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

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

For the Quarter Ended December 31, 2002 Commission File No. 0-12957

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

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

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

ENZON, INC.
(Former names or former address, if changed since last report.)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b -2 of the Exchange Act). Yes |X| No |_|

As of February 12, 2003, there were 43,392,448 shares of Common Stock, par value $.01 per share, outstanding.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
December 31, 2002 and June 30, 2002
(In thousands, except share data)

	December 31, 2002 (unaudited)	June 30, 2002 *
ASSETS		
Current assets:		
Cash and cash equivalents	$ 99,357	$ 113,858
Short-term investments	20,263	75,165
Accounts receivable	32,151	26,050
Inventories	12,620	2,214
Other current assets	3,848	4,175
Total current assets	168,239	221,462
Property and equipment	36,530	19,230
Less accumulated depreciation and amortization	9,909	9,128
	26,621	10,102
Other assets:		
Marketable securities	26,135	295,991

Cost method equity investments	21,145	48,382
Debt issue costs, net	10,032	10,946
Intangible assets, net	230,899	23,865
Goodwill	150,841	--
	439,052	379,184
Total assets	$ 633,912	$ 610,748
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14,192	$ 4,526
Accrued expenses	22,026	6,175
Accrued interest	9,000	9,000
Total current liabilities	45,218	19,701
Accrued rent	500	552
Notes payable	400,000	400,000
	400,500	400,552
Stockholders' equity:		
Preferred stock-$.01 par value, authorized 3,000,000 shares; issued and outstanding 7,000 shares at December 31, 2002 and June 30, 2002 (liquidation preference aggregating $354,000 at December 31, 2002 and $347,000 at June 30, 2002)	--	--
Common stock-$.01 par value, authorized 90,000,000 shares, issued and outstanding 43,364,523 shares at December 31, 2002 and 42,999,823 shares at June 30, 2002	434	429
Additional paid-in capital	267,671	262,854
Accumulated other comprehensive income (loss)	(220)	1,096
Deferred compensation	(4,549)	(1,202)
Accumulated deficit	(75,142)	(72,682)
Total stockholders' equity	188,194	190,495
Total liabilities and stockholders' equity	$ 633,912	$ 610,748

* Condensed from audited financial statement.

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
Three and Six Months Ended December 31, 2002 and 2001
(In thousands, except per share data)
(unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2002	2001	2002	2001
Revenues:				
Net sales	$ 8,544	$ 5,872	$ 15,110	$ 10,954
Royalties	22,903	12,630	41,321	19,617
Contract revenue	50	100	134	175
Total revenues	31,497	18,602	56,565	30,746
Costs and expenses:				
Cost of sales	4,265	1,456	6,779	2,846
Research and development expenses	5,692	3,988	9,754	7,486
Selling, general and administrative expenses	7,397	4,489	11,305	8,576
Amortization of acquired intangibles	1,293	36	1,328	71
Write-down of carrying value of investments	27,237	--	27,237	--

Total costs and expenses	45,884	9,969	56,403	18,979
Operating income (loss)	(14,387)	8,633	162	11,767
Other income (expense):				
Investment and other income, net	4,345	4,750	7,798	10,927
Interest expense	(4,957)	(4,921)	(9,914)	(9,915)
	(612)	(171)	(2,116)	1,012
Income (loss) before taxes	(14,999)	8,462	(1,954)	12,779
Tax (benefit) expense	245	(183)	506	(97)
Net income (loss)	$(15,244)	$ 8,645	$ (2,460)	$ 12,876
Basic earnings (loss) per common share	$ (0.35)	$ 0.20	$ (0.06)	$ 0.30
Diluted earnings (loss) per common share	$ (0.35)	$ 0.20	$ (0.06)	$ 0.29
Weighted average number of common shares outstanding-basic	43,011	42,767	42,995	42,444
Weighted average number of common shares and dilutive potential common shares outstanding	43,011	43,959	42,995	43,792

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Consolidated Condensed Statement of Cash Flows
Six Months Ended December 31, 2002 and 2001
(In thousands)
(unaudited)

