricted Stock Unit" shall mean any unit granted under Section 6C of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

28. "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor rule or regulation.

29. "Share" or "Shares" shall mean shares of common stock, $0.01 par value per share, of the Company or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4C of the Plan.

30. "Stock Appreciation Right" shall mean any right granted under Section 6B of the Plan.

Section 3. Administration

A. Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments, or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement; (v) amend the terms and conditions of any Award or Award Agreement and accelerate the exercisability of any Award or the lapse of restrictions relating to any Award; (vi) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, promissory notes, other securities, other Awards or other property, or canceled, forfeited or suspended; (vii) determine whether, to what extent and under what circumstances cash, Shares, promissory notes, other securities, other Awards, other property and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee; (viii) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award and any employee of the Company or any Affiliate.

B. Delegation. The Committee may delegate its powers and duties under the Plan to one or more Directors or officers of the Company, or to a committee of Directors or officers, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, provided, however, that the Committee shall not delegate its powers and duties under the Plan (i) with regard to officers or directors of the Company or any Affiliate who are subject to Section 16 of the Exchange Act or (ii) in such a manner as would cause the Plan not to comply with the requirements of Section 162(m) of the Code.

C. Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan.

Section 4. Shares Available for Awards

A. Shares Available. Subject to adjustment as provided in Section 4C of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 2,000,000; provided that, any Shares with respect to which Awards may be issued, but are not issued, under the Plan in any Plan Year shall be carried forward and shall be available to be covered by Awards issued in any subsequent Plan Year in which Awards may be issued under the Plan. Shares to be issued under the Plan may be either authorized but unissued Shares or Shares acquired in the open market or otherwise. Any Shares that are used by a Participant as full or partial payment to the Company of the purchase price relating to an Award, or in connection with the satisfaction of tax obligations relating to an Award, shall again be available for granting Awards (other than Incentive Stock Options) under the Plan. In addition, if any Shares covered by an Award or to which an Award relates are not purchased or are forfeited, or if an Award otherwise terminates without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture or termination, shall again be available for granting Awards under the Plan. Notwithstanding the foregoing, the number of Shares available for granting Incentive Stock Options under the Plan shall not exceed 2,000,000 shares subject to adjustment as provided in the Plan and subject to the provisions of Section 422 or 424 of the Code or any successor provision.

B. Accounting for Awards. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be

counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

C. Adjustments. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, issuance of warrants or other rights to purchase Shares or other securities of the Company to all holders of common stock pro rata whether as a dividend or otherwise or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards and (iii) the purchase or exercise price with respect to any Award; provided, however, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number.

D. Award Limitations Under the Plan. No Eligible Person may be granted any Award or Awards under the Plan, the value of which Award or Awards is based solely on an increase in the value of the Shares after the date of grant of such Award or Awards, for more than 1,000,000 Shares (subject to adjustment as provided for in Section 4(c) of the Plan), in the aggregate in any calendar year. The foregoing annual limitation specifically includes the grant of any Award or Awards representing "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

Section 5. Eligibility.

Any Eligible Person shall be eligible to be designated a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full or part-time employees (which term as used herein includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards

A. Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

1. Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

2. Option Term. The term of each Option shall be fixed by the Committee, but, shall in no event exceed 10 years from the date on which such Option is granted.

3. Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, Shares, promissory notes, other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

4. Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(a) The aggregate Fair Market Value (determined as of the time the option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall not exceed $100,000.

(b) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.

(c) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; provided, however, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliate, such Incentive Stock Option shall expire and no longer be exercisable no later than 5 years from the date of grant.

(d) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliate, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Inventive Stock Option.

(e) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

5. Reload Options. The Committee may grant Reload Options, separately or together with another Option, pursuant to which, subject to the terms and conditions established by the Committee, the Participant would be granted a new Option when the payment of the exercise price of a previously granted option is made by the delivery of Shares owned by the Participant pursuant to Section 6A(3) hereof or the relevant provisions of another plan of the Company, and/or when Shares are tendered or withheld as payment of the amount to be withheld under applicable income tax laws in connection with the exercise of an Option, which new Option would be an Option to purchase the number of Shares not exceeding the sum of (A) the number of Shares so provided as consideration upon the exercise of the previously granted option to which such Reload Option relates and (B) the number of Shares, if any, tendered or withheld as payment of the amount to be withheld under applicable tax laws in connection with the exercise of the option to which such Reload Option relates pursuant to the relevant provisions of the plan or agreement relating to such option. Reload Options may be granted with respect to Options previously granted under the Plan or

any other stock option plan of the Company or may be granted in connection with any Option granted under the Plan or any other stock option plan of the Company at the time of such grant. Such Reload Options shall have a per share exercise price equal to the Fair Market Value of one Share as of the date of grant of the new Option. Any Reload Option shall be subject to availability of sufficient Shares for grant under the Plan. Shares surrendered as part or all of the exercise price

of the Option to which it relates that have been owned by the optionee less than six months will not be counted for purposes of determining the number of Shares that may be purchased pursuant to a Reload Option.

B. Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise (or, if the Committee shall so determine, at any time during a specified period before or after the date of exercise) over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

C. Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

1. Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, a waiver by the Participant of the right to vote or to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate.

2. Stock Certificates. Any Restricted Stock granted under the Plan shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock.

3. Forfeiture. Except as otherwise determined by the Committee, upon a Participant's termination of employment (as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and Restricted Stock Units held by the Participant at such time shall be forfeited and reacquired by the Company; provided, however, that the Committee may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

D. Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without

limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan and any applicable Award Agreement, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

E. Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined

by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine.

F. Other Stock Grants. The Committee is hereby authorized, subject to the terms of the Plan and any applicable Award Agreements, to grant to Eligible Persons Shares without restrictions thereon as are deemed by the Committee to be consistent with the purpose of the Plan.

G. Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons, subject to the terms of the Plan and any applicable Award Agreements, such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(G) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms (including, without limitation, cash, Shares, promissory notes, other securities, other Awards or other property or any combination thereof), as the Committee shall determine, the value of which consideration, as established by the Committee, shall not be less than 100% of the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

H. General

1. Consideration for Awards. Awards shall be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

2. Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution, for any other Award or any award granted under any plan of the Company or any Affiliate other than the Plan. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any such other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

3. Forms of Payment under Awards. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, promissory notes, other securities, other Awards or other property or any combination thereof), and may be made in a single payment or transfer, in

installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents with respect to installment or deferred payments.

4. Limits on Transfer of Awards. No Award (other than Other Stock Grants) and no right under any such Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution and the Company shall not be required to recognize any attempted assignment of such rights by any Participant; provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, (a) designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant and (b) transfer Awards, except in the case of an Incentive Stock Option, to Family Members pursuant to terms determined by the Committee. Except as otherwise provided in this Plan or in any applicable Award Agreement or amendment thereto (other than an Award Agreement relating to an Incentive Stock Option), pursuant to terms determined by the Committee, each Award or right under any Award shall be exercisable during the Participant's lifetime only by the Participant or, if permissible

under applicable law, by the Participant's guardian or legal representative. Except as otherwise provided in this Plan or in any applicable Award Agreement or amendment thereto (other than an Award Agreement relating to an Incentive Stock Option), no Award or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

5. Term of Awards. The term of each Award shall be for such period as may be determined by the Committee; provided, however, that in the case of an Incentive Stock Option such Option shall not be exercisable after the expiration of 10 years from the date such Option is granted.

6. Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made or legends to be placed on the certificates for such Shares or other securities to reflect such restrictions. If the Shares or other securities of the Company are traded on a securities exchange, the Company shall not be required to deliver any Shares or other securities covered by an Award unless and until such Shares or other securities have been admitted for trading on such securities exchange.

Section 7. Amendment and Termination; Adjustments

A. Amendments to the Plan. The Board may amend, alter, suspend, discontinue or terminate the Plan at any time; provided, however, that, notwithstanding any other provision of the Plan or any Award Agreement, without the approval of the shareholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval would violate the rules or regulations of the Nasdaq National Market or any other securities exchange that is applicable to the Company.

B. Amendments to Awards. The Committee may waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively. Except as otherwise provided herein or in an Award Agreement, the Committee may not amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, if such action would adversely affect the rights of the holder of such Award, without the consent of the Participant or holder or beneficiary thereof.

C. Correction of Defects, Omissions and Inconsistencies. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

Section 8. Income Tax Withholding

In order to comply with all applicable national, federal, state or local income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable national, federal, state or local payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or a portion of the national, federal, state and local taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (i) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes or (ii) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

Section 9. General Provisions

A. No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

B. Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

C. No Rights of Shareholders. Except with respect to Shares of Restricted Stock as to which the Participant has been granted the right to vote, neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a stockholder of the Company with respect to any Shares issuable to such Participant upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued in the name of such Participant or such Participant's legal representative without restrictions thereto.

D. No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

E. No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate such employment at any time, with or without cause. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement.

Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. The Awards granted hereunder shall not form any part of the wages or salary of any Eligible Person for purposes of severance pay or termination indemnities, irrespective of the reason for termination of employment. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

F. Governing Law. The validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Delaware.

G. Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

H. No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

I. Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

J. No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

K. Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 10. Effective Date of the Plan.

The Plan shall be effective on December 4, 2001 subject to approval by the shareholders of the Company on such date.

Section 11. Term of the Plan.

No Award shall be granted under the Plan ten years after the effective date or any earlier date of discontinuation or termination established pursuant to Section 7A of the Plan. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the

Board to amend the Plan, shall extend beyond the termination of the Plan.

Exhibit 10.15

29 OCT 1990:1

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DEVELOPMENT, LICENSE AND SUPPLY AGREEMENT

SCHERING CORPORATION

AND

ENZON, INC.

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

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DEVELOPMENT, LICENSE AND SUPPLY AGREEMENT

This agreement is made and effective as of November 14, 1990 by and between

ENZON, Inc.
40 Cragwood Road
South Plainfield, NJ 07080-2406, a Delaware corporation,

hereinafter referred to as "ENZON",
and

SCHERING Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033, a New Jersey corporation,

hereinafter referred to as SCHERING:

WHEREAS, SCHERING markets a proprietary pharmaceutical alpha interferon product (hereinafter "Intron A") in various finished pharmaceutical dosage forms; and

WHEREAS, ENZON has developed a technology for coupling polyethylene glycol ("PEG") with polypeptides to create longer-acting therapeutic products; and

WHEREAS, SCHERING and ENZON have performed preliminary in vitro testing of a compound made from Intron A and PEG and now desire, subject to the terms of this Agreement, to further develop, test, conduct clinical trials of, and market the resulting product; and

WHEREAS the parties desire to enter into an agreement whereby ENZON shall develop, under the terms of this Agreement, a longer-acting product in which PEG is coupled with Intron A, develop scale-up and manufacturing procedures, and manufacture such product for SCHERING, consistent with all applicable Good Manufacturing Practices ("GMP's") and SCHERING shall, subject to the terms and conditions of this Agreement, test, clinically develop and market worldwide, the resulting Agreement Product as hereinafter defined;

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth below, the parties agree as follows:

Article 1 - Definitions

1.1 "Affiliate" shall mean any corporation or business entity controlled by, controlling, or under common control with the respective party. For this purpose "control" shall mean the direct or indirect beneficial ownership of at least fifty percent (50%) of the voting stock of, or at least fifty percent (50%) interest in the income of, such corporation or other business entity.

1.2 "Agreement Product" shall mean any pharmaceutical product in which Agreement Substance as an active ingredient is coupled with PEG. The specifications for the Agreement Product to be developed by SCHERING under this Agreement, in its diluted form, will be set forth in Schedule A-3 hereto, which may be amended from time-

to-time, as mutually agreed by the parties hereto, or as needed to conform with the IND (hereinafter defined) for Agreement Product. Agreement Product shall be supplied to SCHERING by ENZON in the form of Bulk Concentrate, as hereinafter defined.

1.3 "Agreement Substance" shall mean alpha interferon, including, without limitation, the alpha interferon the specifications for which are set forth in Schedule A-1 attached hereto (Specifications for Agreement Substance).

1.4 "Bulk Concentrate" shall mean Agreement Product in bulk concentrated form meeting the criteria set forth in Schedule A-2 hereof. (Specifications for Bulk Concentrate).

1.5 "Development Program" shall mean all development work undertaken by the parties hereto with respect to Agreement Substance or Agreement Product, relating to the development program for Agreement Product (Schedule B) hereto, including the applicable objectives, protocols and timetables, by phases and cumulatively, as well as any modifications to the development program set forth [in Schedule B hereto made by Schering] in Schedule B hereto requested by either party and accepted by the other party in writing, which acceptance shall not be unreasonably withheld.

1.6 "FDA" shall mean the United States Food and Drug Administration or any successor agency thereof, as well as any

foreign equivalent thereof, including, where applicable, price-approval authorities.

1.7 "FDA Approval" shall mean written notification of the approval (without qualification which would materially adversely affect SCHERING's ability to market Agreement Product) from the FDA of a PLA for Agreement Product for which SCHERING seeks such approval, which allows SCHERING to commercially sell Agreement Product.

