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Enzon Pharmaceuticals and Santaris Pharma Enter into Global Collaboration to Develop Novel Cancer Therapeutics; Alliance Strengthens Both Companies' Oncology Pipelines

BRIDGEWATER, N.J. & COPENHAGEN, Denmark, Jul 27, 2006 (BUSINESS WIRE) -- Enzon Pharmaceuticals, Inc. (Nasdaq: ENZN) and Santaris Pharma A/S (private) announced today that the companies have entered into a collaboration to co-develop and commercialize a series of innovative RNA Antagonists based on Santaris Pharma's LNA(R) (locked nucleic acid) technology and utilizing Enzon's oncology drug development expertise.

Under the terms of the agreement, Enzon is licensing two of Santaris Pharma's preclinical development compounds, the HIF-1 alpha antagonist (SPC2968) and the Survivin antagonist (SPC3042), and six additional proprietary RNA Antagonist candidates, all to be directed against novel oncology drug targets selected by Enzon. Enzon will have exclusive rights to develop and commercialize these compounds in the U.S. and other non-European territories. Santaris will retain exclusive rights to commercialization in Europe. The companies will share development data for use in their respective territories. Further, Enzon will have the opportunity to explore the potential for added benefit with its next-generation PEGylation Customized Linker Technology(TM).

Enzon will make an initial up-front payment of $8 million to Santaris Pharma, followed by an additional $3 million upon the successful identification of certain LNA targets and additional payments on the achievement of pre-specified discovery, development and regulatory milestones, representing a potential aggregate total of more than $200 million. Enzon will pay royalties to Santaris Pharma on net sales of RNA Antagonist products resulting from the collaboration in non-European territories.

"This very important collaboration is in line with our strategic goal of advancing our presence in oncology while leveraging our access to proprietary new technologies" said Jeffrey H. Buchalter, Enzon's chairman and chief executive officer. "This partnership will greatly enhance our R&D pipeline with the addition of two new clinical programs in the next six-to-12 months and another six preclinical compounds entering the pipeline over the next few years."

"We are delighted to be in partnership with Enzon Pharmaceuticals, whose new management has extensive experience of developing and commercializing innovative oncology drugs, making them an ideal partner for Santaris," said Keith McCullagh, president and chief executive officer, Santaris Pharma A/S. "Together we are committed to building a unique portfolio of RNA Antagonist drugs with the potential to address some of the underlying genetic causes of disease and improve patient outcomes in the treatment of cancer."

About LNA(R) Technology

LNA Technology, developed by Santaris Pharma, is based on Locked Nucleic Acid, a proprietary synthetic analog of ribonucleic acid (RNA) which is fixed in the shape adopted by RNA in helical conformation. When incorporated into a short nucleic acid chain (both DNA and RNA are made up of longer chains of natural nucleic acids), the presence of LNA results in several therapeutic advantages. Because LNA resembles RNA but is more stable, LNA-containing drugs have both very high binding affinity for RNA and metabolic stability. Using the "antisense" principle to block the function of specific RNAs within cells and tissues, such drugs have enhanced potency and specificity and may provide improved efficacy at lower doses than comparable drugs based on alternative chemistry. As a result, RNA Antagonists comprised of LNA have been demonstrated to be 100 to 1,000 times more potent in vitro than conventional antisense compounds and also to demonstrate more efficacy in vivo than the best siRNA's (small interfering RNAs) published to date. In particular, they can be used to switch off the synthesis of harmful proteins, thereby potentially altering disease outcomes in cancer or other serious disorders.

About PEGylation (PEG) Technology

Enzon's proprietary PEG (polyethylene glycol) technology can be applied to a number of different types of molecules including proteins, peptides, antibodies, and oligonucleotides. Many of these compounds possess pharmacologic limitations, such as toxicity, poor solubility, and limited half-life. Through the chemical attachment of PEG, these limitations can potentially be overcome and a compound generated with substantially enhanced therapeutic value. Specific advantages of PEG can include increased efficacy, reduced dosing frequency, reduced toxicity, increased drug stability, and enhanced drug solubility. Enzon's PEG expertise includes linker chemistries that are designed to incorporate a stable chemical bond between the native molecule and the PEG, as well as a Customized Linker Technology(TM), which is a next-generation platform that utilizes releasable linkers designed to release the native molecule at a controlled rate.

About Enzon Pharmaceuticals

Enzon Pharmaceuticals, Inc. is a biopharmaceutical company dedicated to the development and commercialization of therapeutics to treat patients with cancer and adjacent diseases. Enzon's specialized sales force markets Abelcet(R), Oncaspar (R), Adagen(R), and Depocyt(R) in the United States. In addition, Enzon also receives royalties on sales of PEG-INTRON(R), marketed by Schering-Plough Corporation, and MACUGEN(R), marketed by OSI Pharmaceuticals and Pfizer Inc. Enzon's product-driven strategy includes an extensive drug development program that leverages its proprietary technologies, including a Customized Linker Technology(TM) PEGylation platform that utilizes customized linkers designed to release compounds at a controlled rate. Enzon also utilizes contract manufacturing opportunities to broaden its revenue base and enhance its organizational productivity. Enzon complements its internal research and development efforts with strategic initiatives, such as partnerships designed to broaden its revenue base or provide access to promising new technologies or product development opportunities. Further information about Enzon and this press release can be found on the Company's Web site at www.enzon.com.

About Santaris Pharma

Santaris Pharma A/S is a clinical-stage biopharmaceutical company focussed on developing next generation RNA-silencing drugs based on its proprietary LNA(R) (Locked Nucleic Acid) technology for the treatment of cancer, metabolic diseases and gentic disorders. Created in May 2003 and backed by a broad group of leading international life-science venture capital investors, Santaris Pharma completed a 40m Euro second round equity investment in May 2006.

The Company's drug pipeline is comprised of novel RNA Antagonist drugs based on its unique LNA(R) chemistry. LNA(R) drugs, with their high potency and biostability, have the potential to transform the field of RNA inhibiting therapeutics, making specific and effective gene silencing a reality in human medicine. If this potential is realised, even in part, it may be possible to design new drugs to treat a wide variety of human diseases by switching off the expression of harmful genes. Santaris Pharma holds the world wide patent rights to the exploitation of LNA(R) in pharmaceuticals and presently has three drugs in preclinical or clinical development. The lead drug candidate, SPC2996, is currently undergoing an international, multicentre, phase I/II clinical study in Chronic Lymphocytic Leukemia (CLL). For further company information see www.santaris.com

Forward Looking Statement

This announcement contains forward-looking statements that are not based on historical fact, including without limitation statements containing the words "believes," "may," "plans," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from the future results, events or developments discussed above. Such factors include, but are not limited to the timing of, success, and cost of clinical studies; the ability to obtain regulatory approval of products; and those described in Enzon's Form 10-K and Forms 10-Q on file with the United States Securities and Exchange Commission. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. All information in this press release is as of July 27, 2006 and Enzon and Santaris undertake no duty to update this information.

SOURCE: Enzon Pharmaceuticals, Inc.

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