

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 FORM 10-Q

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

For Quarter Ended DECEMBER 31, 1995

Commission File No. 0-12957

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

DELAWARE  
 (State or other jurisdiction of  
 incorporation or organization)

22-2372868  
 (IRS Employer  
 Identification No.)

20 KINGSBRIDGE ROAD, PISCATAWAY, NEW JERSEY  
 (Address of principal executive offices)

08854  
 (Zip Code)

(908) 980-4500  
 (Registrant's telephone number, including area code:)

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

Yes X No

The number of shares of common stock, \$.01 par value, outstanding as of February 7, 1996 was 27,428,946 shares.

PART I FINANCIAL INFORMATION  
 ITEM 1. FINANCIAL STATEMENTS

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

ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
	December 31, 1995 (unaudited)	June 30, 1995 *		December 31, 1995 (unaudited)	June 30, 1995 *
Current assets:			Current liabilities:		
Cash and cash equivalents	\$5,309,045	\$8,102,989	Accounts payable	\$2,483,176	\$1,561,968
Accounts receivable	2,775,147	2,362,277	Accrued expenses	3,414,892	4,045,302
Inventories	1,053,829	792,453	Other current liabilities due to Sanofi Winthrop	-	1,312,829
Other current assets	282,160	185,226	Total current liabilities	5,898,068	6,920,099
Total current assets	9,420,181	11,442,945	Accrued rent	1,001,350	1,006,508
Property and equipment	15,806,365	15,758,058	Royalty advance - RPR	2,747,986	2,955,841
Less accumulated depreciation and amortization	10,948,825	9,968,024	Other liabilities	2,937	4,076
	4,857,540	5,790,034	Commitments and contingencies	3,752,273	3,966,425
Other assets:			Stockholders' equity:		
Investments	78,616	78,616	Preferred stock-\$0.01 par value, authorized 3,000,000 shares;		
Other assets, net	55,952	46,627	issued and outstanding 109,000 shares at December 31, 1995 and June 30, 1995		
Patents, net	1,745,650	1,825,820	(liquidation preference \$25 per share aggregating \$2,725,000 at December 31, 1995)	1,090	1,090
	1,880,218	1,951,063			

			Common Stock-\$0.01 par value, authorized 40,000 shares; issued and outstanding 26,328,874 shares at December 31, 1995 and June 30, 1995	263,289	263,289
			Additional paid-in capital	111,740,179	111,494,180
			Accumulated deficit	(105,496,960)	(103,461,041)
			Total stockholders' equity	6,507,598	8,297,518
Total assets	\$16,157,939	\$19,184,042	Total liabilities and stockholders' equity	\$16,157,939	\$19,184,042

\*Condensed from audited financial statements.  
The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

ENZON, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS  
Three Months and Six Months Ended December 31, 1995 and 1994  
(Unaudited)

	Three months ended		Six months ended	
	December 31, 1995	December 31, 1994	December 31, 1995	December 31, 1994
Revenues				
Sales	\$2,541,976	\$2,102,147	\$5,351,024	\$4,159,324
Contract revenue	788,236	100,000	904,736	1,900,000
Total revenues	3,330,212	2,202,147	6,255,760	6,059,324
Costs and expenses				
Cost of sales	1,063,637	436,667	2,028,338	1,387,226
Research and development expenses	2,390,822	3,402,126	5,081,470	6,758,350
Selling, general and administrative expenses	1,404,350	1,872,380	2,676,320	3,819,717
Total costs and expenses	4,858,809	5,711,173	9,786,128	11,965,293
Operating loss	(1,528,597)	(3,509,026)	(3,530,368)	(5,905,969)
Other income (expense)				
Interest and dividend income	81,734	42,999	184,079	88,745
Interest expense	(4,263)	(818)	(10,952)	(3,588)
Other	1,318,379	39,238	1,321,322	685,584
Net loss	(132,747)	(\$3,427,607)	(\$2,035,919)	(\$5,135,228)
Net loss per common share	(\$0.01)	\$ (0.14)	(\$0.08)	(\$0.21)
Weighted average number of common shares outstanding during the period	26,328,874	25,156,485	26,328,874	24,940,527

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

ENZON, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
Six Months Ended December 31, 1995 and 1994  
(Unaudited)

	Six months ended	
	December 31, 1995	December 31, 1994
Cash flows from operating activities:		
Net loss	(\$2,035,919)	(\$5,135,228)
Adjustment for decrease in liability recognized pursuant to Sanofi Winthrop Agreement	(1,312,829)	-
Adjustment for depreciation and amortization	1,060,971	1,314,897

Compensation expense for issuance of stock options	-	31,535
Reserve for shutdown of Enzon Labs Inc.	-	(75,601)
Gain on retirement of equipment	-	(37,968)
(Decrease) increase in accrued rent	(5,158)	98,650
Decrease in royalty advance - RPR	(207,855)	-
Changes in assets and liabilities	(243,836)	(1,285,428)
Net cash used in operating activities	(2,744,626)	(5,089,143)
Cash flows from investing activities:		
Capital expenditures	(48,307)	(211,321)
Proceeds from sale of equipment	-	830,225
Proceeds from cash surrender value of officers' life insurance	-	373,186
Net cash (used in) provided by investing activities	(48,307)	992,090
Cash flows from financing activities:		
Proceeds from issuance of common stock	-	1,733,042
Principal payments of obligations under capital leases	(1,011)	(12,712)
Net cash (used in) provided by financing activities	(1,011)	1,720,330
Net decrease in cash and cash equivalents	(2,793,944)	(2,376,723)
Cash and cash equivalents at beginning of period	8,102,989	5,731,461
Cash and cash equivalents at end of period	\$5,309,045	\$3,354,738

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

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

(1) ORGANIZATION AND BASIS OF PRESENTATION

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

(2) NET LOSS PER COMMON SHARE

Net loss per common share is based on net loss for the relevant period, adjusted for cumulative undeclared preferred stock dividends of \$109,000 for the six months ended December 31, 1995 and 1994, and \$55,000 for the three months ended December 31, 1995 and 1994, divided by the weighted average number of shares issued and outstanding during the period. Stock options, warrants and common stock issuable upon conversion of the preferred stock are not reflected as their effect would be antidilutive for both primary and fully diluted earnings per share computations. The total number of shares issued to former shareholders of Enzon Labs Inc. (formerly known as Genex Corporation), which was acquired on October 31, 1991, have been included in the weighted average number of outstanding shares, as if all shares had been issued on October 31, 1991, the date of acquisition.

(3) INVENTORIES

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

December 31,	June 30,
1995	1995

Raw materials	\$467,000	\$398,000
Work in process	459,000	134,000
Finished goods	128,000	260,000
	\$1,054,000	\$792,000

#### (4) CASH FLOW INFORMATION

The Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents. Cash payments for interest were approximately \$11,000 and \$1,000 for the six months ended December 31, 1995 and 1994, respectively. There were no income tax payments made for the six months ended December 31, 1995 and 1994. As part of the commission due to the real estate broker in connection with the termination of the lease at 40 Kingsbridge Road, the Company issued 150,000 five-year warrants to purchase the Company's Common Stock at \$2.50 per share during the six months ended December 31, 1995. This transaction is a non-cash financing activity.

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

#### (5) NON-QUALIFIED STOCK OPTION PLAN

During the six months ended December 31, 1995, the Company issued 550,000 stock options at an average exercise price of \$3.42 under the Company's Non-Qualified Stock Option Plan (the "Plan"), of which 180,000 were granted to executive officers of the Company. None of the options granted during the period are exercisable as of December 31, 1995. All options were granted with exercise prices that equalled or exceeded the fair market value of the underlying stock on the date of grant.

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

#### (6) RESTRUCTURING EXPENSE

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

#### (7) OTHER INCOME

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

#### (8) SUBSEQUENT EVENT

On January 31, 1996, the Company completed a private placement (the "Private Placement") of Common Stock and Series B Convertible Preferred Stock ("Convertible Preferred Stock"), resulting in gross proceeds of \$7,000,000, with an institutional investor pursuant to Regulation D of the Securities Act of 1933, as amended. The Company issued 1,094,890 shares of Common Stock for \$3,000,000, raising the outstanding common shares to 27,423,764 and 40,000 shares of Convertible Preferred Stock for \$4,000,000. The Company also issued five-year warrants (the "Warrants") to purchase 638,686 shares of Common Stock

at \$4.11 per share. The Convertible Preferred Stock is convertible commencing 70 days after issuance. The conversion price for the Convertible Preferred Stock is 80% of the market price for the five consecutive trading days ending one trading day prior to the date of the conversion notice and the stated value is \$100 per share. The Convertible Preferred Stock will not pay a dividend. In connection with the Private Placement, the Company agreed to register on a Registration Statement on Form S-3 the Common Stock issued, the shares of Common Stock underlying the Convertible Preferred Stock, the shares of Common Stock underlying the Warrants and certain shares of Common Stock issuable in the event the Company does not comply with certain of its obligations under the agreements. The issuance of the Private Placement stock and warrants would not have changed the net loss per common share reported for the three and six months ended December 31, 1995.

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

### RESULTS OF OPERATIONS

#### THREE MONTHS ENDED DECEMBER 31, 1995 VS. THREE MONTHS ENDED DECEMBER 31, 1994

**REVENUES.** Revenues for the three months ended December 31, 1995 increased by 51% to \$3,330,000 as compared to \$2,202,000 for the same period in 1994. The components of revenues are sales and contract revenues. Sales increased by 21% to \$2,542,000 for the three months ended December 31, 1995 as compared to \$2,102,000 for the same period in the prior year, due to increased revenues from ONCASPAR, which is marketed in the U.S. by Rhone-Poulenc Rorer Pharmaceuticals, Inc. ("RPR"). ADAGEN sales for the three months ended December 31, 1995 and 1994 were \$2,039,000 and \$2,094,000, respectively. Contract revenue for the three months ended December 31, 1995 increased to \$788,000, as compared to \$100,000 for the same period in 1994. The increase was principally due to a payment received in connection with the signing of a worldwide non-exclusive licensing agreement with RPR for the Company's Single-Chain Antigen-Binding ("SCA") protein technology during the three months ended December 31, 1995. During the three months ended December 31, 1995 and 1994, the Company had export sales of \$491,000 and \$549,000, respectively. Sales in Europe were \$429,000 and \$466,000 for the three months ended December 31, 1995 and 1994, respectively.

**COST OF SALES.** Cost of sales, as a percentage of sales, increased to 42% for the three months ended December 31, 1995 as compared to 21% for the same period in 1994. The increase was due primarily to a payment in lieu of satisfying the minimum purchase requirements under the Company's long-term supply agreement for a raw material used in the production of ONCASPAR and the write-off of excess inventories of this raw material, as well as an increase in the charge recorded for the three months ended December 31, 1995 for idle capacity at the Company's manufacturing facility. During the quarter ended December 31, 1995, the Company utilized approximately 21% of its manufacturing capacity for the production of its approved products.

**RESEARCH AND DEVELOPMENT.** Research and development expenses for the three months ended December 31, 1995 decreased by 30% to \$2,391,000 from \$3,402,000 for the same period in 1994. This decrease was primarily due to (i) reductions in personnel, principally in the clinical and research administration areas, and related costs, such as payroll taxes and benefits, (ii) decreased research facilities and occupancy costs, and (iii) other cost containment measures taken by the Company.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Selling, general and administrative expenses for the three months ended December 31, 1995 decreased by 25% to \$1,404,000 from \$1,872,000 for the same period in 1994. The decrease was due to (i) reductions in personnel and related costs, such as payroll taxes and benefits, (ii) a reduction in facility and occupancy costs, and (iii) other cost containment measures taken by the Company.

**OTHER INCOME/EXPENSE.** Other income/expense increased by \$1,314,000 to \$1,396,000 for the three months ended December 31, 1995 as compared to \$81,000 for the same period last year. The increase was due principally to the recognition as other income of approximately \$1,313,000 representing the unused portion of an advance received under a development and license agreement with Sanofi Winthrop, Inc. ("Sanofi"). During October 1995, the Company learned that Sanofi intended to cease development of PEG-SOD (Dismutec) due to the product's failure to show a statistically significant difference between the treatment group and the control group in a pivotal Phase III trial. Due, in part, to this product failure, the Company believes it has no further

obligations under its agreement with Sanofi with respect to the \$1,313,000 advance and therefore, the Company has recognized as other income the amount due Sanofi previously recorded as a current liability.

#### SIX MONTHS ENDED DECEMBER 31, 1995 VS. SIX MONTHS ENDED DECEMBER 31, 1994

**REVENUES.** Revenues for the six months ended December 31, 1995 increased by 3% to \$6,256,000 as compared to \$6,059,000 for the same period in 1994. The components of revenues are sales and contract revenues. Sales increased by 29% to \$5,351,000 for the six months ended December 31, 1995 as compared to \$4,159,000 for the same period in the prior year, due to increased ONCASPAR revenues from RPR and an increase in ADAGEN sales resulting from an increase in patients receiving ADAGEN. ADAGEN sales for the six months ended December 31, 1995 and 1994 were \$4,214,000 and \$4,009,000, respectively. Contract revenue for the six months ended December 31, 1995 decreased by 52% to \$905,000, as compared to \$1,900,000 for the same period in 1994. The decrease was principally due to a payment of \$1,800,000 recorded during the six months ended December 31, 1994 from Bristol-Myers Squibb related to the exercise of its option under an agreement dated September 1993, to acquire a worldwide non-exclusive license for all therapeutic indications for the Company's SCA protein technology. This decrease was offset in part by a worldwide non-exclusive license for the Company's SCA protein technology signed with RPR in 1995. During the six months ended December 31, 1995 and 1994, the Company had export sales of \$1,131,000 and \$999,000, respectively. Sales in Europe were \$983,000 and \$871,000 for the six months ended December 31, 1995 and 1994, respectively.

**COST OF SALES.** Cost of sales, as a percentage of sales, increased to 38% for the six months ended December 31, 1995 as compared to 33% for the same period in 1994. The increase was due primarily to a payment in lieu of satisfying the minimum purchase requirements under the Company's long-term supply agreement for a raw material used in the production of ONCASPAR and the write-off of excess inventories of this raw material, as well as an increase in the charge recorded for the six months ended December 31, 1995 for idle capacity at the Company's manufacturing facility. This increase was offset in part by a decrease in cost of sales as a percentage of sales for the Company's product ADAGEN. ADAGEN's margins improved during the six months ended December 31, 1995, due to the elimination of inefficiencies experienced in the filling process during the previous year.

**RESEARCH AND DEVELOPMENT.** Research and development expenses for the six months ended December 31, 1995 decreased by 25% to \$5,081,000 from \$6,758,000 for the same period in 1994. This decrease was primarily due to (i) reductions in personnel, principally in the clinical and research administration areas, and related costs, such as payroll taxes and benefits, (ii) decreased research facilities and occupancy costs, and (iii) other cost containment measures taken by the Company.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Selling, general and administrative expenses for the six months ended December 31, 1995 decreased by 30% to \$2,676,000 from \$3,820,000 for the same period in 1994. The decrease was due to (i) reductions in personnel and related costs, such as payroll taxes and benefits, (ii) a reduction in facility and occupancy costs, and (iii) other cost containment measures taken by the Company.

**OTHER INCOME/EXPENSE.** Other income/expense increased by \$724,000 to \$1,494,000 for the six months ended December 31, 1995 as compared to \$771,000 for the same period last year. The increase was due principally to the recognition as other income of approximately \$1,313,000 representing the unused portion of an advance received under a development and license agreement with Sanofi. During October 1995, the Company learned that Sanofi intended to cease development of PEG-SOD (Dismutec) due to the product's failure to show a statistically significant difference between the treatment group and the control group in a pivotal Phase III trial. Due, in part, to this product failure, the Company believes it has no further obligations under its agreement with Sanofi with respect to the \$1,313,000 advance and therefore, the Company has recognized as other income the amount due Sanofi previously recorded as a current liability. Other income/expense in the prior year principally consisted of a one-time insurance payment recorded in the prior year.