1.8 (a) "Know-How" shall mean all confidential scientific, medical, and technical data, instructions, processes, formulae, unpatented inventions, expert opinion and information, whether written or otherwise, necessary (as set forth in the PLA for Agreement Product) for the development, manufacture, use or sale of Agreement Substance, Bulk Concentrate or Agreement Product. Know-How shall include, without limitation, all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, research, testing, safety, quality control, manufacturing, marketing, test and clinical data and information necessary (as set forth in the PLA for Agreement Product) for the manufacture, use or sale of Agreement Substance, Bulk Concentrate or Agreement Product. For purposes

of this Agreement, Know-How shall not include any Know-How (as defined in this Article 1.8(a)) which SCHERING can clearly demonstrate was developed by SCHERING or its Affiliates without the aid, application or use of any ENZON Existing or Development Know-How (as hereinafter defined) or the participation of any SCHERING employee or consultant who has knowledge of the contents of such ENZON Existing or Development Know-How ("SCHERING Independent Know-How"). Know-How also shall not include any information, data,

test result, study result, trial result, expert opinion or analysis related to the pharmacology, toxicology, pharmacokinetics, clinical trials or manufacturing steps to be taken by SCHERING, covered under SCHERING'S PLA (hereinafter referred to as "SCHERING Information"). Know-How as defined in this subparagraph (a) is divided into the three categories described below, and the two subcategories described in Articles 4.1 and 4.2 hereof.

(b) "ENZON Existing Know-How" shall mean all Know-How owned or controlled by ENZON or its Affiliates on or before April 3, 1990.

(c) "SCHERING Existing Know-How" shall mean all Know-How owned or controlled by SCHERING or its Affiliates on or before April 3, 1990.

(d) "Development Know-How" shall mean all Know-How developed by or on behalf of either or both parties and/or their Affiliates under this Agreement.

1.9 "IND" shall mean an Investigational New Drug Application or its foreign equivalent, as required to be filed with the FDA.

1.10 "Net Sales" shall mean the proceeds actually received from sales of Agreement Product in any country in the Territory by SCHERING or any of its Affiliates or sublicensees to independent third party customers in bona fide, arm's-length transactions, less:

(a) actual allowances for returns, damages or otherwise, and discounts, rebates and allowances to customers, including cash, credit or free goods allowances; and

(b) freight or other transportation charges, including insurance, actually allowed or paid on account of the delivery of Agreement Product to purchasers thereof; and

(c) taxes (except income taxes) or duties paid, absorbed or otherwise imposed on the sale, including, without limitation, value added taxes.

1.11 "Patent Rights" shall mean: (a) all claims of any patent applications and issued patents arising under this Agreement; and (b) any and all reissues, extensions (or other governmental actions which provide exclusive rights to the patent holder in the patented subject matter beyond the original patent expiration date), substitutions, confirmations, registrations, revalidations, additions, continuations, continuations-in-part or divisions of or to any of the foregoing which are hereafter granted in the Territory. For purposes of this Agreement, Patent Rights shall not include: (1) any patentable invention related to the SCHERING Information, or (2) any patentable invention which SCHERING can clearly demonstrate was invented or developed by SCHERING or its Affiliates, without the aid, application or use of any ENZON Know-How (as hereinafter defined) or the participation of any SCHERING employee or consultant who has knowledge of the contents of the ENZON Know-How ("SCHERING Independent Patent Rights"). The parties shall list Patent Rights as they arise in Schedule C hereto, which shall be updated by the parties periodically to reflect changes in the status of the Patent Rights.

1.12 "PLA" shall mean a Product License Application, or its foreign equivalent, as required to be filed with the FDA to obtain approval to sell the Agreement Product.

1.13 "Territory" shall mean all countries of the world.

1.14 "Valid Claim" shall mean any claim contained in any pending patent application or issued patent included within the Patent Rights, which has not been abandoned or declared invalid in a non-appealable order, as the case may be, and which would be infringed by the manufacture, use or sale of Agreement Product in the absence of the licenses granted hereunder.

Article 2 - Development Program

2.1 The parties have agreed upon, and set forth in Schedules A-2 and A-3 hereof, specifications and criteria for Bulk Concentrate and Agreement Product.

2.2 The parties have executed a Letter of Agreement dated April 3, 1990, wherein ENZON agreed, inter alia, to provide SCHERING with a *** sample batch and a *** production batch of Agreement Product in exchange for certain payments.

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

2.3 The parties have agreed upon, and set forth in Schedule B hereto, a Development Program for Agreement Product. ENZON and SCHERING shall use diligent efforts to carry out their designated responsibilities under the Development Program in a timely fashion, except in those cases where a party has obtained the prior written approval of the other to modify a portion of the Development Program. The Development Program shall be reviewed from time-to-time as shall be agreed by the parties hereto, and the terms thereof may only be changed as mutually agreed in writing by the parties hereto or as suggested by the FDA (with SCHERING's concurrence), or as ordered by the FDA. ENZON's obligations under the Development Program are subject to its receipt of Agreement Substance from SCHERING in a timely manner.

2.4 All trials for Agreement Product specified in the Development Program, including any toxicological, pre-clinical or clinical trials that may be required for drug registrations and approvals in the Territory, shall be the responsibility of SCHERING. SCHERING shall use diligent efforts to obtain such approvals and shall bear all costs of such trials; provided, however, that the manufacture and supply of Agreement Product used in the trials referenced in the Development Program shall be the responsibility of ENZON, but at SCHERING's sole cost and expense, as set forth in Article 3.1 hereof, and subject to the provisions of Article 2.8 and the other provisions of Article 3 hereof.

2.5 Except as expressly provided otherwise herein, ENZON shall be solely responsible for all direct and indirect costs and expenses of its employees, agents, consultants, or subcontractors and for materials, plant and equipment which ENZON employs or utilizes in carrying out its designated responsibilities under the Development Program or in manufacturing Agreement Product for any purpose hereunder.

2.6 The parties hereto shall keep each other informed of their progress with

respect to their respective responsibilities under the Development Program by means of a quarterly written summary report in a form to be agreed upon by the parties hereto. In addition, SCHERING will have access to ENZON's facilities to observe progress of the Development Program, to the extent reasonably necessary to successfully complete the Development Program, upon reasonable advance notice. Each party hereto shall provide the other party with copies of all Know-How in such other party's possession reasonably required in order to enable SCHERING to obtain FDA Approval, including, without limitation, the obligations of Article 2 hereof. Whenever reasonably feasible, such copies may be given directly to the FDA rather than to the other party when in connection with obtaining the FDA approval. ENZON shall, at SCHERING's reasonable request, take all reasonable steps necessary to allow SCHERING to reference ENZON's Drug Master File for Agreement Product; provided, however, that SCHERING shall not have the right to have access to, view or have copies of

ENZON's Drug Master File for Agreement Product. The right of reference and to receive Know-How provided in this Article 2.6 shall not entitle SCHERING to use or receive ENZON's Know-How for manufacturing the Agreement Product, except as expressly permitted hereunder.

2.7 ENZON and SCHERING shall each designate one (1) senior development employee as technical liaison to handle all technical matters and communications relating to the Development Program.

2.8 SCHERING has provided ENZON with certain Know-How relating to the Agreement Substance and shall provide ENZON with any additional Know-How in SCHERING's possession as SCHERING and ENZON shall reasonably agree is required in connection with ENZON's obligations under the Development Program.

2.9 SCHERING shall supply to ENZON in a timely fashion, at no cost, quantities of Agreement Substance necessary to make the Agreement Product called for in the Development Program and to manufacture Agreement Product as required under Article 2.4 hereof. ENZON agrees to advise SCHERING, at least sixty (60) days in advance of the requested delivery thereof, of its requirements for the Agreement Substance.

2.10 SCHERING shall use its best efforts (comparable to efforts it uses with other products of similar status) to file the

foreign equivalent of a Product License Application for Agreement Product in at least three (3) of the following countries: France, West Germany, Italy, Spain, United Kingdom, Japan and Canada, within twelve (12) months after the submission of the initial PLA in the United States of America for Agreement Product, and similarly file in the remaining countries set forth in this Article 2.10 within twenty-four (24) months after such submission.

2.11 ENZON shall deliver to SCHERING in a timely fashion sufficient Agreement Product for SCHERING to carry out the activities contemplated by Article 2.4 hereof.

2.12 ***

2.13 During the term of this Agreement, anything to the contrary contained herein notwithstanding, ENZON shall not develop any product containing PEG and alpha interferon for itself or with or for any third party, nor shall it enter into discussions or negotiations with any such third party concerning any product containing PEG and alpha interferon.

*** Indicates the omission of confidential material pursuant to a request for

confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

Article 3 - Manufacture of Commercial Quantities of Agreement Product; Know-How Transfer

3.1 SCHERING shall notify ENZON, no later than the date of the first PLA filing, that it intends to introduce Agreement Product into commerce. Upon such notification, ENZON shall commence preparing to supply commercial quantities of Agreement Product to SCHERING under a supply agreement (the "Supply Agreement") executed by the parties concurrently with this Agreement and attached hereto as Schedule E. SCHERING shall pay ENZON for Agreement Product to be supplied to SCHERING for the Development Program and for commercial sales at the price established pursuant to the terms of the Supply Agreement.

3.2 The provisions of Article 14 (Force Majeure) of this Agreement and Article XIV (Force Majeure) of the Supply Agreement notwithstanding:

(a) The parties recognize the importance of an uninterrupted supply of commercial quantities of Agreement Product to SCHERING under the terms and conditions of the Supply Agreement. As soon as it shall become apparent to ENZON that circumstances resulting in any failure or delay in delivery hereunder, beyond the time period for timely delivery set forth in Article III.D. of the Supply

Agreement, will continue for more than sixty (60) days, ENZON shall promptly notify SCHERING, in writing, of that fact and shall consult with SCHERING as to the best practical method for assuring SCHERING a source of supply of Agreement Product during the continuance of such circumstances. Provided such failure or delay is not caused by SCHERING's failure to deliver Agreement Substance in a timely manner to ENZON or otherwise by SCHERING's breach of this Agreement, ENZON shall provide SCHERING with all reasonable technical and other assistance in this regard ("Manufacturing Assistance") including disclosure of only such Know-How as may be reasonably necessary (as set forth in the PLA for Agreement Product) for manufacturing or quality control of Agreement Product. Manufacturing Assistance shall include, without limitation: (1) designation by ENZON of a third-party manufacturer acceptable to SCHERING, or (2) assisting SCHERING or any of its Affiliates to manufacture its own requirements of Agreement Product; such assistance by ENZON shall continue only for so long as such circumstances continue. The decision as to whether SCHERING or any of its Affiliates, or a third party source, shall be designated to supply Agreement Product during the

time ENZON cannot do so directly, shall be made jointly by the parties, taking into account the best interest of both the parties, including factors such as (without limitation) cost, time required to initiate production of commercial quantities, protection of intellectual property rights, avoiding benefitting competitors, regulatory requirements, quality control, etc.

(b) (1) ENZON shall be required to allow any manufacturing program for Agreement Product initiated under this Article 3.2 to continue after ENZON regains its ability to supply Agreement Product to SCHERING hereunder only for so long as may be reasonably necessary for SCHERING and/or any of its Affiliates to fully amortize any incremental capital expenses it may have reasonably incurred under such manufacturing program, using generally accepted accounting principles normally used by SCHERING in keeping its own books and records. Third-party sources designated by ENZON shall be acceptable in view of the then-current health regulations.

(2) If the failure or delay first mentioned in Article 3.2(a) above is the fault of ENZON and

within its control, any additional cost of Agreement Product under such manufacturing program, whether performed by SCHERING or any of its Affiliates or any such third-party source, over the cost agreed to by SCHERING in the Supply Agreement, will be borne by ENZON; provided ENZON was afforded the opportunity to mitigate or reduce such cost prior to it being incurred by SCHERING and/or any of its Affiliates.

(c) ENZON shall have the option, in its sole discretion, to delete Article 3.2 from this Agreement. If ENZON exercises this option and so advises SCHERING in writing (the "Option Notice") as far in advance as possible, taking into account the current inventory of Agreement Product and the time required for SCHERING to arrange for another source of Agreement Product, but in no case less than nine (9) months (or such shorter period as may be mutually agreed upon by the parties hereto) in advance of the effective date of the Option Notice, then Article 3.2 shall be deleted and have no further effect, as of the effective date of the Option Notice; provided, however, that ENZON's obligation to provide Manufacturing Assistance to SCHERING and the provisions of Article 3.2(c)(1) through (4)

inclusive shall survive such deletion and continue until SCHERING shall reasonably be capable of manufacturing Agreement Product (in the manner set forth in the PLA for Agreement Product). In such case, as of the effective date of such notice: (1) ENZON shall have no right or obligation to thereafter supply Agreement Product to SCHERING under this Agreement or the Supply Agreement, (2) ENZON shall grant to SCHERING a paid-up license in the Territory, at no additional cost to SCHERING, for the term of this Agreement, of all Know-How necessary (as set forth in the PLA for Agreement Product) and Patent Rights for manufacturing Agreement Product, (3) SCHERING will have no further obligations to purchase Agreement Product from ENZON, and (4) SCHERING shall waive and give up any right or claim to damages or recoupment of expenses or costs which are based on ENZON's failure or delay in supplying Agreement Product and which arose under this Article 3.2; provided, however, ENZON shall continue to be responsible, as set forth in 3.2(b)(1), for any additional cost of Agreement Product manufactured during the nine (9) month period between the date the Option Notice is given and the effective date of the Option Notice. In any event, SCHERING shall be required to pay ENZON

royalties on Net Sales under Article 7 hereof in connection with all Agreement Product manufactured under this Agreement.

Article 4 - Ownership of Intellectual Property; Exclusive Licenses

4.1 ENZON shall own the entire right, title and interest in and to the Development Know-How related to Agreement Product and/or PEG, whether created by SCHERING, by ENZON or jointly by the parties ("ENZON Development Know-How").

4.2 SCHERING shall own the entire right, title and interest in and to the Development Know-How covering and related to Agreement Substance, whether created by SCHERING, by ENZON or jointly by the parties ("SCHERING Development Know-How").