	Six Months Ended December 31, 2002	2001
Cash flows from operating activities:		
Net income (loss)	$ (2,460)	$ 12,876
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,610	1,332
Non-cash expense for issuance of common stock	213	153
Amortization of bond premium/discount	1,983	(3,573)
Non-cash write-down of carrying value of investment	27,237	--
Decrease in accrued rent	(52)	(13)
Changes in assets and liabilities	5,961	(2,718)
Net cash provided by operating activities	35,492	8,057
Cash flows from investing activities:		
Capital expenditures	(3,594)	(3,538)
Purchase of ABELCET business	(369,120)	--
Proceeds from sale of investments	350,318	232,249
Maturities of investments	53,000	88,429
Purchases of investments	(81,859)	(454,941)
Net cash used in investing activities	(51,255)	(137,801)
Cash flows from financing activities - proceeds from exercise of common stock options	1,262	4,241
Net decrease in cash and cash equivalents	(14,501)	(125,503)
Cash and cash equivalents at beginning of period	113,858	310,224
Cash and cash equivalents at end of period	$ 99,357	$ 184,721

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

ENZON PHARMACEUTICALS, 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 Pharmaceuticals, Inc. (the "Company") and its subsidiaries in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required for complete annual financial statements. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) considered necessary for a fair presentation have been included. Certain prior year balances were reclassified to conform to the 2002 presentation. Interim results are not necessarily indicative of the results that may be expected for the year.

(2) Comprehensive Income (Loss)

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", requires unrealized gains and losses on the Company's available-for-sale securities to be included in other comprehensive income.

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

	Three months ended December 31		Six months ended December, 31	
	2002	2001	2002	2001
Net income (loss)	$(15,244)	$ 8,645	$(2,460)	$ 12,876
Other comprehensive income (loss):				
Unrealized holding gain (loss) arising during the period	(1,281)	(1,331)	(800)	(1,267)
Less: reclassification adjustment for net gain realized in net income	(2,115)	--	(2,115)	885
Total other comprehensive income (loss)	(3,396)	(1,331)	(1,315)	(382)
Total comprehensive income (loss)	$(18,640)	$ 7,314	$(3,775)	$ 12,494

(3) Earnings Per Common Share

Basic earnings per share is computed by dividing the net income available to common shareholders adjusted for cumulative undeclared preferred stock dividends for the relevant period, by the weighted average number of shares of Common Stock issued and outstanding during the periods. For purposes of calculating diluted earnings per share for the three and six months ended December 31, 2001, the denominator includes both the weighted average number of shares of Common Stock outstanding and the number of dilutive Common Stock equivalents. The number of dilutive Common Stock equivalents includes the effect of non-qualified stock options calculated using the treasury stock method and the number of shares issuable upon conversion of the outstanding Series A Preferred Stock. Due to the net loss recorded for the three and six months ended December 31, 2002, the exercise or conversion of approximately 587,000 dilutive potential common shares is not included for purposes of the diluted loss per share calculation. The number of shares issuable upon conversion of the Company's 4.5% Convertible Subordinated Notes due 2008 (the "Notes") have not been included as the effect of their inclusion

would be anti-dilutive. As of December 31, 2002, the Company had 6,989,000 dilutive potential common shares outstanding that could potentially dilute future earnings per share calculations.

The following table reconciles the basic and diluted earnings (loss) per share calculations (in thousands):

	Three months ended December 31,		Six months ended December 31,	
	2002	2001	2002	2001
Net income (loss)	$(15,244)	$ 8,645	$ (2,460)	$12,876
Less: Preferred stock dividends	4	4	7	7
Net income (loss) available to common Stockholders	$(15,248)	$ 8,641	$ (2,467)	$12,869
Weighted average number of common shares outstanding-basic	43,011	42,767	42,995	42,444
Effect of dilutive securities:				
Conversion of preferred stock	--	16	--	16
Assumed exercise of non-qualified stock options and restricted stock	--	1,176	--	1,332
Weighted average number of common shares and dilutive potential common shares outstanding	43,011	43,959	42,995	43,792

(4) Inventories

The composition of inventories at December 31, 2002 and June 30, 2002 is as follows (in thousands):

	December 31, 2002	June 30, 2002
Raw materials	$ 5,771	$ 827
Work in process	2,568	1,043
Finished goods	4,281	344
	$12,620	$2,214

(5) 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 $9 million for the six months ended December 31, 2002. There were no cash payments for interest for the six months ended December 31, 2001. There were no income tax payments made for the six months ended December 31, 2002 and 2001.