#### LIQUIDITY AND CAPITAL RESOURCES

Enzon had \$5,309,000 in cash and cash equivalents as of December 31, 1995. The Company invests its excess cash in a portfolio of high-grade marketable securities and United States government-backed securities.

The Company's cash reserves, as of December 31, 1995, decreased by \$2,794,000 from June 30, 1995. The decrease in cash reserves was caused by the funding of operations.

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

As of December 31, 1995, 940,808 shares of Series A Cumulative Convertible Preferred Stock ("Series A Preferred Stock") had been converted into 3,093,411 shares of Common Stock. Accrued dividends on the converted Series A Preferred Stock in the aggregate of \$1,792,000 were settled by the issuance of 232,383 shares of Common Stock. The Company does not presently intend to pay cash dividends on the Series A Preferred Stock. As of December 31, 1995, there were \$1,258,000 of accrued and unpaid dividends on the Series A Preferred Stock. These dividends are payable in cash or Common Stock at the Company's option and accrue on the outstanding Series A Preferred Stock at the rate of \$218,000 per year.

To date, the Company's sources of cash have been the proceeds from the sale of its stock through public and private placements, sales of ADAGEN, sales of ONCASPAR, sales of its products for research purposes, contract research and development fees, technology transfer and license fees and royalty advances. The Company's current sources of liquidity are its cash, cash equivalents and interest earned on such cash reserves, sales of ADAGEN, sales of ONCASPAR, the proceeds of the Company's private placement of Common Stock and Series B Convertible Preferred Stock described below, sales of its products for research purposes and license fees. Management believes that its current sources of liquidity will be sufficient to meet its anticipated cash requirements, based on current spending levels, for approximately the next two years.

On January 31, 1996, the Company completed a private placement of Common Stock and Series B Convertible Preferred Stock ("Convertible Preferred Stock"), resulting in gross proceeds of \$7,000,000, with an institutional investor pursuant to Regulation D of the Securities Act of 1933, as amended. The Company issued 1,094,890 shares of Common Stock for \$3,000,000, and 40,000 shares of Convertible Preferred Stock for \$4,000,000. The Company also issued five-year warrants to purchase 638,686 shares of Common Stock at \$4.11 per share. The Convertible Preferred Stock is convertible commencing 70 days after issuance. The conversion price for the Convertible Preferred Stock is 80% of the market price for the five consecutive trading days ending one trading day prior to the date of the conversion notice and the stated value is \$100 per share. The Convertible Preferred Stock will not pay a dividend.

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

## PART II OTHER INFORMATION

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- (a) An annual meeting of stockholders was held on December 5, 1995.
- (b) The directors elected at the annual meeting were Dr. Abraham Abuchowski and Robert LeBuhn. The term of office as a director for each of Peter G. Tombros, Dr. Rosina B. Dixon, A.M. "Don" MacKinnon and Randy H. Thurman continued after the annual meeting.
- (c) The matters voted upon at the annual meeting and the results of the voting are set forth below. Brokers' non-votes were not applicable.

- (i) The stockholders voted 21,603,414 shares in favor and withheld 1,183,197 votes with respect to the election of Dr. Abraham Abuchowski as a Class III director of the Company and 21,678,974 shares in favor and withheld 1,107,637 votes with respect to the election of Robert LeBuhn as a Class III director of the Company.
- (ii) The stockholders voted 18,301,163 shares in favor, 4,276,606 against and 208,842 abstained with respect to a proposal to increase the number of shares of Common Stock authorized for issuance under the Company's Non-Qualified Stock Option Plan, as amended, from 5,000,000 to 6,200,000.
- (iii) The stockholders voted 22,422,767 shares in favor, 183,628 against and 180,216 abstained with respect to a proposal to ratify the selection of KPMG Peat Marwick LLP to audit the Company's consolidated financial statements for the fiscal year ending June 30, 1996.

ITEM 6. EXHIBIT AND REPORTS ON FORM 8-K

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

Exhibit Number	Description	Page Number or Incorporation By Reference
3(i)	Certificate of Incorporation, as amended	<diamond-suit>
3(ii)	By-laws, as amended	*(4.2)
10.0	Employment Agreement dated March 25, 1994 with Peter G. Tombros	#(10.17)
10.1	Form of Change of Control Agreements dated as of January 20, 1995 entered into with the Company's Chief Executive Officers	^(10.2)
10.2	Lease - 300-C Corporate Court, South Plainfield, New Jersey	*** (10.3)
10.3	Modification of Lease - 300-C Corporate Court, South Plainfield New Jersey	++ (10.3)
10.4	Lease Termination Agreement dated March 31, 1995 for 20 Kingsbridge Road and 40 Kingsbridge Road, Piscataway, New Jersey	^ (10.6)
10.5	Option Agreement dated April 1, 1995 regarding 20 Kingsbridge Road, Piscataway, New Jersey	^ (10.7)
10.6	Form of Lease - 40 Cragwood Road, South Plainfield, New Jersey	**** (10.9)
10.7	Lease 300A-B Corporate Court, South Plainfield, New Jersey	+++ (10.10)
10.8	Stock Purchase Agreement dated March 5, 1987 between the Company and Eastman Kodak Company	**** (10.7)
10.9	Amendment dated June 19, 1989 to Stock Purchase Agreement between the Company and Eastman Kodak Company	** (10.10)
10.10	Form of Stock Purchase Agreement between the Company and the purchasers of the Series A Cumulative Convertible Preferred Stock	+ (10.11)
10.11	Amendment to License Agreement and Revised License Agreement between the Company and RCT dated April 25, 1985	++++ (10.5)
10.12	Amendment dated as of May 3, 1989 to Revised License Agreement dated April 25, 1985 between the Company and Research Corporation	** (10.14)
10.13	License Agreement dated September 7, 1989 between the Company and Research Corporation Technologies, Inc.	** (10.15)
10.14	Master Lease Agreement and Purchase Leaseback Agreement dated October 28, 1994 between the Company and Comdisco, Inc.	### (10.16)
10.15	Amendment dated as of May 15, 1995 to Employment Agreement with Peter G. Tombros	^^ (10.17)
10.16	Stock Purchase Agreement dated as of June 30, 1995	<diamond-suit>
10.17	Securities Purchase Agreement dated as of January 31, 1996	<diamond-suit>
10.18	Registration Rights Agreements dated as of January 31, 1996	<diamond-suit>
10.19	Warrants dated as of February 7, 1996 and issued pursuant to the Securities Purchase Agreement dated as of January 31, 1996	(diamond-suit)
27.0	Financial Data Schedule	(diamond-suit)

<diamond-suit>Filed herewith.

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



thereto.

- \*\* Previously filed as exhibits to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989 and incorporated herein by reference thereto.
- \*\*\* Previously filed as an exhibit to the Company's Registration Statement on Form S-18 (File No. 2-88240-NY) and incorporated herein by reference thereto.
- \*\*\*\* Previously filed as exhibits to the Company's Registration Statement on Form S-1 (File No. 2-96279) filed with the Commission and incorporated herein by reference thereto.
- + Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 33-39391) filed with the Commission and incorporated herein by reference thereto.
- ++ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1992 and incorporated herein by reference thereto.
- +++ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1993 and incorporated herein by reference thereto.
- ++++ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1985 and incorporated herein by reference thereto.
- # Previously filed as an exhibit to the Company's Current Report on Form 8-K dated April 5, 1994 and incorporated herein by reference thereto.
- ## Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 33-80790) and incorporated herein by reference thereto.
- ### Previously filed as an exhibit to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 1994 and incorporated herein by reference thereto.
- ^ 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 annual report on Form 10-K for the fiscal year ended June 30, 1995 and incorporated herein by reference thereto.

(b) Reports on Form 8-K

On October 27, 1995 the Company filed a Current Report on Form 8-K dated October 19, 1995 regarding the results of Phase III clinical trials for PEG-SOD.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENZON, INC.  
(Registrant)

Date: February 13, 1996

By: /S/PETER G. TOMBROS  
Peter G. Tombros  
President and Chief Executive  
Officer

By: /S/KENNETH J. ZUERBLIS  
Kenneth J. Zuerblis

Vice President, Finance and  
Chief Financial Officer

CERTIFICATE OF INCORPORATION

OF

ENZON, INC.

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

1. NAME. The name of the corporation is

ENZON, INC.

(hereinafter called the "Corporation").

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

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

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

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

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

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

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

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

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

/S/ DAN BRECHER  
Dan Brecher  
Incorporator

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

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

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

DOES HEREBY CERTIFY:

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

entirety as follows:

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

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

/S/ DAN BRECHER  
Dan Brecher, Sole Incorporator

STATE OF NEW YORK  
COUNTY OF New York

ss:

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

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

/S/ LEILA LURIE  
Notary Public (Seal)

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

by

ENZON INC.  
(a New Jersey corporation)

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

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

FIRST: That Enzon of NJ is a corporation formed and existing under the

laws of the State of New Jersey and that its Certificate of Incorporation was filed in the Office of the Secretary of State of the State of New Jersey on September 17, 1981.

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

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

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

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

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

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

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

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

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

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

ENZON, INC.

By: /S/ ABRAHAM ABUCHOWSKI  
Abraham Abuchowski  
President

ATTEST:

/S/ FRANK DAVIS  
Frank Davis  
Secretary

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

\* \* \* \* \*

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

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

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

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

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

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

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

By /S/ ABRAHAM ABUCHOWSKI  
Abraham Abuchowski, President

ATTEST:

By /S/ FRANK DAVIS  
Frank Davis, Secretary

CERTIFICATE

FOR RENEWAL AND REVIVAL OF CERTIFICATE OF INCORPORATION

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

1. The name of this corporation is Enzon, Inc.
2. Its registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle and the name of its registered agent at such address is The Corporation Trust Company.
3. The date when the restoration, renewal, and revival of the

Certificate of Incorporation of this Corporation is to commence is the 28th day of February A.D. 1986, same being prior to the date of the expiration of the Certificate of Incorporation. This renewal and revival of the Certificate of Incorporation of this corporation is to be perpetual.

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

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

ENZON, INC.

By /S/ ABRAHAM ABUCHOWSKI  
Last and Acting President

ATTEST:

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

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

\* \* \* \* \*

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

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

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

"4: The total number of shares of capital stock which



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

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

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

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

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

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

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

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

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

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

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

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other

series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative.

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

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

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

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

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

"10. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification."

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

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

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

By: /S/ ABRAHAM ABUCHOWSKI  
Abraham Abuchowski, President

ATTEST:

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

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

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

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

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

"4: The total number of shares of capital stock which

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

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

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

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

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

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

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

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

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

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

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

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other

series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative.

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

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

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

By: /S/ ABRAHAM ABUCHOWSKI  
Abraham Abuchowski, President

ATTEST:

By: /S/ FRANK DAVIS  
Frank Davis, Secretary

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

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

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

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

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

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

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

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

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

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

ATTEST:

By: /S/ JOHN CARUSO  
JOHN CARUSO, SECRETARY

CERTIFICATE OF DESIGNATIONS, PREFERENCES  
AND RIGHTS OF SERIES A CUMULATIVE CONVERTIBLE  
PREFERRED STOCK  
OF  
ENZON, INC.

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

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

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

Company, to be paid all or any part of such accrued and unpaid dividends, and any dividends which accrue but are unpaid thereafter, in shares of the Company's Common Stock. In the event of such an election, the Company shall, to the extent it may legally do so, issue and deliver to any holder of Preferred Shares who so elects to be paid its accrued dividends in Common Stock, within thirty (30) days after the Company's receipt of such holder's notice to so elect, a certificate or certificates representing such Common Stock registered in such holder's name. Accrued and unpaid dividends payable to holders of Preferred Shares as of the date such holder elects to convert the Preferred Shares into Common Stock may, at the Company's option, be paid by the Company's issuance of Common Stock to such holder. In order to exercise its option to so pay accrued dividends upon conversion of the Preferred Shares the Company shall so notify the holder of such Preferred Shares, in writing, within twenty (20) days after such holder's conversion of its Preferred Shares and shall issue and deliver to such holder, within thirty (30) days after such holder's conversion of its Preferred Shares, a certificate or certificates representing such Common Stock registered in such holder's name. In all cases, the number of shares of Common Stock to be received in lieu of accrued dividends shall be determined by dividing the aggregate amount of the accrued and unpaid dividends by the conversion price of the Preferred Shares in effect on the date of election. Any accrued dividends paid by the Company's delivery of Common Stock shall be deemed to be paid in full for all purposes.

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

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

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

in the increase of the conversion price, the conversion price will increase immediately upon the effectiveness of such registration of the Underlying Shares to the conversion price which would have otherwise then been in effect under the terms set forth above.

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

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

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

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

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

(h) On presentation and surrender to the Company or at any office or agency maintained for the transfer of the Preferred Shares of the certificates of Preferred Shares so to be converted, duly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, the holder of such Preferred Shares shall be entitled, subject to the limitations herein contained, to receive in exchange therefor a certificate or certificates for fully paid and nonassessable shares, and cash for fractional shares, of Common Stock on the foregoing basis. The Preferred Shares shall be deemed to have been converted and the person converting the same to have become the holder of record of Common Stock, for the purpose of receiving dividends and for all other purposes as of the date when the certificate or certificates for such Preferred



Shares are surrendered to the Company as aforesaid. The Company shall not be required to make any such conversion, and no surrender of the Preferred Shares shall be effective for such purpose, while the books for the transfer of either Preferred Shares or Common Stock are closed for any purpose, but the surrender of such Preferred Shares for conversion during any period while such books are closed shall become effective for all purposes of conversion immediately upon the reopening of such books, as if the conversion had been made on the date such Preferred Shares were surrendered.

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

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

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

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

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

(b) Notice of every redemption shall be given by mail to every holder of record of any Preferred Shares then to be redeemed, at least thirty (30), but no more than ninety (90), days prior to the date fixed as the date for the redemption thereof, at the respective addresses of such holders as the same shall appear on the stock transfer books of the Company. The notice shall state that the Preferred Shares shall be redeemed by the Company at the redemption price of \$25.00 per share, plus a sum equal to

all accumulated and unpaid dividends thereon through the date fixed for redemption, upon the surrender for cancellation, at the time and place designated in such notice, of the certificates representing the Preferred Shares to be redeemed, properly endorsed in blank for transfer, or accompanied by proper instruments of assignment and transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled. On and after the date specified in the notice described above, each holder of Preferred Shares called for redemption shall be entitled to receive therefor the specified redemption price upon presentation and surrender at the place designated in such notice of the certificates for Preferred Shares called for redemption, properly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank, with signatures guaranteed, and bearing all necessary transfer tax stamps thereto affixed and cancelled.

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

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

LIQUIDATION, DISSOLUTION, WINDING UP. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Preferred Shares shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings, available for distribution to its stockholders, before any amount shall be paid to the holders of the Common Stock, the sum of \$25 per Preferred Share, plus an amount equal to all accumulated and unpaid dividends thereon through the date fixed for payment of such distributive amount. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation nor merger of the Company with or into any other corporation or corporations, nor the sale or transfer by the Company of all or any part of its assets, shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company.

No holder of Preferred Shares shall be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Company other than the amounts provided for herein.

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

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

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

ENZON, INC.

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

ATTEST:

By: /S/JOHN CARUSO  
John Caruso, Secretary

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

ENZON, INC.

\* \* \* \* \*

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

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

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

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

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

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

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

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

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

ATTEST:

By: /S/ JOHN CARUSO  
JOHN CARUSO, SECRETARY

AMENDMENT TO CERTIFICATE OF DESIGNATIONS, PREFERENCES

AND RIGHTS OF SERIES A CUMULATIVE CONVERTIBLE

PREFERRED STOCK

OF ENZON, INC.