4.3 ENZON shall own the entire right, title and interest in and to all Patent Rights related to Agreement Product and/or PEG, whether invented by SCHERING, by ENZON, or jointly by the parties hereto ("ENZON Patent Rights").

4.4 SCHERING shall own the entire right, title and interest in and to all Patent Rights related to Agreement Substance, whether invented by ENZON, by SCHERING, or jointly by the parties hereto (the "SCHERING Patent Rights").

4.5 For all other Development Know-How and Patent Rights, the party that invented or created same shall own the entire right, title and interest therein, if the other party is not a joint inventor or creator thereof. If the parties jointly invented or created same, they shall be joint owners thereof.

4.6 SCHERING shall own all right, title and interest in and to all SCHERING Information.

4.7 Subject to the other terms of this Agreement, ENZON hereby grants to SCHERING and SCHERING hereby accepts, exclusive licenses, exclusive even as to ENZON, under the ENZON Patent Rights the ENZON Existing Know-How and the ENZON Development Know-How, during the term of this Agreement: (1) to use and sell Agreement Product in the Territory, with the right to sublicense SCHERING's Affiliates or third parties and (2) to make and have made Agreement Product, with the right to sublicense SCHERING's affiliates, under the conditions stated in Article 3.2 hereof.

4.8 Subject to the other terms of this Agreement and for the sole purpose of ENZON's development and manufacture of Agreement Product for SCHERING, SCHERING hereby grants ENZON the right, under the SCHERING Information, the SCHERING Patent Rights, the SCHERING Existing Know-How, the SCHERING Development Know-How, and the RC License (as hereinafter defined) during the term of this Agreement, to use Agreement Substance in the development and manufacture of

Agreement Product and to manufacture Agreement Product, except under the condition referred to in Article 3.2(a)(2) hereof.

4.9 Upon expiration of this Agreement as provided in Article 9.1 hereof, either in its entirety or with respect to any country in the Territory, ENZON shall disclose to SCHERING and SCHERING and its Affiliates may use, either in the Territory or in any such country, without any further payment, for any purpose whatsoever related to Agreement Product (but not for any other purpose or other product), all ENZON Patent Rights, ENZON Existing Know-How, and ENZON Development Know-How.

4.10 No license or right of any sort shall arise under this Agreement, whether by implication or estoppel, with respect to U.S. Patent 4,179,337 and its foreign counterparts, nor to any patent or patent right with respect to Agreement Substance, except as specifically set forth herein.

Article 5 - Patent Rights

5.1 With respect to Patent Rights, it is agreed:

5.1.1 ENZON shall diligently prosecute, maintain and defend all patent applications and issued patents included within the ENZON Patent Rights. All costs for patent filing, prosecution, and maintenance of such

Patent Rights shall be borne by ENZON. If ENZON chooses not to defend such Patent Rights in any country against any third party, then SCHERING may defend such Patent Rights in such country with respect to such third party, at SCHERING's sole cost, and SCHERING will retain for its own benefit any judgment therefrom. If such defense is successful, SCHERING may thereafter deduct its reasonable expenses (including attorney's fees) related to such defense (net of any judgment monies received by SCHERING) from future royalties due in such country under Article 7 hereof.

5.1.2 ENZON shall notify SCHERING immediately (i) whenever it files a patent application related to the ENZON Patent Rights in any country; and (2) whenever it is considering discontinuance of the prosecution or maintenance of such a patent application. If ENZON shall fail to file a patent application related to the ENZON Patent Rights in any country it shall so notify SCHERING immediately in writing, and if ENZON does not initiate the filing process within ninety (90) days after written request to do so from SCHERING, or if ENZON does not continue prosecution or maintenance of such a patent application related to the ENZON Patent Rights which it has initiated pursuant to Article 5.1.2 above within ninety (90) days after written notice from SCHERING,

SCHERING shall have the option to file or continue prosecution in its own name and at SCHERING's cost. In either such case ENZON shall do all acts necessary to assign and vest title to and transfer control of such patent application in that country in a timely fashion to SCHERING for no additional consideration.

5.1.3 Each party hereto shall notify the other party hereto of its knowledge of any infringement of the Patent Rights within sixty (60) days after becoming aware of such infringement.

5.1.4 With respect to SCHERING Independent Patent Rights, it is agreed that SCHERING shall, no later than the date of filing of the first patent application for any patentable invention included in the SCHERING Independent Patent Rights, provide to ENZON on a non-confidential basis a statement of the subject matter of such patent application, using good-faith efforts to make such statement as complete as possible without divulging any confidential or proprietary information, it being understood that SCHERING shall not be required to divulge any confidential or proprietary information in such statement. Thereafter, ENZON may request, and SCHERING shall provide, within twenty (20) days after ENZON's request, (under

appropriate conditions of confidentiality

imposing restrictions on ENZON similar to those SCHERING requires for its other confidential information) a copy of the contents of such patent application.

Article 6 - Payments

6.1 Subject to the terms of this Agreement, SCHERING agrees to make the following payments to ENZON in U.S. Dollars as indicated:

(a) One hundred and fifty thousand dollars ($150,000) within fifteen (15) days after the date of execution by the last of the parties to sign this Agreement.

(b) Four hundred fifty thousand dollars ($450,000) within fifteen (15) days after SCHERING's filing of the first IND in the United States of America for Agreement Product.

(c) Two million five hundred thousand dollars ($2,500,000) within fifteen (15) days after confirmation of SCHERING's successful completion ("Successful Completion") of the initial clinical trial demonstrating that Agreement Product meets the criteria set forth in Schedule D attached hereto (Criteria for Efficacy in Pilot Study).

(d) One million dollars ($1,000,000) within fifteen (15) days after SCHERING's submission of the first PLA for Agreement Product in the United States of America.

(e) Two million dollars ($2,000,000) within fifteen (15) days after receipt of the first FDA Approval to occur in the United States of America.

(f) None of the foregoing payments shall be payable to ENZON more than once under any circumstance.

6.2 If, upon completion of the clinical trial described in Article 6.1(c) hereof, Agreement Product does not meet the applicable criteria set forth in Schedule D, and SCHERING decides at that time to terminate this Agreement as permitted by Article 9.2(b) hereof, ENZON shall promptly refund *** to SCHERING.

Article 7 - Royalty Terms

7.1 Subject to Article 7.2 below, SCHERING shall pay or cause to be paid royalties to ENZON on Net Sales as follows:

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

(a) For as long as SCHERING pays a royalty, under the license agreement

dated December 3, 1987, between SCHERING and Research Corporation, in connection with SCHERING's sale of an Agreement Product in any country in the Territory, SCHERING shall pay ENZON a royalty in such country of *** SCHERING shall provide to ENZON reasonable evidence of such payments to Research Corporation at ENZON's request.

(b) In each calendar year during the term of this Agreement, in connection with SCHERING's sales of Agreement Product which do not require payment of a royalty under Article 7.1(a) above, if Competition, as defined in Article 7.1(d) below, exists in any such country, SCHERING shall pay ENZON a royalty *** for so long as the sum of Net Sales in all countries in the Territory during such calendar year *** and *** after the sum of Net Sales in all countries in the Territory during such calendar year ***

(c) In each calendar year during the term of this Agreement, in connection with SCHERING's sales of

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

Agreement Product which do not require payment of a royalty under Article 7.1(a) above, if Competition does not exist in any such country, SCHERING shall pay ENZON a royalty of *** for so long as the sum of Net Sales in all countries in the Territory during such calendar year does not ***, and *** after the sum of Net Sales in all countries in the Territory during such calendar year ***

(d) For purposes of this Article 7, "Competition" shall mean sales by a party or parties, other than SCHERING, its Affiliates, licensees, distributors or agents, in any country of the Territory, of a competitive product which contains alpha interferon (as a significant active ingredient) coupled with PEG to produce a longer-lasting product, ***

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or countries, there exists no effective patent or know-how protection) and: (1) the sales of such competitive product made by any one party equal *** or, (2) the sales of such competitive product by two or more parties equal, with respect to each such party, *** but, considering the sales of such competitive product made by all such parties in the aggregate, equal ***

7.2 If SCHERING shall hereafter be required, in respect of its sale of Agreement Product, to pay royalties (hereinafter "Third-Party Royalties") to any third party whose patents may be infringed by such sales, SCHERING, in order to reimburse itself for any such Third-Party Royalties, may deduct from royalties due ENZON hereunder the net amount of any such Third-Party Royalties paid, but in no event shall royalty due ENZON for any calendar quarter with respect to Agreement Product be thereby reduced by reason of the provisions of this Article 7.2 to less than one-half of the royalty which would otherwise be due under the other provisions of this Article 7. This Article 7.2 shall only apply if such

infringement is based on PEG coupled with Agreement Substance, and shall not apply or be effective in connection with an infringement

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related to Agreement Substance alone. ***

Article 8 - Royalty Payment Terms

8.1 Royalties payable hereunder with respect to Net Sales shall be paid quarterly within sixty (60) days after the close of the calendar quarter during which proceeds from such Net Sales were received. All royalty payments shall be accompanied by SCHERING's statement of Net Sales, together with SCHERING's royalty calculations.

8.2 Royalties shall be payable in and remitted in United States dollars, by SCHERING or its appropriate Affiliate. If Net Sales are invoiced in other than U.S. dollars, such Net Sales shall be converted to U.S. dollars in accordance with generally accepted accounting principles (as employed by SCHERING in translating its published financial results for SEC reporting purposes) at the closing rates of exchange in effect on the last SCHERING business day of the month prior to the month in which the invoice was issued. If, due to restrictions or prohibitions imposed by national or international authority, SCHERING is unable to make the conversions as aforesaid or SCHERING or SCHERING's affiliates are

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unable to make any such royalty payment, the parties shall consult with a view to finding a prompt and acceptable solution and SCHERING will, from time to time, deal with such monies as ENZON may lawfully direct. The parties shall use diligent efforts to cause such royalties to be paid, without reduction, and in any event SCHERING's ultimate obligation for such payments shall not be eliminated.

8.3 If the royalties set forth herein are higher than the maximum royalties permitted by the law or regulations in any country in the Territory, the royalty payable for sales in such country shall be equal to the maximum permitted royalty under such law or regulations. In such case, the parties shall take whatever actions are legally permissible to pay the entire amount of such royalty above the permitted amount to ENZON, such as by an increase in the period of time during which royalties shall be paid by SCHERING hereunder.

8.4 If any taxes, withholding or otherwise, are levied by any taxing authority in connection with accrual or payment of any royalties payable under this Agreement, SCHERING or its Affiliate shall have the right to pay such taxes to the local tax authorities on behalf of ENZON and the payment to ENZON of the net amount due after reduction by the amount of such taxes, together with evidence of payment of such taxes, shall fully satisfy SCHERING's royalty

obligations under this Agreement. SCHERING shall give ENZON reasonable notice of any such payment.

8.5 Royalties shall be due hereunder and calculated only on the final sale of Agreement Product by SCHERING or any SCHERING Affiliate or SCHERING sublicensee to independent third parties in arm's-length transactions. No multiple royalties shall be payable upon account of the sale of Agreement Product, regardless of whether more than one patent exists within the Patent Rights in any country or countries in the Territory.

8.6 SCHERING shall keep complete and adequate records with respect to the sale of Agreement Product and royalties payable hereunder. ENZON shall have the right to have such records of SCHERING inspected and examined, at ENZON's expense, for the purpose of determining correctness of royalty payments made hereunder. Such inspection and examination shall be made by an independent certified public accountant to whom SCHERING shall have no reasonable objection. Such accountant shall not disclose to ENZON any information other than that necessary to verify the accuracy of reports and payments made pursuant to this Agreement. It is understood that such examination with respect to any quarterly accounting period hereunder shall take place not later than two (2) years following the expiration of the said period. No more than one examination per year shall take place.

8.7 If, in order to facilitate direct royalty payments by a SCHERING Affiliate, it is desirable that a separate license agreement be entered into between ENZON and such Affiliate, ENZON agrees to grant such license directly to such Affiliate by means of an agreement which shall be consistent with the provisions of this Agreement.

Article 9 - Term and Termination

9.1 This Agreement shall be made effective on the date first written above and shall continue in effect, unless terminated earlier as expressly provided herein, for a term which shall expire, on a country-by-country basis, upon the longer of (a) the life in each such country of the last to expire of the ENZON Patent Rights for which a Valid Claim exists, including any patent extension (or any other governmental action which has the effect of extending the period of market exclusivity of the patent owner) which is permitted by law and obtained, or (b) fifteen (15) years from the date on which Agreement Product is first approved for commercial marketing in each such country ("Term").

9.2 SCHERING shall have the right to terminate this Agreement at any time, either in its entirety or on a country-by-country basis:

(a) after sixty (60) days' written notice to ENZON, if ENZON has not cured the cause of such right to terminate if based upon this Article 9.2(a), if the Agreement Product resulting from the Development Program shall fail to meet the specifications and criteria set forth in Schedule A-3;

(b) after the completion of the clinical trial set forth in Article 6.1(c) hereof; provided, however, that if Successful Completion, as defined in Article 6.1(c) hereof shall have taken place, SCHERING's right to terminate under this Article 9.2(b) shall be contingent upon SCHERING's having made the payment set forth in Article 6.1(C) hereof.

In the event of any termination by SCHERING hereunder, SCHERING shall be required to make only those payments hereunder which have accrued and are due and owing prior to the effective date of such termination.

9.3 Upon the failure of either party hereto to comply with any of its respective material obligations contained herein, the other party shall be entitled, without prejudice to any other rights conferred on it herein, to terminate this Agreement upon not less than sixty (60) days notice of such default given to the

defaulting party, provided that the party in defau1t has failed to cure such default within such sixty (60) day period.