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

(6) Income Taxes

The Company recognized a tax provision for the six months ended December 31, 2002 and 2001 which represents the Company's anticipated Alternative Minimum Tax liability based on the anticipated taxable income for the full fiscal year. The 2001 fiscal year also had a tax benefit related to the sale of certain New Jersey state net operating loss carryforwards.

(7) Business Segments

A single management team that reports to the Chief Executive Officer comprehensively manages the business operations. The Company does not operate separate lines of business or separate business entities with respect to any of its approved products or product candidates. In addition, the Company does not conduct any operations outside of the United States. The Company does not prepare discrete financial statements with respect to separate product areas. Accordingly, the Company does not have separately reportable segments as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information".

(8) Business Acquisition

On November 22, 2002, the Company acquired the North American rights and operational assets associated with the development, manufacture, sales and marketing for ABELCET(R) (Amphotericin B Lipid Complex Injection) (the "ABELCET Product Line") from Elan Corporation, plc, for $360 million plus certain out-of-pocket expenses. The acquisition is being accounted for by the purchase method of accounting in accordance with SFAS No. 141 "Business Combinations".

The total purchase price of the acquisition was (in thousands):

Cash	$360,000
Out of pocket expenses, primarily legal, investment banking and accounting fees	9,120
	$369,120

The purchase price was allocated to the tangible and identifiable intangible assets acquired based on their estimated fair values at the acquisition date. The excess of the purchase price over the fair value of identifiable assets and liabilities acquired amounted to $150.8 million and was allocated to goodwill.

The following table summarizes the estimated fair values of the assets acquired as of the acquisition date (in thousands):

Inventories	$ 8,572
Property, plant and equipment	13,707
Intangible assets	196,000
Goodwill	150,841
	$369,120

Property, plant and equipment and intangible assets were recorded at the estimated fair value of the assets acquired as determined by a preliminary third party valuation report. These values are based on preliminary results by third party appraisals which are still being finalized. Therefore, actual results may differ materially from preliminary results. Intangible assets include the following components (in thousands):

Product Patented Technology (12 year estimated life)	$ 64,400
Manufacturing Patent (12 year estimated life)	18,300
NDA Approval (12 year estimated life)	31,100
Marketing Intangibles (15 year estimated life)	80,000
Manufacturing Contract (3 year estimated life)	2,200

	$196,000

Amortization expense for the next five fiscal years is expected to be approximately $15.5 million per year. Goodwill will not be amortized but will be tested for impairment at least annually.

The acquisition was accounted for as a purchase in accordance with the guidance in SFAS 141, Business Combinations, with the results of operations and cash flows for the ABELCET Product Line included in the Company's consolidated results from the date of the acquisition.

The unaudited pro forma results of operations is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have occurred if the transaction had been consummated at the dates indicated, nor is it necessarily indicative of future operating results of the combined companies and should not be construed as representative of these amounts for any future dates or periods.

The following unaudited pro forma results of operations of the Company for the three and six-month periods ended December 31, 2002 and 2001, respectively, assumes the acquisition of the ABELCET Product Line has been accounted for using the purchase method of accounting as of July 1, 2002 and 2001, respectively, and assumes the purchase price has been allocated to the assets purchased based on fair values at the date of acquisition.

The ABELCET Product Line's results of operations included in these pro forma financial statements are derived from its unaudited financial statements for the three and six-month periods ended December 31, 2002 and 2001, respectively. The ABELCET Product Line's financial statements included in the pro forma information as of all dates and for all periods presented have been adjusted, where appropriate, to present the ABELCET Product Line's financial position and results of operations in accordance with generally accepted accounting principles in the United States.