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

In addition to the voting rights currently possessed by the holders

of the Series A Preferred Stock, if and whenever at any time or times dividends payable on the Company's Convertible Exchangeable Preferred Stock (the "Convertible Preferred Stock") shall have been in arrears and unpaid in an aggregate amount equal to or exceeding any amount of dividends payable thereon for six full quarterly periods, then the holders of the Convertible Preferred Stock, the Series A Preferred Stock and of any parity preferred stock having similar voting rights then exercisable shall have the exclusive right, voting as a single class without regard to series, to elect two directors of the Corporation, such directors to be in addition to the number of directors constituting the board immediately prior to the accrual of that right. The remaining directors shall be elected in accordance with the provisions of the Corporation's Certificate of Incorporation and By-Laws by the other class or classes of stock entitled to vote therefor at each meeting of stockholders held for the purpose of electing directors. Such voting right of the Series A Preferred Stock shall continue until such time as all cumulative dividends accumulated on the Convertible Preferred Stock shall have been paid in full at which time such voting right of the holders of the Series A Preferred Stock shall terminate, subject to reversion 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

STOCK PURCHASE AGREEMENT

AGREEMENT dated as of June 30, 1995 by and between ENZON, INC., a Delaware corporation, with offices at 20 Kingsbridge Road, Piscataway, New Jersey 08854 ("Seller" or "Company") and SCHERING CORPORATION, a New Jersey corporation with offices at 2000 Galloping Hill Road, Kenilworth, New Jersey 07003 ("Purchaser").

W I T N E S S E T H:

WHEREAS, Purchaser desires hereby to make an equity investment in Seller on the terms and conditions hereinafter set forth; and

WHEREAS, Seller desires Purchaser to make such an investment.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties hereto agree as follows:

SECTION 1. PURCHASE AND SALE OF THE SHARES.

1.1 PURCHASE AND SALE. Subject to and upon the terms and conditions of this Agreement, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, on the Closing Date (as defined in Section 8.1) hereof, that number of shares (the "Shares") of the Seller's \$.01 par value common stock (the "Common Stock") equal to the quotient of (i) \$2,000,000, divided by (ii) the Per Share Purchase Price (as defined in Section 1.2).

1.2 PURCHASE PRICE. The per share purchase price (the "Per Share Purchase Price") for the Shares shall be the average of the last reported sale price of the Common Stock during the period commencing on May 18, 1995 and ending on June 28, 1995, as reported by the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ") (adjusted for stock splits, recapitalizations or similar events). The aggregate purchase price for the Shares shall be \$2,000,000 (the "Purchase Price").

1.3 PAYMENT AT CLOSING AND DELIVERY OF SHARES. On the Closing Date, Purchaser shall pay to Seller the Purchase Price for the Shares in immediately available funds by either bank or cashier's check or wire transfer to an account designated by the Seller. Simultaneously therewith, Seller shall deliver to Purchaser certificates representing the Shares.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller hereby represents and warrants to Purchaser as follows:

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

2.2 AUTHORIZATION; ENFORCEMENT. (i) The Seller has the requisite corporate power and authority to enter into and perform this Agreement and to issue the Shares in accordance with the terms hereof, (ii) the execution and delivery of this Agreement by the Seller and the consummation by it of the transactions contemplated hereby have been duly authorized by the Seller's Board of Directors and no further consent or authorization of the Seller or its Board of Directors or stockholders is required, (iii) this Agreement has been duly executed and delivered by the Seller, and (iv) this Agreement constitutes a valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of creditors'

rights and remedies or by other equitable principles of general application.

2.3 CAPITALIZATION. As of March 31, 1995, the authorized capital stock of the Seller consisted of (i) 40,000,000 shares of Common Stock of which 25,481,385 shares were issued and outstanding and (ii) 3,000,000 shares of Preferred Stock \$.01 par value, of which 109,000 shares designated as Series A Cumulative Convertible Preferred Stock (the "Preferred Stock"), were issued and outstanding. All of such outstanding shares have been validly issued and are fully paid and nonassessable. No shares of Common Stock or Preferred Stock are entitled to preemptive rights. Except as disclosed in SCHEDULE 2.3, as of March 31, 1995, there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Seller or any of its subsidiaries, or arrangements by which the Seller or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Seller or any of its subsidiaries or options, warrants, scrip, rights to subscribe to, or commitments to purchase or acquire, any shares, or securities or rights convertible into shares, of capital stock of the Seller or any of its subsidiaries. The Seller has furnished to the Purchaser true and correct copies of the Seller's Certificate of Incorporation as in effect on the date hereof ("Certificate of Incorporation") and the Seller's By-laws as in effect on the date hereof (the "By-laws").

2.4 ISSUANCE OF SHARES. The Shares are duly authorized and when paid for in accordance with the terms hereof shall be validly issued, fully paid and non-assessable and, based in part on the representations of Purchaser contained in Sections 3 and 4 of this Agreement, will be issued to Purchaser in compliance with all applicable Federal and State securities laws.

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

2.6 SEC DOCUMENTS, FINANCIAL STATEMENTS. The Seller has filed all reports, schedules, forms, statements and other documents required to be filed by it with the Securities and Exchange Commission (the "SEC") pursuant to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), except that the Company inadvertently did not file a Financial Data Schedule to its Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 which it intends to file as soon as reasonably practicable by amendment to such Form 10-Q (all of the foregoing filed during the period commencing on January 1, 1993 and ending as of the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The Seller has delivered to the Purchaser true and complete copies of the SEC Documents, except for such exhibits, schedules and incorporated documents. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the

circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Seller included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Seller and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

2.7 ABSENCE OF UNDISCLOSED LIABILITIES. Except as disclosed in SCHEDULE 2.7, the Seller and its subsidiaries do not have any "Undisclosed Liabilities." For purposes hereof, "Undisclosed Liabilities" shall mean any and all liabilities or obligations (whether absolute, accrued, contingent or otherwise), which are neither (i) accrued or reserved against in the Seller's financial statements contained in the SEC Documents or reflected in the notes thereto, (ii) reflected or disclosed in any other Schedule furnished under and referred to in this Agreement, or (iii) normally recurring liabilities incurred subsequent to March 31, 1995 in the ordinary course of business and consistent with past practice.

2.8 ABSENCE OF ADVERSE CHANGES. Except as set forth in SCHEDULE 2.8, since March 31, 1995 through the date hereof, there has not been any (i) material adverse change in the business, operations, properties, assets, liabilities or condition (financial or otherwise) of the Seller or its subsidiaries; (ii) damage, destruction or loss, whether covered by insurance or not, adversely affecting in any material respect the business, properties or financial condition of the Seller or its subsidiaries; (iii) change by the Seller or its subsidiaries in accounting methods or principles used for financial reporting purposes; or (iv) agreement, whether in writing or otherwise, to take any action which would result in a condition described in this Section 2.8.

2.9 LITIGATION. There is no judicial or administrative action or other proceeding pending or, to the best of the knowledge of the Seller, threatened, nor, to the best of the knowledge of the Seller, is there any governmental investigation pending or threatened, that questions the validity of any of the transactions contemplated by this Agreement.

### SECTION 3. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser hereby represents and warrants to Seller as follows:

3.1 AUTHORIZATION; ENFORCEMENT. (i) The Purchaser has the requisite corporate power and authority to enter into and perform this Agreement, (ii) the execution and delivery of this Agreement by the Purchaser and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary corporate action, and no further consent or authorization of the Purchaser or its Board of Directors or stockholders is required, (iii) this Agreement has been duly authorized, executed and delivered by the Purchaser, and (iv) this Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

3.2 NO CONFLICTS. The execution, delivery and performance of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby do not (i) result in a violation of the Purchaser's charter documents or by-laws or (ii) conflict with, or constitute a default (or an event of default) under, any agreement, indenture or instrument to which the Purchaser or any of its subsidiaries is a party, or result in a violation of any law, rule, regulation, order, judgment or decree of any court or governmental agency (including Federal and state securities laws and regulations) applicable to the Purchaser, any of its subsidiaries or their respective properties (except for such conflicts, defaults and violations as would not, individually or in the aggregate, have a material adverse effect on the Purchaser). The Purchaser is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court

or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement or purchase the Shares in accordance with the terms hereof.

3.3 INVESTMENT INTENT. Purchaser is purchasing the Shares for investment only for its own account, and not with a view to the sale or distribution of all or any part thereof, and Purchaser has no present intention of selling or distributing any of the Shares. Purchaser understands and agrees that the Shares are not and will not be registered under the Securities Act in reliance on the fact that the sale of the Shares provided for in this Agreement and the issuance of such securities are exempt from the registration provisions of the Securities Act and that Seller's reliance on any exemptions from such registration provisions is predicated, in part, on the Purchaser's representations set forth herein.

3.4 DISCLOSURE OF INFORMATION; ETC. The Purchaser represents that it has received all the information it considers necessary or appropriate, including the SEC Documents, to make its decision to purchase the Shares. The Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Seller regarding the terms and conditions of the purchase of the Shares.

3.5 STOCK OWNERSHIP. Prior to the consummation of the transactions contemplated by this Agreement, Purchaser will have owned no shares of Common Stock, warrants or other securities of Seller.

#### SECTION 4. SECURITIES ACT RESTRICTIONS.

4.1 NO REGISTRATION UNDER THE SECURITIES ACT OF 1933. The Purchaser represents and warrants to the Seller that the Purchaser will not dispose of any Shares (or any other securities issued with respect thereto upon any conversion, stock split, stock dividend, recapitalization or similar event) (collectively the "Restricted Securities") except pursuant to (i) an effective registration statement filed under the Securities Act, (ii) Rule 144 under the Securities Act (or any similar rule under the Securities Act relating to the disposition of securities) or (iii) an opinion of counsel, reasonably satisfactory to counsel for Seller, that an exemption from such registration is available.

4.2 CERTIFICATES TO BEAR LEGENDS. The Restricted Securities shall be subject to a stop-transfer order and the certificate or certificates evidencing the Restricted Securities shall bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (ii) TO THE EXTENT APPLICABLE, UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SIMILAR RULE UNDER THE SECURITIES ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL FOR THIS CORPORATION, THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE.

4.3 REMOVAL OF LEGENDS AND TRANSFER RESTRICTIONS. The legend relating to the Securities Act endorsed on each certificate for Restricted Securities pursuant to Section 4.2 and any stop transfer instructions with respect to the Restricted Securities represented by such certificate shall be removed and Seller shall issue a certificate without such legend pursuant to instructions received from the Purchaser if such Restricted Securities are sold pursuant to a registration under the Securities Act and a prospectus meeting the requirements of Section 10 of the Securities Act is available, or if the Purchaser provides to Seller an opinion of counsel for the Purchaser reasonably satisfactory to Seller, or a no-action letter or interpretive opinion of the staff of the SEC to the effect that a public sale, transfer or assignment of such Restricted Securities may be made without registration under the Securities Act.

4.4 TRANSFER TO AFFILIATES. Notwithstanding the provisions of Section 4.1 above, no registration under the Securities Act or opinion of counsel shall be necessary for a transfer by Purchaser of the Shares to a subsidiary, shareholder or affiliate of the Purchaser, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if such transferee were the Purchaser hereunder.

#### SECTION 5. CONDITIONS TO CLOSING.

5.1 CONDITIONS TO PURCHASER'S OBLIGATION TO CLOSE. The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction at or before the Closing Date of all of the following conditions:

- (i) PERFORMANCE BY SELLER. Each of the acts and undertakings of Seller to be performed at or before the Closing Date pursuant to the terms of this Agreement shall have been performed in all material respects.
- (ii) ACCURACY OF REPRESENTATIONS. The representations and warranties of Seller in this Agreement shall be true and correct in all respects on and as of the Closing Date.
- (iii) CERTIFICATES. Seller shall have furnished Purchaser with a certificate of its chief executive officer to the effect set forth in Sections 5.1(i) and (ii).
- (iv) OPINION OF COUNSEL. Purchaser shall have received an opinion, dated the Closing Date, of Ross & Hardies, counsel to Seller in reasonable and customary form.

5.2 CONDITIONS TO SELLER'S OBLIGATION TO CLOSE. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction at or before the Closing Date of all of the following conditions:

- (i) PERFORMANCE BY PURCHASER. Each of the acts and undertakings of Purchaser to be performed at or before the Closing Date pursuant to the terms of this Agreement shall have been performed in all material respects.
- (ii) ACCURACY OF REPRESENTATIONS. The representations and warranties of Purchaser in this Agreement shall be true and correct in all respects on and as of the Closing Date.
- (iii) CERTIFICATES. Purchaser shall have furnished Seller with a certificate of an executive officer to the effect set forth in this Section 5.2(i) and (ii).

#### SECTION 6. TERMINATION.

This Agreement and the transactions contemplated hereby may be abandoned or terminated on or before the Closing Date without any obligation to any party hereunder: (i) by mutual agreement of Purchaser and the Seller; or (ii) at the option of Seller or the Purchaser, if (a) any legal action or proceeding shall have been instituted or threatened by a third party seeking to restrain, prohibit, invalidate or otherwise affect the consummation of the transactions contemplated hereby, or (b) the transactions contemplated hereby are not consummated by August 31, 1995.

#### SECTION 7. REGISTRATION OF COMMON STOCK: COVENANTS OF THE COMPANY.

7.1 DEFINITIONS. Unless the context otherwise requires, the terms defined in this Section 7 shall have the meanings herein specified for all purposes of this Agreement, applicable to both the singular and plural forms of any of the terms herein defined.

"BOARD" means the Board of Directors of the Company.

"HOLDER" of any security means the record or beneficial owner of such security or any permitted assignee thereof.

"PERSON" means any natural person, corporation, trust, association, company, partnership, joint venture or other entity or any government, governmental agency, instrumentality or political subdivision.

The terms "REGISTER", "REGISTERED" "REGISTRATION" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration for ordering of the effectiveness of such registration statement.

"REGISTRABLE SECURITIES" means (i) the shares of Common Stock sold pursuant to this Agreement and (ii) any Common Stock issued or issuable



(either directly or upon the conversion of or exercise of any warrant, right or other security) with respect to the Common Stock referred to in clause (i) above by way of a stock dividend or stock split or in connection with a combination of shares, reclassification, recapitalization, merger or consolidation or reorganization; provided, however that such shares of Common Stock shall cease to be Registrable Securities if they are (w) sold to or through a broker or dealer or underwriter in a public distribution or a public securities transaction, or (x) sold in a transaction pursuant to Rule 144 under the Securities Act, or (y) otherwise transferred or disposed of, and new certificates therefor not bearing a legend restricting further transfer shall have been delivered by the Company, and subsequent transfer or disposition of them shall not require their registration or qualification under the Securities Act or any similar state law then in force, or (z) they cease to be outstanding.

## 7.2 DEMAND REGISTRATION.

(a) If and whenever the Company shall receive at any time after six (6) months after the Closing Date hereunder a written request therefor from the Holders of at least 25 percent of the Registrable Securities, the Company agrees to prepare and file promptly a registration statement under the Securities Act covering the shares of Registrable Securities which are the subject of such request and agrees to use its best efforts to cause such registration statement to become effective as expeditiously as possible. Upon the receipt of such request, the Company agrees to give prompt written notice to all Holders of Registrable Securities that such registration is to be effected. The Company agrees to include in such registration statement such shares of Registrable Securities for which it has received a written request to register such shares by the Holders thereof within twenty (20) days after the receipt by the Holders of the written notice from the Company.

(b) The Company shall be obligated to prepare, file and cause to become effective only three (3) registration statements pursuant to this Section 7.2. A registration required to be effected by the Company pursuant to this Section 7.2 shall not be deemed to have been effected even though a registration statement with respect thereto has become effective (i) if after it has become effective, such registration becomes the subject of any stop order, injunction, or other order or requirement of the SEC or other governmental agency or court, for any reason not attributable to the Holders initiating the registration request hereunder (the "Initiating Holders") with respect to such registration statement, and has not thereafter become effective or (ii) if the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such registration are not satisfied or waived, other than by reason of a failure on the part of the Initiating Holders with respect to such registration statement.