9.4 If either party hereto shall become insolvent or shall make an assignment for the benefit of creditors, or proceedings in voluntary or involuntary bankruptcy shall be instituted in behalf of or against such party, or a receiver or trustee of such party's property shall be appointed, the other party hereto may, without other action or notice, forthwith terminate this Agreement.

9.5 Except as otherwise provided herein, in the event of termination under Articles 9.2, 9.3 or 9.4, each party shall return to the other party, and no longer use for any reason or purpose, all the Know-How belonging solely to the other party.

Article 10 - Representations and Warranties; Indemnification

10.1 ENZON hereby represents and warrants that it has sole, full and complete right, title and interest in all Patent Rights and ENZON Existing Know-How. ENZON further represents and warrants that, to the best of its knowledge as of the effective date of this Agreement, the manufacture, use or sale of Agreement Product by ENZON will not infringe any third party's patent rights related to Agreement Product or PEG. ENZON shall fully indemnify, defend and hold SCHERING harmless for all direct damages and expenses, including reasonable attorney's fees, (but not for consequential

damages such as lost or reduced profits, royalties, or similar items) which may be incurred by SCHERING for any breach of the warranties contained in this Article 10.1, but not if such infringement is related to the Agreement Substance.

10.2 Each party hereto represents and warrants that it has the right to enter into this Agreement and has no obligation, or knows of no obstacle, which would prevent either party from carrying out its obligations and responsibilities thereunder, including manufacture, commercialization and/or sale of Agreement Product on a world-wide basis.

10.3 SCHERING represents and warrants that the use by ENZON of Agreement Substance supplied by Schering to ENZON only in connection with ENZON's activities under this Agreement and the Supply Agreement will not infringe the patent rights and/or know-how rights of any third party with respect to Agreement Substance. SCHERING further represents and warrants that, to the best of its knowledge as of the effective date of this Agreement, it has: (a) the right to make, have made, use and sell: (1) alpha interferon, and (2) under a license agreement with Research Corporation dated December 3, 1987, in connection with U.S. Patent 4,179,337 and its foreign counterparts (the "RC License"), products combining PEG and alpha interferon; and (b) the right to make the grants to ENZON contained in Article 4.8 hereof. SCHERING shall fully indemnify, defend and hold ENZON harmless for all direct damages and expenses,

including reasonable attorney's fees, (but not for consequential damages such as lost or reduced profits, royalties, or similar items) which may be incurred by ENZON for any breach of the warranties contained in this Article 10.3.

10.4 SCHERING shall indemnify, defend and hold ENZON harmless from and against any and all claims, including reasonable attorney's fees, for loss, damages, or injury to persons or property by whomsoever raised, arising out of SCHERING's negligence in manufacturing, marketing, distribution and sale of Agreement Substance or Agreement Product.

10.5 In addition to the warranty set forth in Article 10.1 above, ENZON shall indemnify, defend and hold SCHERING harmless from and against any and all claims, including reasonable attorney's fees, for loss, damages, or injury to persons or property by whomsoever raised, arising out of ENZON's negligence in the development, testing or manufacture of Agreement Substance or Agreement Product.

10.6 The coverage of Articles 10.4 and 10.5 above shall not be deemed to extend to the infringement of any patent right.

10.7 (a) ENZON shall provide to SCHERING, no later than thirty (30) days after the date first written above, a certificate of insurance evidencing liability

insurance, including products liability and contractual liability insurance, covering ENZON's obligations under this Agreement, and satisfactory to SCHERING, in the amount of one million dollars ($1,000,000). Such insurance shall be kept valid and in full force by ENZON until the initiation of Phase III clinical trials of Agreement Product by SCHERING hereunder, and ENZON shall provide SCHERING with certificates of renewal or re-issuance as they become available.

(b) ENZON shall provide to SCHERING, no later than thirty (30) days after the initiation of Phase III clinical trials of Agreement Product by SCHERING hereunder, a certificate of insurance evidencing liability insurance, including products liability and contractual liability insurance, covering ENZON's obligations under this Agreement, and satisfactory to SCHERING, in the amount of five million dollars ($5,000,000), hereinafter the "Face Amount". Such insurance shall be kept valid and in full force by ENZON during the term of this Agreement, and ENZON shall provide SCHERING with certificates of renewal or re-issuance as they become available; provided, however, that during any period in which the cost to ENZON of the insurance

required under this Article 10.7(b) reasonably shall be greater than one hundred fifty percent (150%) of the adjusted cost ("Adjusted Cost") to ENZON of such insurance during the first full year such insurance was in effect, the Face Amount shall be reduced to an amount which ENZON reasonably can purchase for a sum equal to one hundred fifty percent (150%) of the Adjusted Cost. The Adjusted Cost

in each year shall be determined by applying to the prior year's Adjusted Cost (or for the second year such insurance shall be in effect, the prior year's actual cost) the percentage increase or decrease in the U.S. gross national product shown in the final annual Implicit Price Deflator for Gross National Product table produced for the prior calendar year by the Bureau of Economic Analysis of the U.S. Department of Commerce (or any successor agency thereof).

(c) Failure to demonstrate such proof of valid, in-force, insurance coverage, or failure to maintain such coverage, shall be grounds for immediate termination of this Agreement by SCHERING.

10.8 The aforesaid obligations of the indemnifying party shall be subject to the indemnified party fulfilling the following obligations:

(a) The indemnified party shall bring any claim, action, damage, expense, etc. to the attention of the indemnifying party as soon as reasonably possible;

(b) The indemnified party shall fully cooperate with the indemnifying party in the defense of any claims, actions, etc., which defense shall be controlled by the indemnifying party (provided, however, that the indemnified party shall be entitled to counsel at its own expense) ;

(c) The indemnified party shall not, except at its own cost, voluntarily make any payment or incur any expense with respect to any claim or suit without the prior written consent of the indemnifying party, which such party shall not be required to give.

Article 11 - Confidentiality

11.1 Both ENZON and SCHERING recognize that Know-How disclosed by each party to each other, including ENZON Existing Know-How, ENZON Development Know-How, SCHERING Existing Know-How, SCHERING Development Know-How, and any jointly-owned Development Know-How, is of proprietary value to and is to be considered highly confidential and shall be treated by the parties during the term of this

Agreement (or any extension thereof) and for a period of five (5) years after the expiration or any termination thereof in the following manner:

(a) SCHERING agrees to keep confidential and not to disclose to others, without the express written permission of ENZON, ENZON Existing Know-How, ENZON Development Know-How, and any jointly-owned Development Know-How.

(b) ENZON agrees to keep confidential and not to disclose to others, without the express written permission of SCHERING, SCHERING Existing Know-How, SCHERING Development Know-How, and any jointly-owned Development Know-How.

11.2 Neither party shall be prevented from disclosing any Know-How which:

(a) can be demonstrated by written records to have been known to the recipient at the time of receipt, or

(b) was subsequently otherwise legally acquired by such party from a

third party having an independent right to disclose the Confidential Information, or

(c) which was at the time of disclosure, is now or later becomes publicly known without breach of this Agreement by either party, or

(d) which is required to be disclosed by law, regulation, or act of any governmental agency.

11.3 Anything to the contrary in Article 11.1. above notwithstanding, SCHERING and its Affiliates shall be permitted to disclose Know-How to:

(a) regulatory agencies in support of applications to market Agreement Product;

(b) clinicians or others in connection with research related to such applications, or to the preparation or filing of such applications, provided, however, that SCHERING shall use diligent efforts to secure signed confidentiality agreements prior to any disclosure under this Article 11.3(b); and

(c) distributors as reasonably necessary for purposes of obtaining approval to market Agreement Product or to market or promote Agreement Product, provided, however, that SCHERING shall use diligent efforts to

secure signed confidentiality agreements prior to any disclosure under this Article 11.3(c).

11.4 Upon the expiration or any termination of (but not during) this Agreement except termination for cause by SCHERING under the terms of Articles 9.3 and 9.4 hereof), ENZON shall have the right to disclose to potential licensees, under appropriate confidentiality restrictions similar to those ENZON normally uses for the disclosure of its own valuable proprietary information, summaries of the SCHERING Information (but not the underlying data or the tests or analyses themselves). These disclosures, however, may not contain any proprietary information pertaining to Agreement Substance.

11.5 During the term of this Agreement, SCHERING and its Affiliates may use ENZON Patent Rights, ENZON Existing Know-How, and ENZON Development Know-How for any purpose whatsoever related to Agreement Product (but not for any other purpose or other product) only pursuant to Article 4.7 hereof. This clause 11.5 shall not be deemed to impose any requirement for ENZON to disclose Know-How except as otherwise expressly provided in this Agreement.

Article 12 - Governing Law

This Agreement shall be governed by and interpreted in accordance with the substantive law of the State of New Jersey, without regard to its choice of law principles.

Article 13 - Assignment or Delegation

13.1 Except as provided in Article 13.2 below, neither party may without written approval of the other:

(a) assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party, or

(b) designate and cause any third party to perform all or part of its activities hereunder, or to have the benefit of all or part of its rights hereunder, except that ENZON may continue to have that portion of its manufacturing operation which is being performed by other parties as of the date of this Agreement continue to be so performed.

13.2 Either party hereto may assign this Agreement, without the other party's consent, to a third party in a transaction in which all the assets of the assigning party relating to Agreement Product are sold or assigned; provided such third party was not selling a product competitive to the Agreement prior to such assignment.

In the event of any such permitted assignment, transfer or designation, the assignee, transferee or designee shall assume and be bound by the provisions of this Agreement.

Article 14 - Force Majeure

14.1 Except as otherwise provided in Article 3.2 hereof, neither party hereto shall be liable in damages for, nor shall this Agreement be terminable or cancellable by reason of, any delay or default in such party's performance hereunder if such default or delay is caused by events beyond such party's reasonable control, including, but not limited to, acts of God, regulation or law or other action or failure to act of any government or agency thereof (including, without limitation, any action or inaction of the FDA), war or insurrection, civil commotion, destruction of production facilities or materials by earthquake, fire, flood or storm, labor disturbances, epidemic, or failure of suppliers (including each of SCHERING and ENZON with respect to their obligation to supply the other), public utilities or common carriers; provided however, that the party seeking relief hereunder shall immediately notify the other party of such cause(s) beyond such party's reasonable control.

14.2 Each party shall endeavor to resume its performance hereunder as quickly as possible if such performance is delayed or interrupted as set forth in Article 14.1 above.

Article 15 - Independent Contractor; Publicity

15.1 It is understood that both parties hereto are independent contractors and engage in the operation of their own respective

businesses and neither party hereto is to be considered the agent of the other party for any purpose whatsoever. Each party shall be fully responsible for its own employees and consultants, and the employees of one party shall not be deemed to be employees of the other party for any purpose whatsoever.

15.2 Both parties agree not to use or refer to, without the other party's written permission, which shall not be unreasonably withheld, the other's name or agreements with the other party, or the terms of this Agreement, in any

public statement, whether oral or written, including, but not limited to, communications with the media, or prospectuses; provided, however, that either party may, without the consent of the other party, make whatsoever disclosure is required by law, and particularly by the Securities and Exchange Act of 1934, as amended, the regulations promulgated thereunder, and any applicable NASDAQ rule. The parties agree that the press release attached hereto as Schedule F may be made public.

15.3 Except as allowed under Article 15.2 above, ENZON shall not, without the written permission of SCHERING's Vice-President, Business Development, publish or report any information related to Agreement Substance or Agreement Product, such approval shall not unreasonably be withheld, and shall be deemed to have been given unless notice in writing to the contrary has been given to ENZON within sixty (60) days from receipt by SCHERING of a request to approve such publication or report.

Article 16 - No Inconsistent Obligations

Each party hereto represents and warrants that it has no obligations or commitments inconsistent with this Agreement and that it knows of no reason the Development Program may not proceed as set forth in Schedule B hereto.

Article 17 - Severability; Survival

(a) Should any part of this Agreement be held unenforceable or in conflict with the applicable laws or regulations of any jurisdiction, the invalid or unenforceable part or provision shall be replaced with a provision which accomplishes, to the extent possible, the original business purpose of such invalid or unenforceable part or provision in a valid and enforceable manner, and the remainder of this Agreement shall remain binding upon the parties hereto.

(b) The terms of this Agreement which by their intent or meaning have validity beyond the term of this Agreement shall survive the termination or expiration of this Agreement.

Article 18 - Captions

18.1 The captions of this Agreement are solely for the convenience of reference and shall not affect its interpretation.

18.2 Schedules A-1, A-2, A-3, B, C, D, E and F are attached to and made a part of this Agreement.

Article 19 - Waiver

The failure of either party at any time to times or enforce or require performance of any provision of this Agreement shall in no way operate as a waiver or affect the right of such party at a later time to enforce the same. No waiver by either party of any condition or the breach of any term or agreement contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or shall be construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any other breach of any other term contained in this Agreement.

Article 20 - Notice

Any notice, payment, report or other correspondence (hereinafter collectively

referred to as "Correspondence") required or permitted to be given hereunder shall be sent by certified mail, by telefax

or delivered by hand to the party to whom such Correspondence is required or permitted to be given hereunder. Any such Correspondence shall be deemed to be received upon receipt as evidenced by the written and dated receipt signed by the receiving party or its agent or employee, or as evidenced by telefax records.

All Correspondence to ENZON shall be addressed as follows:

Enzon, Inc.
40 Cragwood Road
South Plainfield, NJ 07080-2406
Attention: Vice President, Corporate Development
with a copy to: General Counsel, Law Department

All Correspondence to SCHERING shall be addressed as follows:

Schering Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033
Attention: Vice President, Business Development
with a copy to: Legal Director, Research and Licensing

Any entity may change the address to which correspondence to it is to be addressed by notification as provided herein.