The following unaudited pro forma information presents a summary of the Company's consolidated results of operations as if the ABELCET Product Line acquisition had taken place on July 1, 2001 (in thousands, except per share information):

	Three months ended December 31,		Six months ended December 31,	
	2002	2001	2002	2001
Product sales	$ 18,899	$27,273	$ 40,967	$54,128
Total revenues	41,852	40,003	82,422	73,920
Net income (loss)	(24,125)	8,528	(16,629)	13,018
Pro forma earnings (loss) per share:				
Basic	$ (0.56)	0.20	$ (0.38)	$ 0.31
Diluted	$ (0.55)	$ 0.19	$ (0.37)	$ 0.30

(9) Write-down of Investment

In January 2002, the Company entered into a broad strategic alliance with Nektar Therapeutics (Nektar) (formerly Inhale Therapeutic Systems, Inc.) to co-develop products utilizing both companies' proprietary drug delivery platforms. As a part of this agreement, the Company purchased $40 million of newly issued Nektar convertible preferred stock which is currently convertible into Nektar common stock at a conversion price of $22.79 per share. Under the

cost method of accounting, investments are carried at cost and are adjusted only for other-than-temporary declines in fair value, distributions of earnings and additional investments.

As a result of the continued decline in the price of Nektar's common stock, the Company determined that the decline in the value of its investment in Nektar was other than temporary. Accordingly, during the three months ended December 31, 2002, the Company recorded a write down of the carrying value of its investment in Nektar, which resulted in a non-cash charge of $27.2 million. The adjustment was calculated based on an assessment of the fair value of the investment.

(10) License Agreement

Effective December 31, 2002, Enzon obtained an exclusive license for the right to sell, market and distribute SkyePharma PLC's ("SkyePharma") DEPOCYT(R), an injectable chemotherapeutic approved for the treatment of patients with lymphomatous meningitis in the United States and Canada.

Enzon will pay a license fee of $12 million for the North American rights to DEPOCYT. SkyePharma will manufacture DEPOCYT and Enzon will purchase the finished product at a purchase price equal to 35% of net sales, which percentage of net sales can be reduced should certain defined sales target be exceeded. SkyePharma is also entitled to milestone payments based on the achievement of certain sales levels and the approval of additional indications. Enzon is required to meet certain minimum sales levels for the product which are based on historical sales levels. Enzon's license is for an initial term of ten years and is automatically renewable for successive two year terms thereafter. The Company has recorded the $12 million in intangible assets (product rights) and is amortizing it over a ten year period. The amount was paid in early January 2003. As such, at December 31, 2002 the amount due was included in accrued expenses in the accompanying balance sheet.

On January 2, 2003, the Company and SkyePharma also entered into a strategic alliance based on a broad

technology access agreement. The two companies will draw on their combined drug delivery technology and expertise to jointly develop up to three products for future commercialization. These products will be based on SkyePharma's proprietary platforms in the areas of oral, injectable and topical drug delivery, supported by technology to enhance drug solubility and Enzon's proprietary PEG modification technology, for which Enzon will receive a $3.5 million technology access fee. SkyePharma will receive a milestone payment for each product based on its own proprietary technology that enters Phase II clinical development. Research and development costs related to the technology alliance will be shared equally, as will future revenues generated from the commercialization of any jointly-developed products.

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

Information contained herein contains "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. We cannot assure you that the future results covered by the forward-looking statements will be achieved. The matters set forth in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2002, which is incorporated herein by reference, constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to vary materially from the future results indicated

in such forward-looking statements. Other factors could also cause actual results to vary materially from the future results indicated in such forward-looking statements.

Acquisition of ABELCET Business

On November 22, 2002, we acquired the North American rights and operational assets associated with the development, manufacture, sales and marketing of ABELCET(R) (Amphotericin B Lipid Complex Injection) ("the ABELCET Product Line") from Elan Corporation, plc ("Elan") for $360 million plus out-of-pocket expenses. This transaction is being accounted for as a business combination.