(c) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they agree to provide the Company with the name of the managing underwriter or underwriters (the "Managing Underwriter"), who shall be reasonably acceptable to the Company, that the Initiating Holders holding a majority of the Shares to be included in the registration propose to employ, as part of their request made pursuant to this Section 7.2, and the Company agrees to include such information in its written notice referred to in Section 7.2.(a). In such event, the right of any Holder to registration pursuant to this Section 7.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by the Holders of a majority of the shares of Registrable Securities to be included in such registration and such Holder). All Holders proposing to distribute their securities through such underwriting agree to enter into (together with the Company) an underwriting agreement with the underwriter or underwriters elected for such underwriting, in the manner set forth above, provided that such underwriting agreement is in customary form and is reasonably acceptable to the Holders of a majority of the shares of Registrable Securities to be included in such registration.

(d) Notwithstanding the foregoing, if the Managing Underwriter of an underwritten distribution advises the Company and the Holders of Registrable Securities participating in such registration in writing that in its good faith judgment the number of shares of Registrable Securities and the other securities requested to be included in such registration exceeds the number of shares of Registrable Securities and the other securities which can be sold in such offering, then (i) the other securities so requested to be included in such registration shall initially be reduced and the number of shares of Registrable Securities so requested to be included in such

registration shall subsequently be reduced, together to that number of shares which in the good faith judgment of the Managing Underwriter can be sold in such offering and (ii) the reduced number of Registrable Securities to be included in the underwriting shall be allocated pro rata among all Holders of Registrable Securities. Those Registrable Securities which are excluded from the underwriting by reason of the Managing Underwriter's marketing limitation shall not be included in such registration and shall be withheld from the market by the Holders thereof for a period which the Managing Underwriter reasonably determines is necessary to effect the underwritten public offering, which in no event shall be in excess of 120 days.

### 7.3 "PIGGYBACK" REGISTRATION.

(a) Each time the Company shall determine to file a registration statement under the Securities Act (other than pursuant to Section 7.2 hereof and other than on Form S-4, S-8 or a registration statement on Form S-1 covering solely any employee benefit plan) in connection with the proposed offer and sale for money of any of its securities either for its own account or on behalf of any other security holder, the Company agrees to give prompt written notice of its determination to all Holders of Registrable Securities. Upon the written request of a Holder of any shares of Registrable Securities given within twenty (20) days after the receipt of such written notice from the Company, the Company agrees to cause all such Registrable Securities, the Holders of which have so requested registration thereof, to be included in such registration statement and to use its best efforts to cause such registration statement to become effective under the Securities Act. In the event that the proposed registration by the Company is, in whole or in part, an underwritten public offering of securities of the Company, any request pursuant to this Section 7.3(a) to register Registrable Securities may specify that such securities are to be included in the underwriting (i) on the same terms and conditions as the shares of Common Stock, if any, otherwise being sold through underwriters, under such registration, or (ii) on terms and conditions comparable to those normally applicable to offerings of Common Stock in reasonably similar circumstances in the event that no shares of Common Stock other than Registrable Securities are being sold through underwriters in such registration.

(b) If the registration of which the Company gives written notice pursuant to Section 7.3(a) is for an underwritten public offering, the Company agrees to so advise the Holders as a part of its written notice. In such event the right of any Holder to registration pursuant to this Section 7.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting agree to enter into (together with the Company and the other Holders distributing their securities through such underwriting) an underwriting agreement with the underwriter or underwriters selected for such underwriting by the Company.

(c) Notwithstanding any other provision of this Section 7.3, if the Managing Underwriter of an underwritten distribution advises the Company and the Holders of the Registrable Securities requesting participation in such registration in writing that in its good faith judgment the number of shares of Registrable Securities and the other securities requested to be registered under this Section 7.3 exceeds the number of shares of Registrable Securities and other securities which can be sold in such offering, then (i) the number of shares of Registrable Securities and other securities so requested to be included in the offering shall be reduced to that number of shares which in the good faith judgment of the Managing Underwriter can be sold in such offering (except for shares to be issued by the Company in a public offering, which shall have priority over the Registrable Securities), and (ii) such reduced number of shares shall be allocated among all participating Holders of Registrable Securities and holders of other securities in proportion, as nearly as practicable, to the respective number of shares of Registrable Securities and other securities requested to be registered held by such Holders at the time of filing the registration statement. All Registrable Securities and other securities which are excluded from the underwriting by reason of the Managing Underwriter's marketing limitation and all other Registrable Securities not originally requested to be so included shall not be included in such registration and shall be withheld from the market by the Holders thereof for a period which the Managing Underwriter reasonably determines is necessary to effect the underwritten public offering, which in no event shall exceed 120 days.

### 7.4 REGISTRATION EXPENSES.

(a) The Company shall pay all expenses incurred in effecting the registration of Registrable Securities pursuant to Section 7 including, without limitation, all federal and state registration, qualification and filing fees (subject to Section 7.5(d)), printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements of one counsel for the participating Holders together, blue sky fees and expenses, and the expense of any special audits incident to or required by any such registration, but not including underwriting discounts, commissions and expenses.

(b) Notwithstanding the foregoing, in the event that a registration pursuant to Section 7.2 is requested by the Initiating Holders and such request is withdrawn prior to the filing of a registration statement by the Company, or such Holder causes the Company to withdraw a registration statement prior to its effectiveness, then at the choice of the Initiating Holders and Holders requesting inclusion of their shares in such registration statement either (i) the Initiating Holders and Holders requesting inclusion of their shares in such registration shall bear pro rata all expenses otherwise borne by the Company and set forth in Section 7.4(a) or (ii) such requested registration shall be deemed to be one of the registrations the Company is required to effect pursuant to Section 7.2 hereof; provided however, if at the time of the withdrawal, the Initiating Holders and the other Holders have learned of a material adverse change which would have a Material Adverse Effect with respect to the Company which was not known to such Holders at the time of their request, then such Holders shall not be required to pay any of such registration expenses and shall retain their rights pursuant to Section 7.2.

7.5 REGISTRATION PROCEDURES. If and whenever the Company is required by the provisions of Section 7 to effect the registration of Registrable Securities under the Securities Act, the Company will, as expeditiously as possible:

(a) prepare and file with the SEC a registration statement which includes the Registrable Securities and use its best efforts to cause such registration statement to become and remain effective until the distribution described in the registration statement has been completed;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of Registrable Securities covered by such registration statement whenever a Holder shall desire to sell or otherwise dispose of the same;

(c) furnish to each participating Holder (and to each underwriter, if any, of Registrable Securities) such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, in order to facilitate the public sale or other disposition of the Registrable Securities;

(d) use its best efforts to register or qualify the Registrable Securities covered by such registration statement under such state securities or blue sky laws of such jurisdiction as each participating Holder shall reasonably request and do any and all other acts and things which may be necessary under such securities or blue sky laws to enable such Holder to consummate the public sale or other disposition of the Registrable Securities in such jurisdictions, except that the Company shall not for any purpose be required to consent generally to service of process or qualify to do business as a foreign corporation in any jurisdiction wherein it is not so qualified;

(e) before filing the registration statement or prospectus or amendments or supplements thereto, furnish to counsel selected by the participating Holders copies of such documents proposed to be filed which shall be subject to the reasonable approval of such counsel;

(f) enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the Managing Underwriter of such offering;

(g) notify the participating Holders at any time when a prospectus relating to any Registrable Securities covered by such registration statement is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a

material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made and promptly file such amendments and supplements as may be necessary so that, as thereafter delivered to such Holders of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made and use its best efforts to cause each such amendment to become effective;

(h) furnish at the request of the participating Holders on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to Section 7 (i) an opinion addressed to the underwriters, if any, and to such Holders, dated such date, of the counsel representing the Company customarily given by company counsel to the underwriters in an underwritten public offering, and (ii) a letter dated such date addressed to the underwriters, if any, and to such Holders, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering; and

(i) use its best efforts to cause all such Registrable Securities to be listed on the securities exchange, if any, or the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ/NMS"), on which the Common Stock is then listed.

7.6 FORM S-3 REGISTRATION. In case the Company shall receive no sooner than six (6) months after the Closing Date from any Holder or Holders a written request or requests that the Company effect a registration on Form S-3 and any related qualification with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company shall:

(a) promptly give written notice of the proposed registration, and any related qualification, to all other Holders; and

(b) as soon as practicable, file a registration statement and effect such registration and all such qualifications as may be so requested, subject to Section 7.5(d) hereof, and as such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified, in a written request given within 15 business days after receipt of such written notice from the Company, provided, however, that the Company shall not be obligated to effect any such registration or qualification pursuant to this Section 7.6: (i) if Form S-3 is not available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than Five Hundred Thousand Dollars (\$500,000); (iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 Registration Statement for a period of not more than 90 days after receipt of the request of the Holder or Holders under this Section 7.6; provided, however, that the Company shall not utilize this right more than once in any 12-month period; (iv) if the Company has, within the 12-month period preceding the date of such request, already effected one registration on Form S-3 for the Holders pursuant to this Section 7.6; or (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Registrations effected pursuant to this Section 7.6 shall not be counted as demand registrations effected pursuant to Section 7.2.

7.7 INDEMNIFICATION. In the event Registrable Securities are registered pursuant to this Section 7:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder of Registrable Securities which are included in a registration statement pursuant to the provisions of the Agreement and any underwriter (within the meaning of the Securities Act) with respect to the Registrable Securities, and each officer, director, employee and

agent thereof and each person, if any, who otherwise controls such Holder or underwriter (within the meaning of the Securities Act), against any losses, claims, damages, expenses or liabilities, joint or several, to which they may become subject under the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act") or other federal or state law, or otherwise, insofar as such losses, claims, damages, expenses or liabilities arise out of or are based upon any untrue or allegedly untrue statement of any material fact contained in the registration statement for the Registrable Securities, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, or any document incident to the registration or qualification of any Registrable Securities, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or allegedly necessary to make the statements therein not misleading or arise out of any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law; and will reimburse such Holder, any underwriter, officer, director, employee, agent or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 7.7(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, expense, liability or action if such settlement is effected without the written consent of the Company, which shall not be unreasonably withheld, nor shall the Company be liable under this Section 7.7(a) to such Holder, such underwriter, officer, director, employee, agent or controlling person for any such loss, claim, damage, expense, liability or action to the extent that it arises out of, or is based upon, an untrue statement or allegedly untrue statement or omission or alleged omission made in connection with such registration statement, preliminary prospectus, final prospectus, or amendments or supplements thereto, in reliance upon and in conformity with information furnished in writing expressly for use in connection with such registration by such Holder, such underwriter, officer, director, employee, agent or such controlling person, nor shall the Company be liable under this Section 7.7(a) to any underwriter or person who controls any underwriter (within the meaning of the Securities Act) who participates in the offering or sale of the Registrable Securities, with respect to any preliminary prospectus, final prospectus, or amendments or supplements thereto to the extent that any such loss, claim, damage or liability results from the fact that such underwriter sold Registrable Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or of the final prospectus as then amended or supplemented, whichever is most recent, if the Company has previously furnished copies thereof to such underwriter.

(b) To the extent permitted by law, each Holder of Registrable Securities which are included in a registration statement pursuant to the provisions of this Agreement will indemnify and hold harmless the Company, each of its employees, agents, directors and officers, each person, if any, who otherwise controls the Company (within the meaning of the Securities Act), and any underwriter (within the meaning of the Securities Act) against any losses, claims, damages, expenses or liabilities to which the Company or any such person or underwriter may become subject under the Securities Act, the Exchange Act or other federal or state law or otherwise, insofar as such losses, claims, damages, expenses or liabilities (or action in respect thereof) arise out of, or are based upon any untrue or allegedly untrue statement of any material fact contained in a registration statement for the Registrable Securities, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, or any document incident to the registration or qualification of any Registrable Securities, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or allegedly necessary to make the statements therein not misleading; in each case to the extent that such untrue statement or allegedly untrue statement or omission or alleged omission was made in such registration statement, preliminary prospectus, or amendments or supplements thereto, in reliance upon and in conformity with information furnished in writing by such Holder expressly for use in connection with such registration; provided, however, that the indemnity agreement contained in this Section 7.7(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, expense, liability or action if such settlement is effected without the written consent of such Holder, which shall not be unreasonably withheld; and such Holder will reimburse the Company or any such person or underwriter for any legal or other expenses reasonably incurred by the Company or any such person or underwriter in connection with investigating or defending such loss, claim, damage, liability, expense or action.

(c) Promptly after receipt by an indemnified party under this Section 7.7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 7.7, notify the indemnifying party in writing of the commencement thereof and generally summarize such action. The indemnifying party shall have the right to participate in and to assume the defense thereof with counsel mutually satisfactory to the parties. An indemnifying party shall not have the right to direct the defense of such an action on behalf of an indemnified party if such indemnified party has reasonably concluded that there may be defenses available to it that are different from or additional to those available to the indemnifying party; provided, however, that in such event, the indemnifying party shall bear the fees and expenses of only one (1) separate counsel for all indemnified parties. The failure to notify an indemnifying party promptly of the commencement of any such action if prejudicial to the ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 7.7, but the omission so to notify the indemnifying party will not relieve such party of any liability that such party may have to any indemnified party otherwise than under this Section 7.7.

(d) To the extent permitted by law, the indemnification provided for under this Section 7.7 will remain in full force and effect regardless of any investigation made by a controlling person (within the meaning of the Securities Act) of such indemnified party and will survive the transfer of any securities.

(e) If for any reason the foregoing indemnity is unavailable to, or is insufficient to hold harmless an indemnified party, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, or provides a lesser sum to the indemnified party than the amount representing such proportion as is appropriate to reflect not only the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other but also the relative fault of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. Notwithstanding the foregoing, no underwriter, if any, shall be required to contribute any amount in excess of the amount by which the total price at which the securities underwritten by it and distributed to the public were offered to the public were offered to the public exceeds the amount of any damages which underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligation of any underwriters to contribute pursuant to this Section 7.7(e) shall be several in proportion to their respective underwriting commitments and not joint.

7.8 REPORTS UNDER EXCHANGE ACT. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell Registrable Securities to the public without registration, and with a view to making it possible for any such Holder to register the Registrable Securities pursuant to a registration on Form S-3, the Company agrees to:

(a) use its best efforts to take such action as is necessary to enable a Holder to utilize Form S-3 for the sale of Registrable Securities;

(b) use its best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) Furnish to a Holder owning any Registrable Securities upon request (i) a written statement by the Company as to whether it has complied with the reporting requirements of the Securities Act and the Exchange Act, or that it qualifies as a registrant whose Registrable Securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably required in availing any Holder of Registrable Securities of any such Registrable Securities without registration or pursuant to such form.

7.9 TRANSFERABILITY. The right to cause the Company to register Registrable Securities granted by the Company to the Holders under this Agreement may be assigned by any Holder to a transferee or assignee of any Registrable Securities, provided that the Company must receive written notice prior to or at the time of said transfer, stating the name and address of said transferee or assignee and identifying the securities with respect to which such rights are being assigned. The limitations set forth in this Section 7 with respect to registration rights shall apply to all transferees or assignees of Registrable Securities.

#### SECTION 8. CLOSING.

8.1 CLOSING DATE. The "Closing Date" shall be the 20th day subsequent to the date hereof, or such other date as the parties may mutually agree to in writing. The closing shall commence at 10:00 a.m. at the offices of Schering Corporation, 2000 Galloping Hill Road, Kenilworth, New Jersey 07033, or such other time or place as the parties may mutually agree in writing.