Article 21 - Entire Agreement

This Agreement, including Schedules A through F attached hereto, and the Letter Agreement between the parties dated April 3, 1990, (the "Letter Agreement") represent the entire understanding between the parties with respect to the subject matter hereof, and supersede all other prior agreements, negotiations, understandings, representations, statements and writings between the parties relating thereto. No modification, alteration, waiver or change in

any of the terms of this Agreement shall be valid or binding upon the parties hereto unless made in writing and duly executed by each of the parties hereto. In the event of any conflict between this Agreement and the Letter Agreement, this Agreement shall control.

IN WITNESS WHEREOF, this Agreement has been executed by the parties to be effective as of the day and year first written above.

APPROVED AS TO
LEGAL FORM
[INITIALS]

ENZON, INC.

By: /s/ Abraham

Title: President and CEO

SCHERING CORPORATION

By: /s/ Donald R.

Title: President, Pharmaceuticals

APPENDIX I

Initial Specifications for Agreement Substance

TEST	SPECIFICATION
***	

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

10/25/90

APPENDIX II

Additional Specifications for Agreement Substance

TEST	SPECIFICATIONS
***	

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

10/25/90

SCHEDULE A-1

SPECIFICATIONS FOR AGREEMENT SUBSTANCE
(SCM 30500 Drug Substance in Solution)

TEST	SPECIFICATION
***	

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

10/19/90

SCHEDULE A-2

SPECIFICATIONS FOR BULK CONCENTRATE

(PEG-SCH 30500 in Solution)

TEST	SPECIFICATION
***	

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

10/19/90

SCHEDULE A-3

SPECIFICATIONS FOR AGREEMENT PRODUCT
(Modified PEG-Intron A Solution, 50x10^6 IU/ml.)

TEST	SPECIFICATION
***	

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

10/19/90

SCHEDULE B

SCH 30500--PEG INJECTION
DEVELOPMENT PLAN

ACTIVITY	START/ COMPLETION TARGET	RESPONSIBILITY
***		

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

10/10/90

ACTIVITY	START/ COMPLETION TARGET	RESPONSIBILITY

***

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ACTIVITY	START/ COMPLETION TARGET	RESPONSIBILITY

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

PROJECTED NDA TIMELINE

***

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SCHEDULE C

PATENT RIGHTS

(To be updated by the parties as required under Article 1.11.]

10/25/90:1

SCHEDULE D

CRITERIA FOR DEMONSTRATING EFFICACY
IN A PILOT CLINICAL STUDY

***

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SCHEDULE E

SUPPLY AGREEMENT

[omitted no longer in effect]

Amendment No. 1 December 10, 1991

FILE COPY

SCHERING CORPORATION J.M.K. SEP 23 1991

GALLOPING HILL ROAD [LOGO] KENILWORTH, N.J 07033

CABLES: SCHERING KENILWORTH
TELEX: 138315
138280
TELEPHONE: (201) 298-4OOO

September 16, 1991

Enzon, Inc.
40 Cragwood Road
South Plainfield, NJ 07080-2406

ATTN: Glenn Kazo

Dear Mr. Kazo:

Pursuant to Article 1.5 of our Development, License and Supply Agreement (the "Agreement"), dated November 14, 1990, this will confirm our agreement to amend the Development Plan, as defined in the Agreement, in accord with the attached memo from M. Zupon, dated April 29, 1991, and with the amended Schedule B to the Agreement, both of which are attached hereto.

Please indicate your acceptance of the foregoing by signing one copy of this letter as indicated below and returning it to us for our files.

Very Truly yours,

SCHERING CORPORATION

By: /s/ William J. Breiner
William J. Breiner
Vice President
Business Development

APPROVED AS TO LEGAL FORM

[INITIALS]
LAW DEPT

Accepted and Agreed:

ENZON, INC.

By /s/ Glenn M. Kazo Glenn M. Kazo

Title Vice President Corporate Development

Date 12/10/91

C/ADAG2691

cc: John Caruso, Esq. (Enzon)

Karin Cast
Ann Martin

[LOGO] Schering-Plough Memo

Meeting Attendees Date: April 29, 1991

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

/s/ Michael A. Zupon

MAZ/nf Mtg(2)
Attachment

ATTACHMENT VII

SCHEDULE B

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

***

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Amendment No. 2 October 30, 1992

[Amendment No. 2 is no longer in effect and therefore is not included in this filing]

Amendment No. 3 March 1993

[Amendment No. 3 is no longer in effect and therefore is not included in this filing]

Amendment No. 4 June 30, 1995

[LOGO] ENZON, Inc.

June 30, 1995

Schering Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033

Gentlemen:

This letter sets forth the terms and conditions under which Schering Corporation (hereinafter called "SCHERING") and Enzon, Inc. (hereinafter called "ENZON") agree to further amend their Development, License and Supply Agreement dated November 14, 1990 (hereinafter the "Agreement"). Except as stated otherwise in this letter amendment, capitalized words used herein shall have the same meaning as those defined in the Agreement. A "Stock Purchase Agreement" between the parties is effective concurrently with this letter amendment. This letter amendment is effective June 30, 1995.

The Agreement shall be amended as follows:

Amendment 1

Under the March 2, 1993 letter amendment to the Agreement, paragraph 6, SCHERING decided to continue development of an "Optimal Formulation" and ENZON provided SCHERING with several batches of such Optimal Formulation. Additionally, SCHERING elected to similarly pursue a second "Optimal Formulation" through the filing of an IND. No additional payment is due ENZON pursuant to Article 6.1(b) of the Agreement in connection with the second Optimal Formulation and all payments required under the March 2, 1993 letter amendment to the Agreement have been made by SCHERING.

40 Kingsbridge Road Piscataway, NJ 08854-3998 (908) 980-4500
FAX: (908) 980-5911

Amendment 2

Schedules A-1, A-2, B, C, and D, which were attached to the Agreement and part thereof on November 14, 1990, are hereby deleted and replaced by the new schedules of that same designation, which are attached to this letter amendment. Schedule A-3 is deleted and when SCHERING develops new and final specifications they will be put into the Agreement as a new Schedule A-3. Further, new Schedules G and H are attached to and made a part of this letter amendment. All references below to Schedules, and future interpretation of this letter amendment and the Agreement, shall be made with respect to these new Schedules.

Amendment 3

In Article 1.2, delete -- ENZON -- and -- are -- in the fourth line and replace them, respectively, with -- SCHERING -- and -- will be --. Add at the end of Article 1.4, -- SCHERING may amend the specifications in Schedule A-2 after the effective date of this letter amendment if in its reasonable judgment it is necessary to do so. ENZON shall not be responsible for such specifications as amended unless it chooses to supply Bulk Concentrate pursuant to Article 3.1, --.

Amendment 4

In Article 1.5, strike the last three lines and insert -- in Schedule B hereto made by SCHERING -- .

Amendment 5

In Article 2.3, delete -- ENZON and -- in the second line and delete the last sentence in this Article. Further, insert therein

-- Neither party will unreasonably withhold consent to changes in the Development Program --.

Amendment 6

In Article 2.4, strike the last six lines and insert -- approvals and bear all costs of such trials, including the manufacture and supply of Agreement Product used in the trials referenced in the Development Program --.

Amendment 7

Delete Article 2.6 and insert the following:

> "The parties hereto shall keep each other informed of their activities hereunder and the status of the Development Program by means of a quarterly written summary report, a form to be agreed upon by such parties. ENZON shall, at SCHERING'S reasonable request, take all reasonable steps necessary to allow SCHERING to reference ENZON'S drug master file for Agreement Product, which exists as of the effective date of this letter amendment, but have no obligation to hereafter add to or modify it, except any obligation which may arise from the exercise by ENZON of it's option rights to supply SCHERING'S United States requirements for Bulk Concentrate under Article 3.1."

Amendment 8

In Article 2.8 strike the last three lines and insert -- any additional Know-How in SCHERING'S possession as SCHERING shall determine is required under the Development Program --.

Amendment 9

Delete the present Article 2.9. Insert therein -- SCHERING shall supply to ENZON in a timely fashion, at no cost, quantities of Agreement Substance necessary to make the Bulk Concentrate called for under Article 3.1.--

Amendment 10

Delete Article 2.11.

Amendment 11

***

Amendment 12

Delete Articles 3.1 and 3.2 and insert the following:

"3.1 SCHERING shall notify ENZON when it receives FDA approval for Agreement Product no later than ten (10) days after such receipt. During the two year period after the date of such FDA approval, ENZON shall have the exclusive option, even as to SCHERING, to elect to manufacture for SCHERING and its Affiliates and their sublicensees all of their requirements for Bulk Concentrate to be sold in the U.S. during the Term of this Agreement. If ENZON elects to supply such Bulk Concentrate, ENZON shall supply, and SCHERING shall purchase, such Bulk Concentrate under the terms and conditions of the "Supply Agreement" attached as Schedule

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E to the Agreement. ENZON shall not have to supply, and SCHERING shall not have to accept, Bulk Concentrate before seven months have expired since the giving of such notice."

"3.2(a) In consideration of the payments made by SCHERING to ENZON under the June 30, 1995 letter amendment, ENZON shall promptly transfer after June 30, 1995 previously undisclosed Know-How, owned and controlled by ENZON as of June 30, 1995, which is necessary to acquire polyethylene glycol("PEG") from third party vendors for conversion to Bulk Concentrate and to manufacture Bulk Concentrate, and to obtain regulatory approvals to manufacture Bulk Concentrate and Agreement Product and to market Agreement Product. This transfer is being made by ENZON for the sole purpose of SCHERING developing, and obtaining FDA approval to manufacture, market and sell the Bulk Concentrate and Agreement Product. SCHERING shall use such Know-How only as necessary for such purposes. It is the intention of the parties that such Know-How not in any way be used for or relied on by SCHERING to independently develop its own technology for combining PEG with polypeptide. Further to the obligations specified in Article 11, SCHERING will not disclose such ENZON Know-How to any party other then a SCHERING Affiliate, a government authority required to approve the registration or sale of Agreement Product, or a vendor producing PEG for SCHERING provided such vendor has an obligation of confidentiality to SCHERING in connection

therewith. Further, SCHERING shall only disclose or allow access of such ENZON Know-How to only those persons described above in this Article 3.2(a) who need such knowledge or access, as strictly interpreted, in connection with the above stated purposes. As stated in Article 1.8(a) in connection with SCHERING Independent Know-How, in the event SCHERING shall

develop any idea, invention or technology for combining PEG or any other polyalkyleneoxide with any polypeptide, chemical or other compound the presumption shall be that such development occurred, was based on and originated out of such ENZON Know-How, unless SCHERING can reasonably clearly demonstrate that it was developed by SCHERING or its Affiliates without the aid, application, or use of such ENZON Know-How or the participation of any SCHERING employee or consultant who had knowledge of such Know-How. Further the second last sentence in Article 1.8(a) relating to "SCHERING Information", shall be modified and interpreted to exclude such ENZ0N Know-How or steps taken by SCHERING based on such ENZON Know-How."

"3.2(b) ENZON shall transfer to SCHERING the Know-How referred to in Article 3.2(a) promptly after June 30, 1995, generally in accordance with the time table set forth in new Schedule G attached to and made a part of the June 30, 1995 letter amendment. It is the intention of the parties that ENZON provide to SCHERING, for example, but not by way of limitation on SCHERING, the "recipe" for making and testing the Agreement Product,

but not ENZON's thought processes, theories, or reasons that led to such recipe. Further, as an example only, ENZON shall provide SCHERING with its standard operating procedures, batch records and raw material in-process, final release assay protocols and available assay validations used in connection with Agreement Product. However, ENZON shall not transfer to SCHERING any of the information or documentation that led to ENZON's selection or arrangement of the steps or information in these items. Notwithstanding the remainder of this Article 3.2(b), such Know-How shall include all elements of ENZON'S thought processes, theories or reasons or previously referred to steps or information which ENZON relied on in the manufacture of Bulk Concentrate. The foregoing limitations on ENZON'S disclosure of such Know-How to SCHERING shall not apply to any of such Know-How which is necessary to be disclosed to a government agency for approval by that agency to manufacture Bulk Concentrate and / or sell Agreement Product, provided such disclosure is done under confidentiality.

"3.2(c) Schedule G, entitled "Information Needed and Activities To Be Completed For Transfer Of Know-How", lists particular information and documents which ENZON shall transfer to SCHERING relating to the Know-How described in Article 3.2 (a), but is not all inclusive of such Know-How. In connection with the transfer of such Know-How to SCHERING under Article 3.2(b) ENZON will also provide to SCHERING and its Affiliates, and their

designees with regard to PEG and manufacture of Bulk Concentrate meeting specifications included in Schedule A-2 as of June 30, 1995, reasonable technical assistance in utilizing such Know-How. SCHERING shall pay ENZON's reasonably documented out of pocket expenses for such assistance. Further, upon completion or transfer of such information and documents and of the activities specified in Schedule G, SCHERING shall make the One Million Dollar($1,000,000) payment to ENZON described in "Amendment 15" of the June 30, 1995 letter amendment."

Amendment 13

In Article 4.7, in the third line, delete -- licenses -- and insert -- license --. Further, delete the last five lines and insert -- during the Term of this Agreement, to make, have made, use and sell Bulk Concentrate and Agreement Product in the Territory. This license shall include the right to sublicense SCHERING'S Affiliates, with respect to making and having made the Bulk Concentrate and Agreement Product, third party vendors with respect to the manufacture of conforming PEG and its Affiliates or third parties, with respect

to using and selling Agreement Product. Notwithstanding the exclusive license granted under the previous sentence, ENZON shall retain the right to manufacture and supply Agreement Product to SCHERING under the terms and conditions covered under Article 3.1, if ENZON exercises its option under that Article --.

Amendment 14

In Article 4.8, delete the first two lines on page 20 and insert --

Bulk Concentrate and to manufacture Bulk Concentrate, under the terms and conditions specified in Article 3.1 -- . In Article 4.9, in the sixth line, add -- Bulk Concentrate or -- before the words -- Agreement Product --.

Amendment 15

In addition to the batches of Bulk Concentrate covered under the March 2, 1993 amendment to the Agreement sold to SCHERING, ENZON has delivered eleven (11) batches of such Bulk Concentrate to SCHERING for total of eight hundred eighty-five thousand dollars ($885,000), which SCHERING has paid to ENZON. In addition to the payments called for under Article 6.1(a) - (f), SCHERING shall also pay ENZON two million dollars ($2,000,000) within twenty(20) days after the effective date of this letter amendment and a further additional one million dollars ($1,000,000) on the completion of the transfer of Know-How from ENZON to SCHERING covered under Article 3.2(c) of this letter amendment.

Amendment 16

Delete the Article 6.1 (C) and add the following

"(c) One million dollars ($1,000,000) within ten days after dosing the first patient enrolled in the Phase 2 Clinical Trial, as that phase is described in the Development Program (as per Schedule D(a)) and one million five hundred thousand dollars ($1,500,000) within ten days after SCHERING's initiation of large scale clinical trials as described in Schedule D(b)."

Amendment 17

In Article 9.2(a), in the third line, after --, -- delete the

ba1ance of Article 9.2(a) and insert the following:

"if any of the requirements specified in new Schedule H attached hereto and made a part of the June 30, 1995 letter amendment are not met or."

Delete Article 9.2 (b) and insert the following:

" after completion of the initial clinical trial demonstrating that Agreement Product meets the criteria set forth in Schedule D attached hereto; provided, however, that if such successful completion shall have taken place, SCHERING'S right to terminate under this Article 9.2 (b) shall be contingent upon SCHERING'S having made to ENZON the total payments of *** set forth in Article 6.1(c)."

Amendment 18

In Article 10 add the following new representations and warranties:

"10.9 As of June 30, 1995, ENZON and it's subsidiaries are each a corporation duly organized and existing in good standing under the laws of the jurisdiction of their incorporation, except, in the case of such subsidiaries, as would not have a Material Adverse Effect(as defined

below), and has the requisite corporate power to own its properties and carry on its business as now being conducted. ENZON and it's subsidiaries are each duly qualified to do business and in good standing in every jurisdiction in which the nature of the business conducted or property owned by them makes such

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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 operation, properties or financial condition of ENZON and it's subsidiaries taken as a whole."

"10.10 As of June 30, 1995 ENZON has the requisite corporate power and authority to enter into and perform its obligations under the 1995 letter amendment, the execution and delivery of the June 30, 1995 letter amendment by ENZON and the consummation by it of the transaction contemplated herein have been duly authorized by ENZON's Board of Directors and no further consent or authorization of ENZON's Board of Directors or stockholders is required. The June 30, 1995 letter amendment has been duly executed and delivered by ENZ0N, and constitutes a valid and binding obligation of ENZON enforceable against ENZON in accordance with it's terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or reorganization, moratorium, liquidation, or similar laws relating to, or effecting generally the enforcement of creditor's rights and remedies or by other equitable principles of general application."

"10.11 ENZON represents and warrants that the representations and warranties provided in Article 10.1 and 10.2 of the Agreement shall also apply and be binding on ENZON with respect to such Know-How transfer to SCHERING under Article 3.2(b) above and to SCHERING's or

it's Affiliates as manufacture of Bulk Concentrate or Agreement Product based on the use of such Know-How."

"10.12 As of June 30, 1995, ENZON represents and warrants that there is no judicial or administrative action or other proceeding pending or, to the best of it's knowledge, threatened, nor to the best of it's knowledge is there any governmental investigation pending or threatened that questions the validity of any of the transactions contemplated under the June 30, 1995 letter amendment."

"10.13 Enzon represents and warrants that with respect to the manufacture of "M-PEG", "SC-PEG", and Bulk Concentrate ENZON will provide to SCHERING all of such Know-How referred to in Article 3.2(a), and the reasonable technical assistance in manufacturing Bulk Concentrate based on such Know-How referred to in Article 3.2(b), and that such transfer would enable a party skilled in the art of manufacture of substances similar to Bulk Concentrate to be able to reproduce Bulk Concentrate meeting the specifications of Schedule A-2 as they exist on the effective date of the June 30, 1995 letter amendment in connection with an eight gram batch thereof."

Amendment 19

In Article 11.5., the fourth and fifth lines, delete -- (but not for any other

purpose or other product) -- and insert -- (but not in contravention of SCHERING'S obligations or the prohibitions

covered under Article 3.2) --.

[Amendment 20, 21 and 22 relate to the Supply Agreement between Enzon, Inc. and Schering Corporation which is no longer in effect, therefore, these Amendments are not included in this filing]

Amendment 23

In Article VI of the Supply Agreement, delete the last sentence and insert -- in that case SCHERING shall be free to cancel such purchase order, in addition to exercising any other legal remedies which SCHERING may have under the Agreement. Further, in connection with ENZON's breach of it's obligations under this Supply Agreement, Article 9.3 and Article 14 of the Agreement as they relate to SCHERING'S right to terminate the Supply Agreement shall be incorporated by reference into this Supply Agreement --.

Amendment 24

All rights and licenses granted under or pursuant to the Agreement by ENZON to SCHERING are, for all purposes of Section 365(n) of Title 11 of the U.S. Code ("Title 11"), licenses of rights to intellectual property as defined in Title 11. ENZON agreed during the Term to create and maintain current copies or, if not amenable to copying, detailed descriptions or other appropriate embodiments, to the extent feasible, of all such intellectual property. If a case is commenced by or against ENZON under Title 11, then, unless and until this Agreement is rejected as provided in Title 11, ENZON (in any capacity, including debtor-in-possession) and its successors and assigns (including, without limitation, a Title 11 Trustee) shall, as SCHERING may elect in a written request, immediately upon such request (i) perform all of the obligations provided in the Agreement to be performed by ENZON including, where applicable and without limitation, providing to SCHERING portions of such intellectual property (including embodiments thereof) held by ENZON and such successors and assigns or otherwise available to them or (ii) provide to SCHERING all such intellectual property (including all, embodiments thereof) held by ENZON and such successors and assigns or otherwise

available to them. If a Title 11 case is commenced by or against ENZON, this Agreement is rejected as provided in Title 11 and SCHERING elects to retain its rights hereunder as provided in Title 11, then ENZON (in any capacity, including debtor-in-possession) and its successors and assigns (including, without limitation, a Title 11 Trustee) shall provide to SCHERING all such intellectual property (including all embodiments thereof) held by ENZON and such successors and assigns or otherwise available to them immediately upon SCHERING's written request therefor. Whenever ENZON or any of its successors or assigns provides to SCHERING any of the intellectual property licensed hereunder (or any embodiment thereof) pursuant to this paragraph, SCHERING shall have the right to perform the obligation of ENZON hereunder with respect to such intellectual property, but neither such provision nor such performance by SCHERING shall release ENZON from any such obligation or liability for failing to perform it. All rights, powers and remedies of SCHERING provided herein are in addition to

and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including, without limitation, Title 11) in the event of the commencement of a Title 11 case by or against ENZON. SCHERING, in addition to the rights, powers and remedies expressly provided herein, shall be entitled to exercise all other such rights and powers and resort to all other such remedies as may now or hereafter exist at law or in equity (including, without limitation, Title 11) in such event. The parties agree that they intend the foregoing SCHERING's rights to extend to the maximum extent permitted by law, including without limitation for purposes of Title 11, (i) the right of access to any intellectual property (including all embodiments thereof) of ENZON, or any third party with whom ENZON contracts to perform an

obligation of ENZON under the Agreement, and in the case of the third party, which is necessary for the development, registration and manufacture of Bulk Concentrate and Agreement Product and (ii) the right to contract directly with any third party as described in (i) in the sentence to complete the contracted work.

Except as expressly set forth above, all other non-conflicting terms and conditions of the Agreement shall remain in full force and effect.

Please indicate your acceptance of the foregoing by signing the enclosed copy of this letter amendment and returning it to us.

Very truly yours,

ENZON, INC.

By: /s/

Title: President and Chief Executive Officer

ACCEPTED:

SCHERING CORPORAITON

By: /s/ David Poorvin

Title: Vice President

LEGAL REVIEW

[INITIALS]

JAC/cam

SCHEDULE A-1

TEST	SPECIFICATION
***	

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

SCHEDULE A-2

TEST(1)	SPECIFICATION
***	

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SCHEDULE B

Activity	Start/Completion Target	Responsibility
***		

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SCHEDULE C

PATENT RIGHTS

TITLE	INVENTOR	COUNTRY	DATE FILED	SERIAL NO.	PATENT NO.	DATE ISSUED
***						

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SCHEDULE D

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

SCHEDULE G

***

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Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

SCHEDULE H

***

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

Amendment No. 5 June 24, 1999

AMENDMENT AGREEMENT

This "Amendment Agreement" effective as of the last date on the signature page hereof, by and between Enzon, Inc. ("ENZON") and Schering Corporation ("SCHERING") amends and supplements that certain Development, License and Supply Agreement between ENZON and SCHERING dated November 14, 1990, as amended by: the Letter Amendment effective June 30, 1995, and the amendment letters of March 2, 1993, October 30, 1992 and December 10, 1991 (collectively, the "Agreement").

WHEREAS, ENZON has developed technology relating to branched chain PEG and holds patent rights relating thereto, the U-PEG Patent Rights (as defined below); and

WHEREAS, SCHERING desires to obtain a license under the U-PEG Patent Rights; and

WHEREAS, the parties further desire to modify certain provisions of the Agreement relating to the manufacture of Agreement Product, payment of royalties on sales of Agreement Product, and rights under Patent Rights and to use Know-How;

NOW THEREFOR, The parties hereby agree to further amend the Agreement as follows:

Except as expressly defined herein, all capitalized terms shall have the meanings set forth in the Agreement, as amended.

1. Add the following new provisions to Article 1:

"1.15 "U-PEG Patent Rights" shall mean United States patent number *** together with its foreign counterparts and any reissues, re-examinations, extensions, substitutions, confirmations, registrations, revalidations, additions, continuations, continuations-in-part and divisions of any of the foregoing. U-PEG Patent Rights shall not be included in Patent Rights under the Agreement.

1.16 "Roche Patent Rights" shall mean United States patent which may be infringed by Agreement Product, together with its foreign counterparts and any reissues, re-examinations, extensions, substitutions, confirmations, registrations, revalidations, additions, continuations, continuations-in-part and divisions of any of the foregoing, which are owned or controlled by F. Hoffmann La Roche Ltd. or its Affiliates (collectively "Roche").

1.17 "Licensed ENZON Patent Rights" shall mean any ENZON Patent Rights invented by SCHERING, or jointly by SCHERING and ENZON, and owned and/or assigned to ENZON pursuant to Section 4.3 of the Agreement."

2. Delete Articles 2.9, 3.1 and the Supply Agreement set forth in Schedule E in their entirety.

3. Delete Article 1.4 and insert in its place the following:

"1.4 "Bulk Concentrate" shall mean Agreement Product in bulk concentrated form meeting the criteria set forth in Schedule A-2 hereof. (Specifications for Bulk Concentrate). SCHERING may amend the specifications in Schedule A-2 if in its reasonable judgment it is necessary to do so. ENZON shall not be responsible for such specifications as amended."

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

4. Delete Article 2.6 and insert in its place the following:

"2.6 The parties hereto shall keep each other informed of their activities hereunder and the status of the Development Program by means of a quarterly written summary report in a form to be agreed upon by such parties. ENZON shall, at SCHERING's reasonable request, take all reasonable steps necessary to allow SCHERING to reference ENZON's drug master file for Agreement Product, which exists as of June 30, 1995, but have no obligation to hereafter add to or modify it."

5. Delete Article 4.7 and insert in its place the following:

"4.7 Subject to the other terms of this Agreement, ENZON hereby grants to SCHERING and SCHERING hereby accepts, an exclusive license, exclusive even as to ENZON, under the ENZON Patent Rights, the ENZON Existing Know-How and the ENZON Development Know-How, during the term of this Agreement, to make, have made, use, import, export, offer for sale and sell Bulk Concentrate and Agreement Product in the Territory. This license shall include the right to sublicense: (i) SCHERING's Affiliates with respect to making and having made the Bulk Concentrate and Agreement Product, (ii) third party vendors with respect to the manufacture of conforming PEG, and (iii) its Affiliates or third parties with respect to using importing, exporting, offering for sale and selling Agreement Product."

6. Delete Article 4.8 and insert in its place the following:

"4.8 Subject to the other terms of this Agreement and for the sole purpose of ENZON's development and manufacture of Agreement Product for SCHERING, SCHERING hereby grants ENZON the right, under the SCHERING Information, the SCHERING Patent Rights, the SCHERING Existing Know-How, the SCHERING Development Know-How, and the RC License (as hereinafter defined) during the term of this Agreement, to use Agreement Substance in the development of Bulk Concentrate and Agreement Product for SCHERING."

7. Add the following new provision to Article 4:

"4.11 ENZON hereby grants to SCHERING and SCHERING hereby accepts a non-exclusive license in the Territory under the U-PEG Patent Rights during the term of this Agreement to make, have made, use, import, export, offer for sale and sell pharmaceutical products in which alpha interferon as an active ingredient is coupled with PEG. The licenses granted to SCHERING under this Section 4.11 shall include the right to grant sublicenses to SCHERING's Affiliates and/or to any third party.