8.2 INSTRUMENTS TO BE DELIVERED TO PURCHASER. On the Closing Date, the Seller shall deliver to the Purchaser:

- (i) Certificate(s) representing the Shares.
- (ii) Certificate of the Seller's chief executive officer required by Section 5.1(iii).

8.3 INSTRUMENTS AND PAYMENTS TO BE DELIVERED TO SELLER. On the Closing Date, the Purchaser shall deliver to the Seller:

- (i) The Purchase Price as provided in Section 1.2.
- (ii) Certificate of an executive officer required by Section 5.2(iii).

#### SECTION 9. NOTICES.

SECTION 9.1 NOTICES. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be effective (i) upon hand delivery or delivery by facsimile (with confirmation of such receipt made by first class mail) at the address or number designated below (if delivered on any business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (ii) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Seller:

Enzon, Inc  
20 Kingsbridge Road  
Piscataway, New Jersey 08854  
Telecopy: (908) 980-9606  
Attention: Corporate Secretary

With copies to:

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

If to the Purchaser:

Schering Corporation  
2000 Galloping Hill Road  
Kenilworth, New Jersey 07033  
Telecopy: (908) 298-5379  
Attention: Vice President, Business Development

With copies to:

Schering-Plough Corporation  
One Giralda Farms  
Madison, New Jersey 07940-1000  
Telecopy: (201) 822-1960  
Attention: Senior Vice President and General Counsel

Either party hereto may from time to time change its address for notices under this Section 9.1 by giving at least ten (10) days' written notice of such changed address to the other party hereto.

#### SECTION 10. MISCELLANEOUS.

10.1 EXPENSES. Whether or not the transactions contemplated by this Agreement are consummated, Seller and Purchaser shall each pay all of their own fees and expenses incidental to the negotiation, preparation and execution of this Agreement, including the fees and expenses of their own counsel, accountants and other experts.

10.2 BROKERAGE. Seller and Purchaser each represent and warrant to the other that no finder's fee or business brokerage commission is payable to any person, firm or corporation by virtue of the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

10.3 SURVIVAL OF REPRESENTATIONS, WARRANTIES, AND AGREEMENTS. The representations, warranties and covenants of the parties set forth herein shall survive the Closing Date.

10.4 ASSIGNMENT. This Agreement and all of its provisions shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties without the prior written consent of the other party.

10.5 DESCRIPTIVE HEADINGS. The descriptive headings of the several sections of this Agreement are inserted for convenience of reference only and shall neither be deemed to constitute part, nor be given any effect in the interpretation, of this Agreement.

10.6 GOVERNING LAW AND JURISDICTION. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey with respect to agreements made and to be performed entirely in such state without giving effect to conflict of laws principles.

10.7 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.8 MODIFICATION. This Agreement may not be modified or terminated orally. Any modification or termination of this Agreement shall not be valid unless expressed in writing and signed by the parties.

10.9 WAIVER OF COMPLIANCE. Any failure of Seller, on the one hand, or Purchaser, on the other, to comply with any obligation, covenant, agreement or condition herein may be expressly waived in writing by Seller, in the case of Purchaser, and by the Purchaser, in the case of Seller, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Moreover, any such waiver shall not be deemed to be a waiver of the right to seek damages for a nonmaterial breach hereof.

10.10 ENTIRE AGREEMENT. This Agreement, and the other documents referred to herein which form a part hereof, contain the entire understanding of the parties in respect of the subject matter contained herein. There are no agreements, restrictions, promises, warranties, covenants, or undertakings, other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

10.11 PUBLICITY. No party shall originate any publicity, news release, or other announcement, written or oral, relating to this Agreement, or to performance hereunder or the existence of an arrangement between the parties



hereto without the prior written approval of the other. Nothing contained herein shall prevent any party from at any time disclosing or furnishing any information to any governmental authority which it is by law so obligated to disclose or furnish or from making any disclosure which its counsel deems necessary or advisable in order to fulfill such party's disclosure obligations under applicable law or the rules of the NASDAQ/NMS (or any exchange on which the Company's securities are hereafter registered) or the New York Stock Exchange.

10.12 MUTUAL CONTRIBUTION. This Agreement has been drafted on the basis of the mutual contribution of language by the parties and is not to be construed against any party as being the drafter or causing the same to be drafted.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Peter G. Tombros, President  
and Chief Executive Officer

SCHERING CORPORATION

By:/S/ DAVID POORVIN  
Name: DAVID POORVIN  
Title: VICE PRESIDENT

#### SCHEDULE 2.3

As of March 31, 1995 there were 3,756,880 outstanding options to purchase the Company's common stock (the "Common Stock"), \$.01 par value per share, of which (i) 3,556,880 were reserved for issuance at March 31, 1995 pursuant to the Company's Non-Qualified Stock Option Plan and (ii) 200,000 were issued to Abraham Abuchowski, the Company's Chairman of the Board, pursuant to an employment agreement.

As of March 31, 1995, there were 109,000 shares of Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") of the Company outstanding which are convertible into 247,727 shares of Common Stock.

As of March 31, 1995, there were 60,014 warrants outstanding to purchase 60,014 shares of Series A Preferred Stock, which in turn would be convertible into 136,395 shares of Common Stock.

#### SCHEDULE 2.7

Subsequent to March 31, 1995, the Company agreed to settle a fee dispute by paying \$470,000 and issuing a warrant to purchase an aggregate of 150,000 shares of the Company's Common Stock.

#### SCHEDULE 2.8

None.

ENZON, INC.

OFFICER'S CERTIFICATE

Reference is made to the Purchase Agreement (the "Purchase Agreement") dated as of June 30, 1995, between Schering Corporation, a corporation organized and existing under the laws of the State of New Jersey (the "Purchaser"), and Enzon, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"). All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement. The undersigned, Peter G. Tombros, President and Chief Executive Officer of the Company, pursuant to Section 5.1(iii) of the Purchase Agreement hereby certifies that:

1. Each of the acts and undertakings of the Company to be performed pursuant to the terms of the Purchase Agreement has been performed in all material respects.

2. The representations and warranties of the Company contained in the Purchase Agreement were true and correct in all respects when made and are true and correct in all respects as of the date hereof, as if made on the date hereof (except for representations and warranties that speak as of a particular date, which were true and correct in all respects when made and have not changed in any respect which could have a Material Adverse Affect on the Company or the transactions contemplated by the Purchase Agreement).

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of June 30, 1995.

/S/ PETER G. TOMBROS  
PETER G. TOMBROS  
President and Chief  
Executive Officer

SCHERING CORPORATION

OFFICER'S CERTIFICATE

Reference is made to the Purchase Agreement (the "Purchase Agreement") dated as of June 30, 1995, between Schering Corporation, a corporation organized and existing under the laws of the State of New Jersey (the "Purchaser"), and Enzon, Inc., a corporation organized and existing under the laws of the State of Delaware. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement. The undersigned, Vice President of the Purchaser, pursuant to Section 5.2 (iii) of the Purchase Agreement hereby certifies that:

1. Each of the acts and undertakings of the Purchaser to be performed pursuant to the terms of the Purchase Agreement has been performed in all material respects.

2. The representations and warranties of the Purchaser contained in the Purchase Agreement were true and correct in all respects when made and are true and correct in all respects as of the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate  
as of June 30, 1995.

/S/ DAVID POORVIN  
David Poorvin  
Vice President

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (this "AGREEMENT"), dated as of January 31, 1996 by and among ENZON, INC., a Delaware corporation, with headquarters located at 20 Kingsbridge Road, Piscataway, NJ 08854 (the "COMPANY"), and the undersigned (collectively, the "BUYER").

WHEREAS:

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

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

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

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

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

a. PURCHASE OF COMMON STOCK. The Company shall issue and sell to the Buyer and the Buyer shall purchase 1,094,890 shares of Common Stock (the "COMMON SHARES"), which number of shares shall not result in beneficial ownership (as that term is defined under Rule 13d-3 promulgated under the 1934 Act (as hereinafter defined)) by the Buyer of more than four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock. The per share purchase price for the Common Shares shall be \$2.74, which is equal to eighty percent (80%) of the average (rounded to the nearest thousandth) closing bid price for the Common Stock as reported on the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ-NMS") during the five (5) consecutive trading days ending one trading day prior to the Closing Date, as defined below (such closing bid price being the "CLOSING DATE AVERAGE MARKET PRICE").

b. PURCHASE OF PREFERRED STOCK. The Company shall issue and sell to the Buyer and the Buyer shall purchase 40,000 shares of Series B Convertible Preferred Stock (the "PREFERRED SHARES"), which shall be convertible into shares of Common Stock (the "CONVERSION SHARES") in accordance with the terms of the Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock attached hereto as EXHIBIT A (the "CERTIFICATE OF DESIGNATION"). The per share purchase price for the Preferred Shares shall be One Hundred Dollars (\$100).

c. ISSUANCE OF THE WARRANTS. In consideration of the Buyer's purchase of the Common Shares and the Preferred Shares, the Company agrees to issue to the Buyer in accordance with Sections 1(e) and (f) below, without separate consideration, the Warrants to purchase 638,686 shares of Common Stock (the "WARRANT SHARES"). The exercise price of the Warrants shall be \$4.11 per Warrant Share. The Warrants shall expire five (5) years from the date of issuance and shall be in the form attached hereto as EXHIBIT B. The Common Shares, the Preferred Shares, and the Warrants are hereafter collectively referred to as the "SECURITIES."

d. ALLOCATION OF SECURITIES. The Securities shall be allocated among the parties which are the Buyer as specified on their respective counterpart signature pages to this Agreement.

e. FORM OF PAYMENT. The Buyer shall pay the purchase price for the

Common Shares and the Preferred Shares (the "PURCHASE PRICE") by wire transfer of United States Dollars to the Company. Three Million Dollars (\$3,000,000), representing payment for the Common Shares, shall be paid on the Closing Date (as defined below). Four Million Dollars (\$4,000,000), representing payment for the Preferred Shares, shall be paid on February 7, 1996. The Company shall promptly deliver stock certificates, duly executed on behalf of the Company, representing the Common Shares and the Preferred Shares (the "STOCK CERTIFICATES") on the Closing Date and on February 7, 1996, respectively, and shall deliver the Warrants on February 7, 1996, all to Buyer's counsel, no later than 4:00 p.m. Eastern Standard Time on the respective dates.

f. CLOSING DATE. The date and time of the issuance and sale of the Common Shares (the "CLOSING DATE") shall be no later than 4:00 Eastern Standard Time on January 31, 1996. The date and time of the issuance and sale of the Preferred Shares and of the issuance of the Warrants shall be no later than 4:00 Eastern Standard Time on February 7, 1996. After the Closing Date, the Buyer's obligation to pay the purchase price for the Preferred Shares shall be conditioned only on the contemporaneous receipt of the Preferred Shares and Warrants and the Company's obligation to issue the Preferred Shares and Warrants shall be conditioned only on the contemporaneous payment of the purchase price for the Preferred Shares.

## 2. BUYER'S REPRESENTATIONS AND WARRANTIES

The Buyer represents and warrants to the Company that:

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

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

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

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

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

f. TRANSFER OR RESALE. The Buyer understands that (i) except as provided in the Registration Rights Agreement, the Common Shares, the Preferred Shares, the Conversion Shares, the Warrants, the Warrant Shares, and the shares of Common Stock that may be issued to the Buyer pursuant to Section 2(c) of the Registration Rights Agreement and pursuant to Section (2)(b) of the Certificate of Designation (collectively, the "DAMAGE SHARES") have not been and are not being registered under the 1933 Act or any state securities laws, and may not be transferred unless (a) subsequently registered thereunder, or (b) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; (ii) any sale of such securities made in reliance on Rule 144 promulgated under the 1933 Act may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require

compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register such securities (other than pursuant to the Registration Rights Agreement) under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

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

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

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

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

### 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to the Buyer that:

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

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

c. CAPITALIZATION. As of January 26, 1996, the authorized capital stock of the Company consists of (i) 40,000,000 shares of Common Stock of which 26,334,056 shares were issued and outstanding, and (ii) 3,000,000 shares of Preferred Stock \$.01 par value, of which 109,000 shares

designated as Series A Cumulative Convertible Preferred Stock and no shares designated as Series B Convertible Preferred Stock were issued and outstanding. All of such outstanding shares have been validly issued and are fully paid and nonassessable. No shares of Common Stock or Preferred Stock are subject to preemptive rights or any other similar rights of the stockholders of the Company or any liens or encumbrances. Except as disclosed in SCHEDULE 3(C), as of January 26, 1996, (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its subsidiaries, or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries, and (ii) there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act (except the Registration Rights Agreement). The Company has furnished to the Buyer true and correct copies of the Company's Certificate of Incorporation as in effect on the date hereof ("CERTIFICATE OF INCORPORATION") and the Company's By-laws, as in effect on the date hereof (the "BY-LAWS"). The Company shall provide the Buyer with a written update of this representation signed by the Company's Chief Executive or Chief Financial Officer on behalf of the Company as of the Closing Date.

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

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

f. SEC DOCUMENTS, FINANCIAL STATEMENTS. Since June 30, 1992, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act of 1934, as amended (the "1934 ACT") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits) incorporated by reference therein, being hereinafter referred to herein as the "SEC DOCUMENTS"). The Company has delivered to the Buyer true and complete copies of the SEC Documents, except for such exhibits, schedules and incorporated documents. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company

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

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

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

#### 4. COVENANTS.

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

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

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

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

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



prior written approval of the Buyer, negotiate or contract with any outside party to issue additional equity financing in any form, provided that such restriction shall not apply to the issuance of equity securities in connection with a license or development agreement between the Company or one of its subsidiaries and a corporate strategic partner. Notwithstanding the foregoing, during such 180 day period the Company may negotiate and contract with an outside party to obtain up to \$3,000,000 of additional equity capital provided that (i) no sale of such securities shall take place unless the Company first offers such securities to the Buyer on terms no less favorable in any respect than those subsequently offered to the eventual purchaser and the Buyer declines such purchase or does not exercise its right to purchase all of the securities so offered within fifteen (15) days of receiving a written offer in reasonable detail from the Company; provided that, the Buyer shall not have the right to purchase only a portion of the offered securities but must purchase all of the securities offered, (ii) the terms and conditions on which such equity securities are sold shall not be more favorable to the purchaser than those under which the Buyer is purchasing the Common Shares and the Preferred Shares, and (iii) the sale by such outside party of any such equity securities shall not be registered on the same registration statement as registers the sale of the Registrable Securities.

f. EXPENSES. The Company shall pay all expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Registration Rights Agreement, including, without limitation, Buyer's attorneys' fees and expenses up to an aggregate amount of Forty Thousand Dollars (\$40,000).

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

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

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

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

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

## 5. TRANSFER AGENT INSTRUCTIONS.

The Company shall instruct its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the Conversion Shares, Warrant Shares and Damage Shares in such amounts as specified from time to time by the Company to the transfer agent in accordance with the terms of the applicable security. Prior to sale of the Registrable Securities, pursuant to an effective registration statement all such certificates shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company shall provide instructions and opinions of counsel to its transfer agent in accordance with Section 3(o) of the Registration Rights Agreement. The Company warrants that no instruction

other than such instructions referred to in this Section 5, and stop transfer instructions to give effect to Section 2(f) hereof prior to registration of the Registrable Securities under the 1933 Act, will be given by the Company to its transfer agent and that the Securities and the Registrable Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Registration Rights Agreement. Nothing in this Section shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Securities and the Registrable Securities. If the Buyer provides the Company with an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, that registration of a resale by the Buyer of any of the Securities or the Registrable Securities is not required under the 1933 Act, the Company shall permit the transfer, and, in the case of the Common Shares, the Preferred Shares, the Conversion Shares, the Warrant Shares or the Damage Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denominations as specified by the Buyer.

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

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

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

b. The Buyer shall have delivered \$3,000,000 of the Purchase Price to the Company.