4.12 ENZON hereby grants to SCHERING and its Affiliates, and SCHERING and its Affiliates hereby accept, a non-exclusive license in the Territory under the Licensed ENZON Patent Rights for all purposes during the term of this Agreement. The license granted under this Section 4.12 includes, without limitation, the right to make, have made, use, import, export, offer for sale and sell pharmaceutical products comprising one or more active ingredients coupled with PEG, and the limited right to grant sublicenses to (i) third party contractors in connection with the discovery, development and commercialization of such products by or on behalf of SCHERING or its Affiliates, and/or (ii) SCHERING's, or its Affiliates', third party licensees and/or distributors of such products."

8. It is the intent of the parties that ENZON shall be primarily responsible for the prosecution, maintenance and defense of the U-PEG Patent Rights, at ENZON's expense, and that the provisions of Article 5 of the Agreement which govern the performance of such activities with regard to ENZON Patent Rights will also control with respect to the U-PEG Patent Rights.

9. Delete Article 7.1(b) and insert in its place the following:

"(b) In each calendar year during the term of this Agreement, in connection with SCHERING's sales of Agreement Product which do not require payment of a royalty under Article 7-1(a) above, if Competition (as defined in Article 7.1(d) below) exists in any such country, SCHERING shall pay ENZON a royalty of ***."

10. Delete Article 7.1(c) and insert in its place the following:

"(c) In each calendar year during the term of this Agreement, in connection with SCHERING's sales of Agreement Product which do not require payment of a royalty under Article 7.1(a) above, if Competition does not exist in any such country, SCHERING shall pay ENZON a royalty of ***."

11. Delete Article 7.1(d) and insert in its place the following:

"(d) For purposes of this Article 7, "Competition" shall mean sales by a party or parties (other than Roche, or SCHERING and its Affiliates, or the licensees, distributors or agents of any of the foregoing) in any country of the Territory, of a competitive product which contains alpha interferon (as a significant active ingredient) coupled with PEG to produce a longer-lasting product, with respect to which product claims are made which are substantially similar to those of Agreement Product, and the promotion, marketing or sale of such competitive product does not infringe any of the Patent Rights or Know-How exclusively licensed to SCHERING hereunder (or for which, because of weak or ineffective intellectual property law in a country or countries, there exists no effective patent of know-how protection) and: (1) the sales of such competitive product made by any one party equal *** or, (2) the sales of such competitive product by two or more parties equal, with respect to such party, *** but, considering the sales of such competitive product made by all such parties in the aggregate, equal ***."

12. Add new Articles 7.3 and 7.4 as follows:

"7.3 Notwithstanding the terms of Article 7.2, SCHERING will not be entitled to deduct any amount paid as Third-Party Royalties to F. Hoffmann La Roche Ltd. or its Affiliates ("Roche") as a result of any Roche Patent Rights which may be infringed by SCHERING's sales of Agreement Product. SCHERING shall have the right, in its sole discretion, to negotiate the settlement of any claim or action related to the infringement of

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

any Roche Patent Rights. SCHERING will allow ENZON to participate in such negotiations.

7.4 ***

13. Add the following new provision to the end of Article 8.1:

"SCHERING's obligation to pay royalties on sales of Agreement Product shall expire, unless terminated earlier as expressly provided in Article 9, on a country-by-country basis upon the longer of(a) the life in each

country of the last to expire of the ENZON Patent Rights for which a Valid Claim exists, including any patent extension (or other governmental action which has the effect of extending the period of market exclusivity of the patent owner) which is permitted by law and obtained, or (b) fifteen (15) years from the date on which Agreement Product is first approved for commercial marketing in each such country."

14. Delete Article 9.1 and insert in its place the following:

"9.1 This Agreement shall be made effective on the date first written above and shall continue in effect, unless terminated earlier as expressly provided herein, for a term which shall expire, on a country-by-country basis, upon the longer of (a) the duration of SCHERING's obligation to pay royalties in each country, as set forth Article 8.1, or (b) the life in each country of the last to expire of the U-PEG Patent Rights and/or Licensed ENZON Patent Rights, including any patent extension (or other governmental action which has the effect of extending the period of market exclusivity of the patent owner) which is permitted by law and obtained ("Term")."

15. In Article 10.3, in lines three and four, delete the term -- and the Supply Agreement --.

16. Delete Article 10.7 and insert in its place the following:

"10.7 During the term of this Agreement Enzon shall maintain an adequate insurance program for liability insurance, including products liability and contractual liability insurance, to cover its obligations under this Agreement."

17. It is the intent of the parties that during and after the term of the Agreement SCHERING shall have the right to utilize any Development Know-How developed by SCHERING, either alone or jointly with ENZON, as well as any Licensed ENZON Patent Rights, SCHERING Independent Know-How and SCHERING Existing Know-How, to independently develop and commercialize products in which one or more active ingredients, whether proteins (other than Agreement

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

Substance) or other compounds, are coupled with PEG ("Other Products"). The parties acknowledge and agree (i) that any and all Other Products are outside the scope of the Agreement, (ii) that nothing contained in the Agreement or this Amendment Agreement shall be construed, either expressly, by estoppel or otherwise, as granting or otherwise providing to ENZON any license or other rights in or to such Other Products, and (iii) that ENZON will not be entitled to any milestone payments or royalties under the Agreement or this Amendment Agreement with respect thereto. In order to give effect to the intent of the parties the Agreement is hereby amended as follows:

(a) Delete Article 2.12 and insert in its place the following:

"2.12 Nothing herein shall be construed to prevent SCHERING from independently developing its own technology for combining PEG with polypeptides and other compounds for any use whatsoever."

(b) Delete Article 3.2(a) and insert in its place the following:

"3.2(a) In consideration of the payments made by SCHERING to ENZON under the June 30, 1995 letter agreement, ENZON has transferred to SCHERING Know-How, owned and controlled by ENZON as of June 30, 1995, which is necessary to acquire PEG from third party vendors for conversion to Bulk Concentrate and to manufacture Bulk Concentrate, and to obtain regulatory approvals to manufacture Bulk Concentrate and Agreement Product, and to market Agreement Product. Further to its obligations specified in Article 11, SCHERING will not disclose such ENZON Know-How to any party other than a SCHERING Affiliate, a government authority required to approve the registration or sale of

Agreement Product or other products developed by SCHERING, or a vendor producing PEG for SCHERING provided such vendor has an obligation of confidentiality to SCHERING in connection therewith. Further, SCHERING shall only disclose or allow access of such ENZON Know-How to only those persons described in this Article 3.2(a) who need such knowledge or access, as strictly interpreted, in connection with the above stated purposes.

18. Add the following new representations and warranties to Article 10:

"10.14 ENZON represents and warrants (a) that it has the sole, full and complete right, title and interest in the U-PEG Patent Rights, (b) that it has the full right, power and authority to grant the licenses and other rights granted to SCHERING under this Amendment Agreement, and (c) that as of the effective date of this Amendment Agreement there are no claims, judgments or settlements against or owed by ENZON relating to the U-PEG Patent Rights, and to the best of ENZON's knowledge there are no pending or threatened claims or litigation, relating to the U-PEG Patent Rights which have not been disclosed by ENZON to SCHERING, except Civil Action 98-5597 commenced by ENZON against Shearwater Polymers, Inc. in the State of Alabama.

10.15 Each of SCHERING and ENZON represents and warrants that it has the right to enter into this Amendment Agreement and has no obligation, or knows of no obstacle, which would prevent it from carrying out its obligations and responsibilities hereunder.

10.16 ENZON represents and warrants that the representations and warranties set forth in Article 10.9 remain true and in full force and effect as of the effective date of this Amendment Agreement.

10.17 ENZON represents and warrants that as of the effective date of this Amendment Agreement it has the requisite corporate power and authority to enter into and perform its obligations hereunder, that the execution and delivery of this Amendment Agreement by ENZON and the consummation of the transactions contemplated hereunder have been duly authorized by ENZON's Board of Directors and no further consent or authorization of ENZON's Board of Directors or stockholders is required. This Amendment Agreement has been duly executed and delivered by ENZON and constitutes a valid and binding obligation of ENZON, enforceable against ENZON in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of creditor's rights and remedies or by other equitable principles of general application.

10.18 ENZON represents and warrants (a) that to the best of ENZON's knowledge based on diligent inquiry, as of the effective date of this Amendment Agreement the U-PEG Patent Rights are free and clear of any liens, charges or encumbrances, and no other person, corporate or private entity, or governmental entity or subdivision thereof, has or shall have any claim of ownership with respect to such U-PEG Patent Rights, (b) that during the Term of the Agreement ENZON will use reasonable diligent efforts not to diminish the rights under the U-PEG Patent Rights granted to SCHERING hereunder, including without limitation, by not committing or permitting any actions or omissions which would cause the breach of any third party agreements relating to the U-PEG Patent Rights, that it will provide SCHERING promptly with notice of any such alleged breach, and that as of the effective date of this Amendment Agreement, ENZON is in compliance in all material respects with all such third party agreements, if any."

19. The parties acknowledge and agree that the licenses under the U-PEG Patent Rights granted to SCHERING under this Amendment Agreement are licenses of rights to intellectual property and are subject to the provisions set forth in Amendment 24 of the Letter of Agreement dated June 30, 1995.

Except as expressly amended and supplemented hereby, all other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed in duplicate by their duly authorized representatives.

LEGAL REVIEW

[INITIALS]

ENZON, INC.	SCHERING CORPORATION
BY: /s/ John P. Caruso	BY: /s/ David Poorvin, Ph.D.
NAME: John P. Caruso	NAME: David Poorvin, Ph.D.
TITLE: VP - Admin & Gen. Counsel	TITLE: Vice President
DATE: 6/24/99	DATE: 23 June 1999

Amendment No. 6 September 13, 1999

AMENDMENT

This "Amendment" effective as of the last date on the signature page hereof, by and between Enzon, Inc. ("ENZON") and Schering Corporation ("SCHERING") amends and supplements that certain Development, License and Supply Agreement between ENZON and SCHERING dated November 14, 1990, as amended by: the Amendment Agreement effective June 24, 1999, the Letter Amendment effective June 30, 1995, and the amendment letters of March 2, 1993, October 30, 1992 and December 10, 1991 (collectively, the "Agreement").

WHEREAS, the parties desire to clarify the scope of certain provisions of the Agreement relating to (i) non-competition restrictions imposed on ENZON, (ii) ENZON's rights under ENZON Patent Rights to which SCHERING may acquire title under the terms of the Agreement, and (iii) assignment or change of control;

NOW THEREFOR, The parties hereby agree to further amend the Agreement as follows:

Except as expressly defined herein, all capitalized terms shall have the meanings set forth in the Agreement, as amended.

1. Delete Article 2.13 and insert in its place the following:

"2.13 During the term of this Agreement, anything to the contrary contained herein notwithstanding, ENZON and its Affiliates shall not develop any product containing PEG and alpha interferon for itself or with or for any third party, nor shall it or its Affiliates enter into discussions or negotiations with any third party concerning any product containing PEG and alpha interferon."

2. Delete Article 5.1.2 and insert in its place the following:

"5.1.2 ENZON shall notify SCHERING immediately (1) whenever it files a patent application related to the ENZON Patent Rights in any country; and (2) whenever it is considering discontinuance of the prosecution or maintenance of such a patent application. If ENZON shall fail to file a patent application related to the ENZON Patent Rights in any country it shall notify SCHERING immediately in writing, and (a) if ENZON does not initiate the filing process within ninety (90) days after written request to do so from SCHERING, or (b) if ENZON does not continue prosecution or maintenance of such a patent application related to the ENZON Patent Rights which it has initiated pursuant to the Article 5.1.1 above within ninety (90) days after written notice from SCHERING, SCHERING shall have

the option to file or continue prosecution in its own name and at SCHERING's cost. In either such case (a) or (b), ENZON shall do all acts necessary to assign and vest title to and transfer control of such patent application in that country in a timely fashion to SCHERING for no additional consideration. SCHERING hereby covenants that during the term of this Agreement SCHERING and its Affiliates shall not file or initiate any suit or other legal action or proceedings against ENZON with respect to any products, with the exception of products containing both PEG and alpha interferon, for infringement of any patents acquired, or obtained by SCHERING from patent applications filed and/or prosecuted by SCHERING, under this Section 5 1.2 in the

Territory, The covenant not to sue set forth in this Section 5.1.2 is personal to ENZON and shall not be transferred or assigned to any third party."

3. Delete Article 13.2 and insert in its place the following:

"13.2 Either party hereto may assign this Agreement, without the other party's consent, to a third party in a transaction in which all the assets of the assigning party relating to Agreement Product are sold or assigned; provided such third party was not selling (directly or through an Affiliate) a product competitive to the Agreement Product prior to such assignment.

In the event of any such permitted assignment, transfer or designation, the assignee, transferee or designee shall assume and be bound by the provisions of this Agreement."

4. Add new Article 13.3 as follows:

"13.3 In the event that any assignment pursuant to Section 13.1 or 13.2 causes ENZON's rights and obligations hereunder to pass to any third party which itself or through an Affiliate is developing, manufacturing, marketing, distributing or selling a product competitive to the Agreement Product, then SCHERING's obligation under Section 2.6 to keep ENZON informed and provide quarterly reports with respect to the Development Program shall immediately terminate."

Except as expressly amended and supplemented hereby, all other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by their duly authorized representatives.

LEGAL REVIEW

[INITIALS]

ENZON, INC.	SCHERING CORPORATION
BY: /s/ John Caruso	BY: /s/ David Poorvin, Ph.D.
NAME: John Caruso	NAME: David Poorvin, Ph.D.
TITLE: VP - Admin & GC	TITLE: Vice President
DATE: 9/13/99	DATE: 8 September 1999

AMENDMENT

WHEREAS, Schering Corporation ("Schering") and Enzon, Inc. ("Enzon") are parties to that certain Development, License and Supply Agreement having an effective date of November 14, 1999, as amended (the "Agreement"),

WHEREAS, Schering's parent company is a party to Hoffman-LaRoche Inc. v. Schering-Plough Corp., Civil Action No. 00-79 (JAG) pending in the U.S. District Court for the District of New Jersey (the "Roche v. Schering case"),

WHEREAS, Enzon commenced on September 5, 2000 a suit for patent infringement against Hoffman-La Roche Inc. and Roche Laboratories Inc. in Federal court in New Jersey (the "Enzon v. Roche" case), and

WHEREAS, Schering and Enzon wish to clarify the effect of the Agreement, including paragraph 2.13 thereof, on (i) the grant of a license or sublicense under the U-PEG Patent Rights (as defined in the Agreement) to Hoffman-LaRoche Inc., Roche Laboratories Inc., or their parents, subsidiaries, affiliates, successors, assigns or third parties acting on their behalf (collectively, "Roche"); and (ii) the settlement of Roche v. Schering.

THEREFORE, the Agreement is hereby amended as follows:

1. Schering shall have sole authority to negotiate and settle (i) Roche v. Schering; and (ii) the Enzon v. Roche and/or related cases ("the Cases") (including the right to assume control of the Cases in the event Enzon decides to discontinue such cases for any reason) or license Roche under the U-PEG Patent Rights in the field of pegylated alpha interferon; and Enzon shall not settle the Cases with or license Roche or directly or

impliedly a third party to enable Roche to make, use, sell, offer to sell or import pegylated alpha interferon products under the U-PEG Patent Rights without Schering's written consent (except as provided below).

2. If a settlement between Schering and Roche results in withdrawal of PEG-INTRON from the United States market, then Enzon shall have the right to negotiate and settle the Cases with Roche under terms as Enzon sees fit, including the grant of a license to Roche under the U-PEG Patent Rights.

3. Schering shall not sublicense Roche under the U-PEG Patent Rights except as part of a settlement that (i) licenses or releases Schering under Roche's U.S. patent(s) covering PEG-INTRON; and (ii) releases Enzon from any counterclaims or demands asserted against Enzon by Roche (on behalf of Roche and not on behalf of a third party) relating to the U-PEG patents or in the field of pegylated alpha interferon products.

4. If Schering grants a sublicense under the U-PEG Patent Rights to Roche to settle the Roche v. Schering or Enzon v. Roche or related cases that results in royalties or royalty equivalents from Roche to Schering in connection with a license to Roche under the U-PEG patent rights, such royalties and royalty equivalents that exceed the value of any royalties or royalty equivalents paid by Schering to Roche under a license to Schering under the Roche patents relating to urethane linked pegylated interferon shall be divided equally between Schering and Enzon. A license under the Roche patents for Schering to market PEG-INTRON shall not be considered royalty or royalty equivalents to Schering and is not subject to division with Enzon hereunder. In the event of a dispute between Schering and Enzon regarding whether Schering has received royalties or royalty equivalents from Roche that exceed the value of any

royalties or royalty equivalents paid by Schering to Roche, such dispute shall be resolved pursuant to the arbitration provision in the Agreement.

5. This Amendment contains the entire agreement of the parties concerning the subject matter set forth herein. Except as expressly amended by this Amendment, all terms of the Agreement and all previous amendments shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed in duplicate by their duly authorized representatives.

ENZON, INC.	SCHERING CORPORATION
By: _____	By: /s/ _____
Authorized Representative	Authorized Representative
Date: _____	Date: _____

Amendment No. 8 August 10, 2001

AMENDMENT

This "Amendment" effective as of the last date on the signature page hereof, by and between Enzon, Inc. ("ENZON") and Schering Corporation ("SCHERING") amends and supplements that certain Development, License and Supply Agreement between ENZON and SCHERING dated November 14, 1990, as amended (the "Agreement").

WHEREAS, the parties desire to clarify the scope of certain provisions of the Agreement relating to SCHERING's rights under the ENZON Patent Rights and the Licensed ENZON Patent Rights;

NOW THEREFORE, the parties hereby agree to further amend the Agreement as follows:

Except as expressly defined herein, all capitalized terms shall have the meanings set forth in the Agreement, as amended.

1. Amend Article 1.2 of the Agreement by adding the following new provision to the end of the first sentence of that Article:

", whether or not developed by SCHERING under this Agreement."

2. Add the following new provision to the end of Article 2.13:

"The parties acknowledge and agree that nothing in this Article 2.13 shall be construed as preventing Enzon from acquiring, through merger, acquisition or other similar transaction, all or substantially all of the business and assets of Shearwater Polymers, Inc. ("Shearwater") or from entering into discussions or negotiations with Shearwater with regard to such an acquisition."

3. Amend Article 2 of the Agreement by adding the following new provisions:

"2.14 During the term of this Agreement and subject to receipt of the necessary regulatory approvals, SCHERING shall use commercially reasonable efforts to market, promote, distribute and sell an Agreement Product developed by SCHERING or its Affiliates under this Agreement in the United States, United Kingdom, France, Germany, Italy and Spain and in any other countries where in SCHERING's opinion it is commercially viable to do so. Such commercially reasonable efforts shall be consistent with

the usual practice followed by SCHERING in pursuing the commercialization and marketing of its other pharmaceutical products of similar potential, value and status. The parties acknowledge and agree that all business decisions relating to the commercialization of the Agreement Product, including, without limitation, decisions relating to registration, design, manufacture, sale, commercialization, pricing, distribution, marketing and promotion of

Agreement Products, shall be within the sole discretion of SCHERING exercised in good faith.

2.15 SCHERING's obligations with respect to commercialization of Agreement Product under Article 2.14 are expressly conditioned upon the continuing absence of any adverse condition or event which warrants a delay in commercialization of the Agreement Product, including, but not limited to, an adverse condition or event relating to the safety or efficacy of the Agreement Product, or unfavorable labeling, pricing or pricing reimbursement approvals, or lack of regulatory approval, and such obligations shall be delayed or suspended so long as in SCHERING's reasonable opinion any such condition or event exists."

4. Amend Article 4 of the Agreement by adding the following new provision:

"4.13 The rights granted to SCHERING under the ENZON Patent Rights in Article 4.7 and the Licensed ENZON Patent Rights in Article 4.12 shall, to the extent not previously granted, additionally include the right to grant a royalty bearing, non-transferable, non-exclusive sublicense, with no right to grant sublicenses to others, to Hoffmann-LaRoche Inc., F. Hoffmann-LaRoche Ltd. and their respective Affiliates (collectively, "Roche") in the Territory (as such term is defined in the Settlement and License Agreement by and between SCHERING and Roche, dated as of August 10, 2001 (the "Settlement Agreement") to Commercialize Licensed Roche Product under the Enzon Patent Rights (as such terms are defined in the Settlement Agreement)."

5. Delete Article 7.1(b) in its entirety and insert in its place the following:

(b) In each calendar year during the term of this Agreement, in connection with Net Sales of Agreement Product which do not require payment of a royalty under Article 7.1(a) above, if Competition (as defined in Article 7.1(d) below) exists in any such country, SCHERING shall pay ENZON a royalty of ***.

6. Delete Article 7.1(c) in its entirety and insert in its place the following:

(c) In each calendar year during the term of this Agreement, in connection with Net Sales of Agreement Product which do not require payment of a royalty under Article 7.1(a) above, if Competition does not exist in any such country, SCHERING shall pay ENZON a royalty of ***.

7. Amend Article 7.1 of the Agreement by adding the following new provision:

*** Indicates the omission of confidential material pursuant to a request for confidential treatment made in accordance with Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The Confidential material is being filed separately with the Secretary to the Securities and Exchange Commission.

(c) The parties understand and agree that, except as expressly set forth in section 4 of the Amendment to the Agreement dated September 22, 2000, nothing in this Agreement shall give rise to any right by ENZON to receive or claim entitlement to any

royalty payments from SCHERING and its Affiliates, nor shall SCHERING or its Affiliates have any obligation to make any royalty payments to ENZON or its Affiliates, under this Agreement in connection with any sublicense or other rights granted by SCHERING in the Territory to Roche under the Settlement Agreement and/or the commercialization of Agreement Products by Roche pursuant to such sublicense under the Settlement Agreement (including, without limitation, the manufacture of Agreement Products on behalf of Roche by Shearwater and its Affiliates), provided that royalties on Agreement Product sold by SCHERING or its Affiliates will become payable at such time, if any, as Roche becomes an Affiliate of SCHERING. It is understood and agreed that the provisions of the immediately preceding sentence shall apply on a country-by-country basis only for so long as such sublicense granted by SCHERING to Roche under the Settlement Agreement remains in effect."

8. Delete Article 9.2(b) in its entirety.

9. Amend Article 13 of the Agreement by adding the following new provision:

"13.4 Nothing in this Agreement shall preclude Roche from becoming an Affiliate of SCHERING if Roche should otherwise come within the definition of Affiliate set forth in Article 1.1 of the Agreement.

Except as expressly amended and supplemented hereby, all other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by their duly authorized representatives.

ENZON, INC.	SCHERING CORPORATION
BY: /s/ Arthur Higgins	BY:
NAME: Arthur Higgins	NAME: David Poorvin, Ph.D.
TITLE: President and CEO	TITLE: Vice President
DATE: August 10, 2001	DATE:

(e) The parties understand and agree that, except as expressly set forth in section 4 of the Amendment to the Agreement dated September 22, 2000, nothing in this Agreement shall give rise to any right by ENZON to receive or claim entitlement to any royalty payments from SCHERING and its Affiliates, nor shall SCHERING or its Affiliates have any obligation to make any royalty payments to ENZON or its Affiliates, under this Agreement in connection with any sublicense or other rights granted by SCHERING in the Territory to Roche under the Settlement Agreement and/or the commercialization of Agreement Products by Roche pursuant to such sublicense under the Settlement Agreement (including, without limitation, the manufacture of Agreement Products on behalf of Roche by Shearwater and its Affiliates), provided that royalties on Agreement Product sold by SCHERING or its Affiliates will become payable at such time, if any, as Roche becomes an Affiliate of SCHERING. It is understood and agreed that the provisions of the immediately preceding sentence shall apply on a country-by-country basis only for so long as such sublicense granted by SCHERING to Roche under the Settlement Agreement remains in effect."

8. Delete Article 9.2(b) in its entirety.

9. Amend Article 13 of the Agreement by adding the following new provision:

"13.4 Nothing in this Agreement shall preclude Roche from becoming an Affiliate of SCHERING if Roche should otherwise come within the definition of Affiliate set forth in Article 1.1 of the Agreement.

Except as expressly amended arid supplemented hereby, all other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in duplicate by their duly authorized representatives.

LEGAL REVIEW

[INITIALS]

ENZON, INC.	SCHERING CORPORATION
BY: _____	BY: /s/ David Poorvin, Ph.D.
NAME: _____	NAME: David Poorvin, Ph.D.
TITLE: _____	TITLE: Vice President
DATE: _____	DATE: 10 August 2001

EXHIBIT 12.1

Enzon, Inc.
Ratio of Earnings to Fixed Charges
(in thousands)

	Years ended June 30,				
	2002	2001	2000	1999	1998
Net Income (Loss)	$45,806	$11,525	($6,306)	($4,919)	($3,617)
Add:					
Fixed Charges	20,109	557	352	468	597
Less:					
Capitalized interest	--	--	--	--	--
Net Income (Loss) as adjusted	$65,915	$12,082	($5,954)	($4,451)	($3,020)
Fixed charges:					
Interest (gross)	$19,829	$ 275	$ 4	$ 8	$ 14
Portion of rent representative of the interest factor	280	282	348	460	583
Fixed charges	$20,109	$ 557	$ 352	$ 468	$ 597
Deficiency of earnings available to cover fixed charges	N/A	N/A	($6,306)	($4,919)	($3,617)
Ratio of earnings to fixed charges	3:1	22:1	N/A	N/A	N/A

EXHIBIT 21.0

SUBSIDIARIES OF REGISTRANT

Symvex Inc. is a wholly-owned subsidiary of the Registrant incorporated in the State of Delaware. Symvex Inc. did business under its own name.

SCA Ventures Inc., (formerly Enzon Labs Inc.) is a wholly-owned subsidiary of the Registrant incorporated in the State of Delaware. SCA Ventures does business under its own name.

Enzon GmbH is a wholly-owned subsidiary of the Registrant incorporated in Germany.

EXHIBIT 23.0

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Enzon, Inc.:

We consent to incorporation by reference in Registration Statement Nos. 333-64110, 333-18051 and 33-50904 on Form S-8 and Registration Statement Nos. 333-58269, 333-46117, 333-32093, 333-1535 and 333-30818 on Form S-3 of Enzon, Inc. of our report dated August 8, 2002, relating to the consolidated balance sheets of Enzon, Inc. and subsidiaries as of June 30, 2002 and 2001 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2002, which report appears in the June 30, 2002 annual report on Form 10-K of Enzon, Inc.

/s/ KPMG LLP
KPMG LLP

Short Hills, New Jersey
September 26, 2002

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Enzon, Inc. (the "Company") on Form 10-K for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur J. Higgins, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Arthur J. Higgins

Arthur J. Higgins
Chief Executive Officer
September 26, 2002

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EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzon, Inc. (the "Company") on Form 10-K for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth J. Zuerblis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth J. Zuerblis

Kenneth J. Zuerblis
Chief Financial Officer
September 26, 2002