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

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

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

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

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

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

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

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

reasonably satisfactory to the Buyer and in substantially the same form as EXHIBIT C attached hereto.

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

g. The Company shall have delivered to the Buyer the Stock Certificate for the Common Shares.

8. GOVERNING LAW; MISCELLANEOUS.

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

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

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

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

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

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

If to the Company:

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

With copy to:

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

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

With copy to:

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

And:

Klehr, Harrison, Harvey, Branzburg & Ellers  
1401 Walnut Street  
Philadelphia, PA 19102  
Telecopy: (215) 568-5725  
Attention: Jason M. Shargel, Esq.

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

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

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

i. SURVIVAL. The representations and warranties of the Company and the Buyer contained in Sections 2 and 3 and the agreements and covenants set forth in Sections 1(b), 1(c), 1(e), 1(f), 4, 5, 8(g), 8(h), 8(k) and 8(l), and this subsection shall survive the closing; provided that, in the event the Buyer fails to deliver payment for the Preferred Shares on or before February 7, 1996, the covenants contained in the Sections 4(e), 4(g) and 4(k) shall terminate and be of no further effect, all references to Preferred Shares and Warrants contained in Section 4 herein and in the Registration Rights Agreement shall be eliminated and be of no further effect and the term Registrable Securities used herein and in the Registration Rights Agreement shall not include the Conversion Shares and the Warrant Shares (as defined herein) and the Company shall be entitled to file a Certificate of Elimination with respect to the Certificate of Designation.

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

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

m. TERMINATION. In the event that the Closing Date shall not have occurred on or before thirty (30) days from the date hereof, this Agreement shall terminate at the close of business on such date.

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

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Name: PETER G. TOMBROS  
Its: PRESIDENT AND CEO

GFL ADVANTAGE FUND LTD.

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

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

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

Allocated Portion of Securities: Preferred Shares purchased pursuant to  
Section 1(b) and Warrant for 364,963 Warrant Shares.

GFL PERFORMANCE FUND LTD.

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

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

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

Allocated portion of Securities: Common Shares purchased pursuant to  
Section 1(a) and Warrant for 273,723 Warrant Shares.

EXHIBIT A  
TO  
SECURITIES PURCHASE  
AGREEMENT

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.

By:/S/ PETER G. TOMBROS  
President

Attest:/S/ JOHN A. CARUSO  
Secretary

EXHIBIT B  
TO  
SECURITIES PURCHASE  
AGREEMENT

WARRANT TO PURCHASE 364,963 SHARES OF COMMON STOCK VOID AFTER 5:00 P.M. NEW JERSEY TIME, ON FEBRUARY 7, 2001. THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN AND WILL BE ISSUED IN TRANSACTIONS WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT AND SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAW, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NO. \_\_\_\_\_1\_\_\_\_\_

364,963 SHARES

ENZON, INC.

This certifies that, for value received, GFL Advantage Fund Ltd., the registered holder hereof, or assigns (the "WARRANTHOLDER") is entitled to purchase from Enzon, Inc., a Delaware corporation (the "COMPANY"), at any time on and after the earlier of the date the Registration Statement (filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 2(a) of a certain Registration Rights Agreement of even date herewith by and among the parties hereto) is declared effective by the SEC or seventy (70) days from the date of issuance of this Warrant and before 5:00 p.m., New Jersey time, on February 7, 2001 (the "TERMINATION DATE"), at the purchase price of \$4.11 per share (the "EXERCISE PRICE"), the number of shares of Common Stock, par value \$.01 per share (the "COMMON STOCK"), of the Company set forth above (the "WARRANT STOCK"); PROVIDED, HOWEVER, that in no event shall the Warrantholder be entitled to exercise this Warrant if, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by the Warrantholder and all other holders of Common Stock whose holdings would be aggregated with the Warrantholder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including without limitation any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). The Common Stock issuable upon conversion of shares of the Company's preferred stock or exercise of warrants for the purchase of Common Stock held by the Warrantholder or the Related Persons shall not be deemed to be beneficially owned by the Warrantholder or such Related Persons for this purpose. The number of shares of Warrant Stock, the Termination Date and the Exercise Price per share of this Warrant shall

be subject to adjustment from time to time as set forth below.

#### SECTION I. TRANSFER OR EXCHANGE OF WARRANT

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

#### SECTION II. TERM OF WARRANT; EXERCISE OF WARRANTS

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

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

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

#### SECTION III. PAYMENT OF TAXES

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

#### SECTION IV. MUTILATED OR MISSING WARRANT CERTIFICATES

In case this Warrant Certificate shall be mutilated, lost, stolen or

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

#### SECTION V. RESERVATION OF SHARES OF WARRANT STOCK.

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

#### SECTION VI. FRACTIONAL SHARES.

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

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

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

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

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

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

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

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

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

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

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

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

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

C. ADJUSTMENT IN NUMBER OF SHARES. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section VII, the number

of shares of Warrant Stock issuable upon the exercise of this Warrant shall be adjusted to the nearest full share by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of shares of Warrant Stock issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

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

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

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

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

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

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

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

(v) Upon the issuance of any Option Securities or the issuance of shares of Common Stock upon the exercise thereof, where such Option Security was issued for a consideration price per share of Common Stock

initially deliverable upon exercise of such Option Security equal to or greater than the Market Price in effect immediately prior to the issuance or sale of such Option Security;

(vi) Upon the issuance of Convertible Securities where the conversion price is equal to or greater than the Market Price in effect immediately prior to the issuance of such Convertible Securities;

(vii) Upon the issuance of Common Stock to non-management directors of the Company in an amount up to Fourteen Thousand Dollars (\$14,000) per such director per year, based upon such method of valuation as may be established from time to time by the Company's Board of Directors in its reasonable discretion; or

(viii) Upon the issuance of an aggregate of up to Three Million Dollars (\$3,000,000) of Common Stock or securities which are exercisable or convertible into Common Stock at a discount to the Market Price as of the date of such issuance that does not exceed twenty percent (20%).

#### SECTION VIII. NOTICES TO WARRANTHOLDERS.

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

#### SECTION IX. DELIVERY OF NOTICES.

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

#### SECTION X. SUCCESSORS.

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

#### SECTION XI. APPLICABLE LAW.

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

#### SECTION XII. BENEFITS OF THIS AGREEMENT



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

IN WITNESS WHEREOF, the parties hereto have executed this Warrant Certificate or caused this Warrant Certificate to be duly executed as of the 7th day of February, 1996.

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Name: Peter G. Tombros  
Title: President and CEO

GFL ADVANTAGE FUND, LTD.

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

Address of Warrantholder:

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

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

GFL PERFORMANCE FUND LTD.

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

Address of Warrantholder:

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

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

PURCHASE FORM

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

payment of \$ \_\_\_\_\_ in payment of the actual exercise price thereof.

[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Name:

Title:

Employer Taxpayer

Identification Number:

Address for delivery of Stock  
Certificate:

ASSIGNMENT FORM

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

\_\_\_\_\_  
Signature

Dated: \_\_\_\_\_, \_\_\_\_\_

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

SIGNATURE GUARANTEED:

\_\_\_\_\_

WARRANT TO PURCHASE 273,723 SHARES OF COMMON STOCK VOID AFTER 5:00 P.M. NEW JERSEY TIME, ON FEBRUARY 7, 2001. THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN AND WILL BE ISSUED IN TRANSACTIONS WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT AND SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN

PART, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAW, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NO. \_\_\_\_\_2\_\_\_\_\_

273,723 SHARES

ENZON, INC.

This certifies that, for value received, GFL Performance Fund Ltd., the registered holder hereof, or assigns (the "WARRANTHOLDER") is entitled to purchase from Enzon, Inc., a Delaware corporation (the "COMPANY"), at any time on and after the earlier of the date the Registration Statement (filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 2(a) of a certain Registration Rights Agreement of even date herewith by and among the parties hereto) is declared effective by the SEC or seventy (70) days from the date of issuance of this Warrant and before 5:00 p.m., New Jersey time, on February 7, 2001 (the "TERMINATION DATE"), at the purchase price of \$4.11 per share (the "EXERCISE PRICE"), the number of shares of Common Stock, par value \$.01 per share (the "COMMON STOCK"), of the Company set forth above (the "WARRANT STOCK"); PROVIDED, HOWEVER, that in no event shall the Warrant holder be entitled to exercise this Warrant if, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by the Warrant holder and all other holders of Common Stock whose holdings would be aggregated with the Warrant holder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including without limitation any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). The Common Stock issuable upon conversion of shares of the Company's preferred stock or exercise of warrants for the purchase of Common Stock held by the Warrant holder or the Related Persons shall not be deemed to be beneficially owned by the Warrant holder or such Related Persons for this purpose. The number of shares of Warrant Stock, the Termination Date and the Exercise Price per share of this Warrant shall be subject to adjustment from time to time as set forth below.

#### SECTION I. TRANSFER OR EXCHANGE OF WARRANT

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

#### SECTION II. TERM OF WARRANT; EXERCISE OF WARRANTS

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

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

C. WARRANT CERTIFICATE. Subject to Section III hereof, upon such surrender of this Warrant Certificate and payment of the Exercise Price as aforesaid, the Company shall issue and cause to be delivered to or upon the written order of the Warrant holder, by the second trading day after exercise, a certificate or certificates for the number of full shares of Warrant Stock so purchased upon the exercise of such Warrant, together

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

### SECTION III. PAYMENT OF TAXES

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

### SECTION IV. MUTILATED OR MISSING WARRANT CERTIFICATES

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

### SECTION V. RESERVATION OF SHARES OF WARRANT STOCK.

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

### SECTION VI. FRACTIONAL SHARES.

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

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

A. COMPUTATION OF ADJUSTED EXERCISE PRICE. Except as hereinafter provided, in case the Company shall at any time after the date hereof (i) issue or sell any shares of Common Stock (except in those instances referred to in subsection F of this Section VII), including

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

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

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

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

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

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

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

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

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

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

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

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

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

E. SPECIAL ADJUSTMENT. If the purchase price provided for in any Option Securities, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock shall change, or if any Option Securities or Convertible Securities terminate in whole or in part without being exercised, converted

or exchanged, the Exercise Price in effect at the time of such event shall forthwith be readjusted. The Exercise Price shall be adjusted to that amount which would have been in effect at such time had such Option Securities or Convertible Securities outstanding at such time initially been granted, issued or sold and the Exercise Price initially adjusted as provided in subsection A of this Article VII, except that the minimum amount of additional consideration payable and the total maximum number of shares issuable shall be determined after giving effect to such event (and any prior event or events).

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

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

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

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

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

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

(vi) Upon the issuance of Convertible Securities where the conversion price is equal to or greater than the Market Price in effect immediately prior to the issuance of such Convertible Securities;

(vii) Upon the issuance of Common Stock to non-management directors of the Company in an amount up to Fourteen Thousand Dollars (\$14,000) per such director per year, based upon such method of valuation as may be established from time to time by the Company's Board of Directors in its reasonable discretion; or

(viii) Upon the issuance of an aggregate of up to Three Million Dollars (\$3,000,000) of Common Stock or securities which are exercisable or convertible into Common Stock at a discount to the Market Price as of the date of such issuance that does not exceed twenty percent (20%).

#### SECTION VIII. NOTICES TO WARRANTHOLDERS.

So long as this Warrant shall be outstanding and unexercised (a) if the Company shall pay any dividend or make any distribution upon the Common Stock or (b) if the Company shall offer to the holders of Common Stock for subscription or purchase by them any shares of stock of any class or any other rights or (c) if any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of the Company to another corporation, or voluntary or involuntary dissolution, liquidation or winding up of the Company shall be effected, then, in any such case, the Company shall cause to be delivered to the Warrantholder, at least ten (10) days prior to the date specified in (i) or

(ii) below, as the case may be, a notice containing a brief description of the proposed action and stating the date on which (i) a record is to be taken for the purpose of such dividend or distribution, or (ii) such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation or winding up is to take place and the date, if any, as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up. Additionally, so long as this Warrant shall be outstanding and unexercised, if the Company shall make any adjustment to the Exercise Price, the Company shall cause to be delivered to the Warrantholder, within twenty (20) days after the date of such adjustment, a notice containing a description of the calculations pertaining to such adjustment and stating the date on which the adjustment to the Exercise Price became effective.

SECTION IX. DELIVERY OF NOTICES.

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

SECTION X. SUCCESSORS.

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

SECTION XI. APPLICABLE LAW.

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

SECTION XII. BENEFITS OF THIS AGREEMENT

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

IN WITNESS WHEREOF, the parties hereto have executed this Warrant Certificate or caused this Warrant Certificate to be duly executed as of the 7th day of February, 1996.

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Name:Peter G. Tombros  
Title:President and CEO

GFL ADVANTAGE FUND, LTD.

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

Address of Warrantholder:

Genesee Fund Limited  
CITCO Building  
Wickhams Cay



P.O. Box 662  
Road Town, Tortola  
British Virgin Islands

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

GFL PERFORMANCE FUND LTD.

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

Address of Warrantholder:

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

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

PURCHASE FORM

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

[\_\_\_\_\_]

By: \_\_\_\_\_  
Name:  
Title:

Employer Taxpayer  
Identification Number:

Address for delivery of Stock  
Certificate:

ASSIGNMENT FORM

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

\_\_\_\_\_  
Signature

Dated: \_\_\_\_\_, \_\_\_\_\_

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

SIGNATURE GUARANTEED:

\_\_\_\_\_

#### SCHEDULE 3(C)

#### OPTIONS, WARRANTS, SCRIPS, RIGHTS TO SUBSCRIBE TO SHARES OF CAPITAL STOCK

As of January 26, 1996, there were outstanding options to purchase 3,863,475 shares of the Company's common stock, \$.01 par value per share (the "Common Stock"), of which (i) 3,663,475 were reserved for issuance at January 26, 1996 pursuant to the Company's Non-Qualified Stock Option Plan and (ii) 200,000 were issued to Abraham Abuchowski, the Company's Chairman of the Board, pursuant to an employment agreement.

As of January 26, 1996, there were 109,000 shares of Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") of the Company outstanding which are convertible into an aggregate 247,727 shares of Common Stock.

As of January 26, 1996, there were 150,000 warrants outstanding to purchase 150,000 shares of Common Stock at \$2.50 per share. These warrants expire on August 8, 2000.

On January 15, 1996, the Board of Directors approved a plan to compensate non-employee directors which would compensate them with a retainer of \$2,500 per quarter and \$500 per Board meeting payable in shares of Common Stock at the market price of the Common Stock computed as of the first trading date of the year in which the compensation is earned. The final authorization of such compensation plan is contingent both on the draft of such plan by Company counsel and its ratification by the Board and approval by the shareholders.

#### REGISTRATION RIGHTS

#### SCHERING CORPORATION - STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement contains provisions for both demand and "piggy-back" registration rights for 847,489 shares of Common Stock. The demand registration rights provide generally for the right, upon the request of 25% of the holders' of the shares of common stock sold pursuant to the Stock Purchase Agreement (the "Common Stock") for a period beginning six months after closing of the agreement and continuing without limitation, which includes shares of Common Stock issued or issuable by way

of a stock split, or in connection with a combination of shares, reclassification, recapitalization, merger or consolidation or reorganization, the right to have such shares included in a registration statement to be filed with the Securities and Exchange Commission. After receiving such request, the Company must notify the holders of all shares of Common Stock covered by the Stock Purchase Agreement, that such holders may include the shares of Common Stock held by them in such registration statement if they make a written request to that effect within 20 days. Should the holders demanding registration of their shares intend to pursue an underwritten offering, the holders of shares entitled to notice of the intended registration shall also be entitled to notice of the intended underwriting. Inclusion of any shares in such underwriting is subject to the discretion of the underwriter. Any reduction of shares made by such underwriter shall be made first out of the shares of holders of either securities seeking inclusion in such underwriting and subsequently out of the shares of the holders of the Common Stock. Any reduction of shares included in such underwriting shall be made pro rata among the holders of the Common Stock requesting inclusion of their shares.

The "piggy-back" registration rights provided for in the Stock Purchase Agreement give the holders of the Common Stock the right to include such shares in a registration statement to be filed with the Commission for an unlimited period of time. Upon the Company's determination to file such a registration statement, the stockholders of the Common Stock must receive written notice, after which such holders have the right to respond within 20 days and request the inclusion of such shares in the registration statement. The Company covenants to use its best efforts to cause such registration statement to become effective. In the event of an underwritten offering, the holder of shares entitled to notice pursuant to such "piggy-back" rights shall be advised that the offering is being underwritten. Should the underwriter determine, however, that the inclusion of certain Common Shares or other securities, will render the Offering unmarketable, then those shares may be excluded except for shares being issued by the Company in a public offering. Such reduced number of shares shall be effected pro rata among such security holders. In the event of such underwritten offering, the holders of such shares of Common Stock must agree to distribute such shares through such underwriter and sign an underwriting agreement with such underwriter.

The Stock Purchase Agreement also specifically provides that, upon receipt of the request of any holder of Common Stock acquired under the Agreement that such holder's shares be registered on Form S-3, the Company shall provide written notice of the proposed registration to all holders of such Common Stock, and as soon as practicable within 15 days of receipt of notice by such Common Stock holders, include such shares in a registration statement. If the Company has filed an S-3 Registration Statement during the previous 12 months, such request may be denied. This provision is separate from the demand registration rights outlined above. All expenses of such registration or registrations will be borne by the Company.

#### WARRANT AGREEMENT WITH EDWARD S. GORDON & CO. DATED AUGUST 9, 1995

This Warrant Agreement provides for both demand and "piggy-back" registration rights with respect to 112,500 shares of Common Stock. The Warrant Agreement provides that if the Company receives the written request by the Warrant holder to prepare and file a registration statement covering the shares issuable upon exercise of the Warrant (the "Warrant Shares"), that the Company will use its best efforts to prepare and file such registration statement and keep it effective for at least nine months. Such demand registration rights shall be effective only for the registration of more than 50,000 Warrant Shares, provided that in reaching that threshold, any Warrant Shares included by the Pyne Companies, a firm affiliated with the Warrant holder, shall count towards that amount. In the event of an underwritten offering in which the Warrant holder requests inclusion, the underwriter has the discretion to deny inclusion of such Warrant Shares or other securities, except for shares for which Schering Corporation requests inclusion. The Warrant Shares and shares held by Schering should be reduced on a pro rata basis. The denial of the inclusion of Warrant Shares as shares held by Schering of which will require the "lock-up" of such Warrant Shares for a period of 120 days.

The Warrant Agreement provides for "piggy-back" registration rights whereby if the Company prepares to file a registration statement during a period of five years and ninety days, other than one on Form S-4, S-8 or S-1 (for an employee stock option plan), the Warrant holder is entitled to

notice of the planned registration and has 20 days to respond to the notice and request the inclusion of their Warrant Shares in the registration statement. If the registration statement will be prepared and filed in connection with an underwritten offering, such underwriter has discretion over the inclusion of such Warrant Shares or other securities in the offering and may thereby exclude such shares from the registration statement, except that any shares requested to be included in the offering by Schering Corporation in connection with its demand registration rights shall have priority over any of the Warrant Shares. Such reduced number of shares shall be allocated pro rata among Warrant Share holders or holders of other securities requesting inclusion of shares in the offering. Finally, should the Company decide to use Form S-3 for registration of any Warrant Shares and if necessary to effect such registration, the Company may require the Warrant holder to exercise its Warrant as a condition precedent to the inclusion of such shares in the registration statement. All of the expenses of such registration or registrations will be borne by the Company.

#### WARRANT AGREEMENT WITH THE PYNE COMPANIES DATED AUGUST 9, 1995

This Warrant Agreement provides for only "piggy-back" registration rights with respect to 37,500 shares of Common Stock. Holders of Warrants under the Warrant Agreement have the right to register shares of Common Stock issuable upon exercise of Warrants (the "Warrant Shares") if the Company prepares to file a registration statement during a period of five years and ninety days other than one on Form S-4, S-8 or S-1 (for an employee stock option plan). If the Company plans to file such registration statement, the Warrant holder is entitled to notice of the planned registration and has 20 days to respond to the notice and request the inclusion of their Warrant Shares in the registration statement. If the registration is part of a public offering, the Warrant holder is entitled to notice of the same. If the registration statement will be prepared and filed in connection with an underwritten offering, such underwriter has discretion over the inclusion of such Warrant Shares or other securities in the offering and may thereby exclude any such shares from the registration statement, except that any shares requested to be included in the offering by Schering Corporation in connection with its demand registration rights or shares to be issued by the Company in a public offering shall have priority over any of the Warrant Shares. Such reduced number of shares shall be allocated pro rata among Warrant Share holders or holders of other securities requesting inclusion of shares in the offering. Finally, should the Company decide to use Form S-3 for registration of any Warrant Shares and if necessary to effect such registration, the Company may require the Warrant holder to exercise its Warrant as a condition precedent to the inclusion of such shares in the registration statement. All of the expenses of such registration or registrations will be borne by the Company.

#### SCHEDULE 3(H)

##### PENDING OR THREATENED LITIGATION

The Company currently has no pending litigation. There are a number of matters which the Company has determined to disclose pursuant to this Stock Purchase Agreement and related documents, as matters which have the potential to give rise to litigation in the future.

##### NEOPROBE/ENZON, AUGUST 15, 1992 LICENSE AGREEMENT AND "SCA PROTEIN DEVELOPMENT" AGREEMENT.

This matter involves a dispute over sums of money due the Company pursuant to an agreement between the Company and Neoprobe, whereby the Company agreed to supply a certain amount of research grade single chain antigen protein to Neoprobe and granted Neoprobe a license under the Company's SCA patents. Under the agreements, Neoprobe was required to pay Enzon by delivery of either a \$400,000 interest-bearing note or warrants to purchase 100,000 shares of Neoprobe common stock exercisable at 105% of the initial public offering price of Neoprobe common stock or \$4.00 per share, and 200,000 shares exercisable at \$10.00 per share. The parties disagree over whether the samples provided by the Company to Neoprobe satisfy contractual requirements, whether Enzon is entitled to recover a sum equal to the amount of the note or exercise of the warrants, and whether Enzon

has breached the Agreements so as not to be entitled to either the note or warrants. To date no litigation has been commenced in this matter.

#### PATENTS

The Company is aware of certain issued patents and patent applications, and there may be other patents and applications, containing subject matter which the Company or its licensees or collaborators may require in order to research, develop or commercialize at least some of the Company's products. There can be no assurance that licenses under such subject matter will be available on acceptable terms. In particular, the Company is aware of the following:

#### BIOPURE: US PATENT 5,084,558

In 1992, the Company received correspondence from a member of the Board of Directors of Biopure Corporation which could be construed as containing allegations that Biopure's patent for bovine hemoglobin would cover the Company's PEG-Hemoglobin products. On March 17, 1992, the Company obtained an opinion of counsel from the firm of Lerner, David, Littenburg, Krumholtz, & Mentlik, to the effect that the Company's PEG-Hemoglobin does not infringe any claim of such patent which would be held valid if litigated. However, there can be no assurance that a court would find any of the claims of such patent to be invalid, that a court would not hold that the Company's PEG-Hemoglobin product does infringe one or more valid claims of such patent, or that a license could be obtained under such patent on acceptable terms. In October, 1995 Biopure's patent was revoked by the relevant patent authority of the European Communities.

#### OXIS U.S. PATENT 5,468,478.

In October, 1995, the Company received a letter from Oxis International, Inc. (formerly known as "DDI Pharmaceuticals, Inc.") advising that Claim 10 of this Oxis patent for PEG-Protein conjugates may be relevant to PEG-protein conjugates with PEG of a less than 20,000 daltons. This claim recites water-soluble polyalkylene glycol (PEG) protein conjugates in which there are no molecular weight limitations for the PEG. The original Claim 10 was presented for examination to the U.S. Patent Office with a limitation requiring the PEG to have a molecular weight between approximately 35,000 to 200,000. This limitation was removed by Oxis during the course of its patent prosecution without comment by the Examiner. The patent was issued to Oxis without reference to the molecular weight of the PEG. On January 24, 1996, the Company received an opinion from the law firm of Steinberg, Raskin & Davidson to the effect that Claim 10 of the Oxis patent, when properly interpreted would be limited by a U.S. Federal District Court judge to water-soluble polyalkylene glycol conjugates wherein the PEG portion has a molecular weight greater than that contemplated by Enzon for its formulations currently in clinical trials and contemplated for commercialization.

#### AJINOMOTO, U.S. PATENT 4,301,144.

Ajinomoto, a Japanese corporation, received a patent on November 17, 1991 which applies to the combination of PEG and Hemoglobin and which was originally scheduled to expire on November 17, 1998. In view of the GATT treaty, the Company sought the opinion of patent counsel Learner, David, Littenburg, Krumholtz, & Mentlik to evaluate any extension thereunder. Such patent has been extended under the GATT Treaty until July 10, 2000. Additionally, depending on the filing with the FDA for any product approval by the patentee, or its licensees, the patent could be extended to as late as November 17, 2003. Nonetheless, this extension until 2003 would depend upon the patentee or its licensee filing a PLA or NDA prior to November 17, 1998. The Company does not expect that it will have a PEG-Hemoglobin product approved before the end of 2000, and thus would not conflict with the patent held by Ajinomoto. Also, although the Company understands that a licensee of Ajinomoto has been conducting clinical trials of a PEG-hemoglobin product since July, 1995, the Company believes it is unlikely that an NDA or PLA can be filed for this product by November 17, 1998.

## REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "AGREEMENT"), dated as of January 31, 1996 by and among ENZON, INC., a Delaware corporation, with headquarters located at 20 Kingsbridge Road, Piscataway, NJ 08854 (the "COMPANY"), and the undersigned (collectively, the "BUYER").

### WHEREAS:

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

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

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

### 1. DEFINITIONS.

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

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

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

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

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

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

### 2. REGISTRATION.

a. MANDATORY REGISTRATION. The Company shall prepare, and, on or prior to the date which is thirty (30) days after February 7, 1996, file with the SEC a Registration Statement on Form S-3 covering the resale of the Registrable Securities, which Registration Statement shall state that, in accordance with Rule 416 promulgated under the 1933 Act, such Registration Statement also covers such indeterminate number of additional shares of Common Stock as may become issuable upon conversion of the Preferred Shares and exercise of the Warrants to prevent dilution resulting from stock splits, stock dividends or similar transactions. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided to and approved by the Buyer and its counsel prior to its filing or other

submission.

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

c. PAYMENTS BY THE COMPANY. If the Registration Statement covering the Registrable Securities required to be filed by the Company pursuant to Section 2(a) hereof is not declared effective by the SEC by May 7, 1996 or if, after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement (by reason of stop order, the Company's failure to update the Registration Statement or otherwise), or if the Common Stock is not listed or included for quotation on the National Association of Securities Dealers Automated Quotation (the "NASDAQ") National Market System (the "NASDAQ-NMS"), the New York Stock Exchange (the "NYSE"), the American Stock Exchange (the "AMEX") or the NASDAQ SmallCap Market ("NASDAQ SMALLCAP"), then the Company will make payments to the Investors in such amounts and at such times as shall be determined pursuant to this Section 2(c) as partial relief for the damages to the Investors by reason of any such delay in or reduction of their ability to sell the Registrable Securities (which remedy shall not be exclusive of any other remedies available at law or in equity, except that such remedy shall be the exclusive remedy for delay in the effectiveness of the Registration Statement provided that the Registration Statement is declared effective by the SEC within 180 days after February 7, 1996). The Company shall pay to each holder of Registrable Securities an amount equal to the Average Market Price (as defined below) of the Common Shares during the five (5) consecutive trading days ending one (1) trading day prior to the Closing Date (the "CLOSING DATE AVERAGE MARKET PRICE") multiplied by three-hundredths (.03) times the sum of: (i) the number of months (prorated for partial months) after May 7, 1996 and prior to the date the Registration Statement is declared effective by the SEC, provided, however, that there shall be excluded from such period (and from any period under clause (ii) immediately below) delays which are attributable to changes required by the Investors in the Registration Statement, including, without limitation, changes to the plan of distribution; (ii) the number of months (prorated for partial months) that sales cannot be made pursuant to the Registration Statement after the Registration Statement has been declared effective; and (iii) the number of months (prorated for partial months) that the Common Stock is not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap after the Registration Statement has been declared effective; provided that the aggregate number of months for which payments shall be made pursuant to clauses (i), (ii) and (iii) above shall not exceed twelve (12). (For example, if the Registration Statement becomes effective one and one-half (1 1/2) months after May 7, 1996, the Company would pay \$45,000 for each \$1,000,000 of Closing Date Average Market Price until any subsequent adjustment; if thereafter, sales could not be made pursuant to the Registration Statement for a period of two (2) months, the Company would pay an additional \$60,000 for each \$1,000,000 of Closing Date Average Market Price.) Such amounts may be paid at the Company's option in cash or Common Stock (the "DAMAGE SHARES," which term shall include shares of Common Stock that may be issued pursuant to Section 2(b) of the Certificate of Designation) valued based on the Average Market Price for the period (a "DAMAGE PRICING PERIOD") of five (5) consecutive trading days ending on the trading day prior to the date that the Registration Statement is declared effective or that sales can be resumed under the Registration Statement, as applicable; any amounts due as to any Damage Pricing Period during which the Registration Securities are not listed or included for quotation on the NASDAQ-NMS, NYSE, AMEX or NASDAQ SmallCap shall be paid in cash only; PROVIDED, HOWEVER, that in no event shall Damage Shares be paid hereunder if, after giving effect to such payment, the number of shares of Common Stock purchased pursuant to the Securities Purchase Agreement or issued on exercise of the Warrants or conversion of the 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 outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16); cash shall be paid for any Damage Shares which cannot be issued pursuant to this proviso. Common Stock issuable upon conversion of the Preferred Shares or exercise of Warrants held by such holder or the Related Persons shall not be deemed to be beneficially owned by such holder or the Related Persons for this purpose. Payments of cash or issuances of Damage Shares pursuant hereto shall be made within five (5) days after the end of each period that gives rise to such obligation, provided that, if any such period extends for more than thirty (30) days, interim payments shall be made for each such thirty (30) day period with the interim payment (if paid in Damage Shares) based on the last five (5) trading days of such thirty (30) day period. In addition to the payments provided herein, the Company shall provide an adjustment to the Conversion Percentage (as that term is defined in the Certificate of Designation) and pay the amounts specified in Section 2(b) of the Certificate of Designation. "AVERAGE MARKET PRICE" of any security for any period shall be computed as the arithmetic average of the closing bid prices for such security for each trading day in such period on the NASDAQ-NMS, or, if the NASDAQ-NMS is not the principal trading market for such security, on the principal trading market for such security, or, if market value cannot be calculated for such period on any of the foregoing bases, the Average Market Price shall be the average fair market value during such period as reasonably determined in good faith by the Board of Directors of the Company.

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



terms and conditions as other shares of Common Stock included in such underwritten offering.

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

### 3. OBLIGATIONS OF THE COMPANY.

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

a. The Company shall prepare promptly, and file with the SEC not later than thirty (30) days after February 7, 1996, a Registration Statement with respect to the number of Registrable Securities provided in Section 2(a), and thereafter to use its best efforts to cause each Registration Statement relating to Registrable Securities to become effective as soon as possible after such filing, and keep the Registration Statement effective pursuant to Rule 415 at all times until such date as is the earlier of (i) at least three (3) years after the date of the expiration of all the Warrants, or (ii) the date on which (a) all of the Warrants have been exercised or expired, (b) no Registrable Securities are held by any Investor, and (c) none of the Preferred Shares is outstanding (the "REGISTRATION PERIOD"), which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

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

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

d. The Company shall use reasonable efforts to (i) register and qualify the Registrable Securities covered by the Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Investors who hold a majority in interest of the Registrable Securities being offered reasonably request, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary

or advisable to qualify the Registrable Securities for sale in such jurisdictions; PROVIDED, HOWEVER, that the Company shall not be required in connection therewith or as a condition thereto to (a) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (b) subject itself to general taxation in any such jurisdiction, (c) file a general consent to service of process in any such jurisdiction, (d) provide any undertakings that cause more than nominal expense or burden to the Company, or (e) make any change in its charter or bylaws, which in each case the Board of Directors of the Company determines to be contrary to the best interests of the Company and its stockholders.

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

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

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

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

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

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

k. The Company shall make available for inspection by (i) any Investor, (ii) any underwriter participating in any disposition pursuant to the Registration Statement, (iii) one firm of attorneys and one firm of accountants or other agents retained by the Buyer, (iv) one firm of

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

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

m. The Company shall use its best efforts either to (i) cause all the Registrable Securities covered by the Registration Statement to be listed on a national securities exchange and on each additional national securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) secure designation and quotation of all the Registrable Securities covered by the Registration Statement on the NASDAQ-NMS or, if, despite the Company's best efforts to satisfy the preceding clause (i) or (ii), the Company is unsuccessful in satisfying the preceding clause (i) or (ii), to secure the inclusion for quotation on the NASDAQ SmallCap for such Registrable Securities and, without limiting the generality of the foregoing, to arrange for at least two market makers to register with the National Association of Securities Dealers, Inc. ("NASD") as such with respect to such Registrable Securities. The Investors' sole remedy for the Company's failure to perform under this Section shall be as provided Section 2(c) hereof and in Section 2(b) of the Certificate of Designation.

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

o. The Company shall cooperate with the Investors who hold Registrable Securities being offered and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the managing underwriter or underwriters, if any, or the Investors may reasonably request and registered in such names as the managing underwriter or underwriters, if any, or the Investors may request. No later than the effective date of any

Registration Statement registering the resale of Registrable Securities, the Company shall deliver to its transfer agent instructions, accompanied by any reasonably required opinion of counsel, that (i) permit sales of legended securities in a timely fashion that complies with then mandated securities settlement procedures for regular way market transactions; and (ii) upon the exercise of Warrants or conversion of Preferred Shares and the contemporaneous resale, pursuant to an effective Registration Statement, of the applicable Warrant Shares and Conversion Shares, permit the issuance of stock certificates without restrictive legends to the transferees of such Warrant Shares and Conversion Shares.

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

#### 4. OBLIGATIONS OF THE INVESTORS.

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

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

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

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

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

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

commissions.

#### 5. EXPENSES OF REGISTRATION.

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

#### 6. INDEMNIFICATION.

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

a. To the extent permitted by law, the Company will indemnify, hold harmless and defend (i) each Investor who holds such Registrable Securities, (ii) the directors, officers and each person who controls any Investor within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended (the "1934 ACT"), if any, and (iii) any underwriter (as defined in the 1933 Act) for the Investors; and the directors, officers and each person who controls any such underwriter within the meaning of the 1933 Act or the 1934 Act, if any, (each, an "INDEMNIFIED PERSON"), against any losses, claims, damages, liabilities or expenses (joint or several) (collectively, "CLAIMS") to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation relating to the offer or sale of the Registrable Securities by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder (the matters in the foregoing clauses (i) through (iii) being, collectively, "VIOLATIONS"). Subject to the restrictions set forth in Section 6(d) with respect to the number of legal counsel, the Company shall reimburse the Investors and each such underwriter or controlling person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim, subject to the provisions of Section 6(d). Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person or underwriter for such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(c) hereof; (ii) with respect to any preliminary prospectus, shall not inure to the benefit of any such person from whom the person asserting any such Claim purchased the Registrable Securities that are the subject thereof (or to the benefit of any person controlling such person) if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected in the prospectus, as then amended or supplemented, if such prospectus was timely made available by the Company pursuant to Section 3(c) hereof; (iii) shall not be available to the extent such Claim is based on a failure of the Investor to deliver or to cause to be delivered the prospectus made available by the Company; and (iv) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9.

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

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

d. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; PROVIDED, HOWEVER, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The Company shall pay for only one separate legal counsel for the Investors, and such legal counsel shall be selected by the Investors holding a majority in interest of the Registrable Securities included in the Registration Statement to which the Claim relates. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or

defense, as such expense, loss, damage or liability is incurred and is due and payable.

#### 7. CONTRIBUTION.

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

#### 8. REPORTS UNDER THE 1934 ACT.

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

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

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

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

#### 9. ASSIGNMENT OF REGISTRATION RIGHTS.

The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned, (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws, (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, (v) such transfer shall have been made in accordance with the applicable requirements of the Securities Purchase Agreement, and (vi) such transferee shall be an "ACCREDITED INVESTOR" as that term defined in Rule 501 of Regulation D promulgated under the 1933 Act.

#### 10. AMENDMENT OF REGISTRATION RIGHTS.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either

retroactively or prospectively), only with written consent of the Company and Investors who hold a majority in interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. MISCELLANEOUS.

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

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

if to the Company:

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

with copy to:

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

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

with copy to:

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

and:

Klehr, Harrison, Harvey, Branzburg & Ellers  
1401 Walnut Street  
Philadelphia, PA 19102  
Telecopy: (215) 568-5725  
Attention: Jason M. Shargel, Esq.

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

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such State. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law



shall not affect the validity or enforceability of any other provision hereof.

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

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

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

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

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

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

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Name: PETER G. TOMBROS  
Its: PRESIDENT AND CEO

GFL ADVANTAGE FUND LTD.

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

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

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

GFL PERFORMANCE FUND LTD.

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

Address: Genesee Fund Limited  
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Wickhams Cay

P.O. Box 662  
Road Town, Tortola  
British Virgin Islands

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

WARRANT TO PURCHASE 364,963 SHARES OF COMMON STOCK VOID AFTER 5:00 P.M. NEW JERSEY TIME, ON FEBRUARY 7, 2001. THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN AND WILL BE ISSUED IN TRANSACTIONS WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT AND SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAW, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NO. 1

364,963 SHARES

ENZON, INC.

This certifies that, for value received, GFL Advantage Fund Ltd., the registered holder hereof, or assigns (the "WARRANTHOLDER") is entitled to purchase from Enzon, Inc., a Delaware corporation (the "COMPANY"), at any time on and after the earlier of the date the Registration Statement (filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 2(a) of a certain Registration Rights Agreement of even date herewith by and among the parties hereto) is declared effective by the SEC or seventy (70) days from the date of issuance of this Warrant and before 5:00 p.m., New Jersey time, on February 7, 2001 (the "TERMINATION DATE"), at the purchase price of \$4.11 per share (the "EXERCISE PRICE"), the number of shares of Common Stock, par value \$.01 per share (the "COMMON STOCK"), of the Company set forth above (the "WARRANT STOCK"); PROVIDED, HOWEVER, that in no event shall the Warrantholder be entitled to exercise this Warrant if, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by the Warrantholder and all other holders of Common Stock whose holdings would be aggregated with the Warrantholder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including without limitation any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). The Common Stock issuable upon conversion of shares of the Company's preferred stock or exercise of warrants for the purchase of Common Stock held by the Warrantholder or the Related Persons shall not be deemed to be beneficially owned by the Warrantholder or such Related Persons for this purpose. The number of shares of Warrant Stock, the Termination Date and the Exercise Price per share of this Warrant shall be subject to adjustment from time to time as set forth below.

#### SECTION I. TRANSFER OR EXCHANGE OF WARRANT

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

#### SECTION II. TERM OF WARRANT; EXERCISE OF WARRANTS

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

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

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

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

#### SECTION III. PAYMENT OF TAXES

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

#### SECTION IV. MUTILATED OR MISSING WARRANT CERTIFICATES

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

#### SECTION V. RESERVATION OF SHARES OF WARRANT STOCK.

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

#### SECTION VI. FRACTIONAL SHARES.

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

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

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

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

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

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

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

(iii) In case of the issuance of Convertible Securities (other than the Convertible Securities described in (iv) below), the aggregate consideration received therefor shall be deemed to be the consideration, if

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

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

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

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

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

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

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

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

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

change, consolidation, merger, sale or conveyance as if such Warrantholder had exercised this Warrant.

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

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

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

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

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

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

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

(vi) Upon the issuance of Convertible Securities where the conversion price is equal to or greater than the Market Price in effect immediately prior to the issuance of such Convertible Securities;

(vii) Upon the issuance of Common Stock to non-management directors of the Company in an amount up to Fourteen Thousand Dollars (\$14,000) per such director per year, based upon such method of valuation as may be established from time to time by the Company's Board of Directors in its reasonable discretion; or

(viii) Upon the issuance of an aggregate of up to Three Million Dollars (\$3,000,000) of Common Stock or securities which are exercisable or convertible into Common Stock at a discount to the Market Price as of the date of such issuance that does not exceed twenty percent (20%).

#### SECTION VIII. NOTICES TO WARRANTHOLDERS.

So long as this Warrant shall be outstanding and unexercised (a) if the Company shall pay any dividend or make any distribution upon the Common Stock or (b) if the Company shall offer to the holders of Common Stock for subscription or purchase by them any shares of stock of any class

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

SECTION IX. DELIVERY OF NOTICES.

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

SECTION X. SUCCESSORS.

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

SECTION XI. APPLICABLE LAW.

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

SECTION XII. BENEFITS OF THIS AGREEMENT

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

IN WITNESS WHEREOF, the parties hereto have executed this Warrant Certificate or caused this Warrant Certificate to be duly executed as of the 7th day of February, 1996.

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Name: Peter G. Tombros  
Title:President and CEO

GFL ADVANTAGE FUND, LTD.

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



Title:President

Address of Warrantholder:

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

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

GFL PERFORMANCE FUND LTD.

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

Address of Warrantholder:

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

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

PURCHASE FORM

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

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name:  
Title:

Employer Taxpayer  
Identification Number:

Address for delivery of Stock  
Certificate:

ASSIGNMENT FORM

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

\_\_\_\_\_  
Signature

Dated: \_\_\_\_\_, \_\_\_\_\_

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

SIGNATURE GUARANTEED:

\_\_\_\_\_

WARRANT TO PURCHASE 273,723 SHARES OF COMMON STOCK VOID AFTER 5:00 P.M. NEW JERSEY TIME, ON FEBRUARY 7, 2001. THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN AND WILL BE ISSUED IN TRANSACTIONS WHICH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT AND SUCH SHARES MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF, IN WHOLE OR IN PART, IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE LAW, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

NO. \_\_\_\_\_ 2 \_\_\_\_\_

273,723 SHARES

ENZON, INC.

This certifies that, for value received, GFL Performance Fund Ltd., the registered holder hereof, or assigns (the "WARRANTHOLDER") is entitled to purchase from Enzon, Inc., a Delaware corporation (the "COMPANY"), at any time on and after the earlier of the date the Registration Statement (filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 2(a) of a certain Registration Rights Agreement of even date herewith by and among the parties hereto) is declared effective by the SEC or seventy (70) days from the date of issuance of this Warrant and before 5:00 p.m., New Jersey time, on February 7, 2001 (the "TERMINATION DATE"), at the purchase price of \$4.11 per share (the "EXERCISE PRICE"), the number of shares of Common Stock, par value \$.01 per share (the "COMMON STOCK"), of the Company set forth above (the

"WARRANT STOCK"); PROVIDED, HOWEVER, that in no event shall the Warrantholder be entitled to exercise this Warrant if, after giving effect to such exercise, the number of shares of Common Stock beneficially owned by the Warrantholder and all other holders of Common Stock whose holdings would be aggregated with the Warrantholder for purposes of calculating beneficial ownership in accordance with Sections 13(d) and 16 of the Securities Exchange Act of 1934, as amended, and the regulations thereunder ("SECTIONS 13(D) AND 16"), including without limitation any person serving as an adviser to any holder (collectively, the "RELATED PERSONS"), would exceed four and nine-tenths percent (4.9%) of the outstanding shares of Common Stock (calculated in accordance with Sections 13(d) and 16). The Common Stock issuable upon conversion of shares of the Company's preferred stock or exercise of warrants for the purchase of Common Stock held by the Warrantholder or the Related Persons shall not be deemed to be beneficially owned by the Warrantholder or such Related Persons for this purpose. The number of shares of Warrant Stock, the Termination Date and the Exercise Price per share of this Warrant shall be subject to adjustment from time to time as set forth below.

#### SECTION I. TRANSFER OR EXCHANGE OF WARRANT

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

#### SECTION II. TERM OF WARRANT; EXERCISE OF WARRANTS

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

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

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

Certificate evidencing the remaining Warrant or Warrants will be issued, and the Company shall deliver the new Warrant Certificate or Certificates pursuant to the provisions of this Section.

#### SECTION III. PAYMENT OF TAXES

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

#### SECTION IV. MUTILATED OR MISSING WARRANT CERTIFICATES

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

#### SECTION V. RESERVATION OF SHARES OF WARRANT STOCK.

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

#### SECTION VI. FRACTIONAL SHARES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) Upon the issuance of Convertible Securities where the conversion price is equal to or greater than the Market Price in effect immediately prior to the issuance of such Convertible Securities;

(vii) Upon the issuance of Common Stock to non-management directors of the Company in an amount up to Fourteen Thousand Dollars (\$14,000) per such director per year, based upon such method of valuation as may be established from time to time by the Company's Board of Directors in its reasonable discretion; or

(viii) Upon the issuance of an aggregate of up to Three Million Dollars (\$3,000,000) of Common Stock or securities which are exercisable or convertible into Common Stock at a discount to the Market Price as of the date of such issuance that does not exceed twenty percent (20%).

#### SECTION VIII. NOTICES TO WARRANTHOLDERS.

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

#### SECTION IX. DELIVERY OF NOTICES.

Any notice pursuant to this Warrant by the Company or by the Warrantholder shall be in writing and shall be deemed to have been duly given if delivered or mailed certified mail, return receipt requested, (a) if to the Company, to it at 20 Kingsbridge Road, Piscataway, New Jersey

08854, Attention: Corporate Secretary and (b) if to the Warrantholder to it at the address set forth on the signature page hereto. Each party hereto may from time to time change the address to which such party's notices are to be delivered or mailed hereunder by notice in accordance herewith to the other party.

SECTION X. SUCCESSORS.

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

SECTION XI. APPLICABLE LAW.

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

SECTION XII. BENEFITS OF THIS AGREEMENT

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

IN WITNESS WHEREOF, the parties hereto have executed this Warrant Certificate or caused this Warrant Certificate to be duly executed as of the 7th day of February, 1996.

ENZON, INC.

By:/S/ PETER G. TOMBROS  
Name:Peter G. Tombros  
Title:President and CEO

GFL ADVANTAGE FUND, LTD.

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

Address of Warrantholder:

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

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

GFL PERFORMANCE FUND LTD.

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



Address of Warrantholder:

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

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

PURCHASE FORM

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

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name:  
Title:

Employer Taxpayer  
Identification Number:

Address for delivery of Stock  
Certificate:

ASSIGNMENT FORM

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

\_\_\_\_\_  
Signature

Dated: \_\_\_\_\_, \_\_\_\_\_

Notice: The signature of this assignment must correspond with the name as it appears upon the face of this Warrant Certificate in

every particular, without alteration or  
enlargement or any change whatever.

SIGNATURE GUARANTEED:

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<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the Enzon, Inc. and Subsidiaries Consolidated Condensed Balance Sheet as of December 31, 1995 and the Consolidated Condensed Statement of Operations for the three and six months ended December 31, 1995 and is qualified in its entirety by reference to such financial statements.

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