Unless otherwise indicated, the discussions in this report of the results of operations for the three and six months ended December 31, 2002 and financial condition at December 31, 2002 include the results of operations of the ABELCET Product Line commencing from November 23, 2002. Comparisons are made to the results of operations for the three and six months ended December 31, 2001, and financial condition as of June 30, 2002, which include only the historical results of Enzon Pharmaceuticals, Inc.

Results of Operations

Three months ended December 31, 2002 vs. Three months ended December 31, 2001

Revenues. Revenues for the three months ended December 31, 2002 increased by 69% to $31,497,000, as compared to $18,602,000 for the three months ended December 31, 2001. The components of revenues are net sales and royalties we earn on the sale of our products by others and contract revenues. Net sales increased 45% to $8,544,000 for the three months ended December 31, 2002, as compared to $5,872,000 for the three months ended December 31, 2001. The increase in net sales was due to the commencement of sales of ABELCET in North America and increased sales of ADAGEN(R) and ONCASPAR(R). During November 2002, we acquired the North American rights and operational assets associated with the development, manufacture, sales and marketing for ABELCET from Elan. During the three months ended December 31, 2002, we recorded $1,322,000 of sales related to ABELCET, of which $588,000 related to sales of the product in North America and $733,000 related to the shipment of the product to Elan for the European market, and other contract manufacturing revenue. Sales of ONCASPAR increased by 22% to $3,099,000 for the three months ended December 31, 2002 from $2,543,000 in the previous year as a result of the reacquisition of our rights to market and distribute ONCASPAR for certain territories previously licensed to Aventis. Sales of ADAGEN increased by 24% for the three months ended December 31, 2002 to $4,123,000, as compared to $3,329,000 for the three months ended December 31, 2001 due to an increase in patients.

Royalties for the three months ended December 31, 2002 increased to $22,903,000, as compared to $12,630,000 for the three months ended December 31, 2001. The increase was primarily due to a full three months of sales during the current quarter of PEG-INTRON(R) in combination with REBETOL(R) in the U.S. Schering-Plough launched PEG-INTRON as combination therapy with REBETOL in the U.S. in October 2001.

While we commenced the sale of ABELCET during the quarter ended December 31, 2002, sales of the product will be limited until January 2003 in order to bring down the level of product held by our wholesalers. We expect sales to return to normalized levels during February 2003 and for the remainder of fiscal 2003. We expect

ADAGEN and ONCASPAR sales to grow over the next year at similar levels as achieved during the previous twelve months. During October 2002, Hoffmann-La Roche's PEGASYS(R), a pegylated version of its interferon product Roferon(R)-A, was approved in the United States as a monotherapy for hepatitis C. Based upon Schering-Plough's historical market share of the alpha interferon market for hepatitis C, the published clinical results of PEG-INTRON and PEGASYS, and the fact that Schering-Plough has been marketing PEG-INTRON in the United States since February 2001 and in Europe since June 2000, we do not expect PEGASYS to displace PEG-INTRON as the market leader. However, we cannot assure you that the overall market for pegylated alpha interferon products will, in fact, increase or that Schering-Plough will be able to effectively compete with Roche in this market. Moreover, we cannot assure you that any particular sales levels of ABELCET, ADAGEN, ONCASPAR or PEG-INTRON will be achieved or maintained.

During the three months ended December 31, 2002, we had export sales and royalties on export sales of $7,522,000, of which $6,803,000 were in Europe. Export sales and royalties recognized on export sales for the prior quarter were $6,949,000, of which $6,527,000 were in Europe.

Cost of Sales. Cost of sales, as a percentage of net sales increased to 50% for the three months ended December 31, 2002 as compared to 25% for the three months ended December 31, 2001. The increase was due to higher cost of goods sold for ABELCET, due to certain purchase accounting adjustments to the acquired inventory and as a result of unabsorbed capacity costs. The increase was also due to our reacquisition of ONCASPAR, which resulted in increased cost of goods sold for the product. Under the reacquisition agreement we made a $15 million payment to Aventis in June 2002 and we will pay Aventis a 25% royalty on net sales of ONCASPAR. The royalty and amortization of the $15 million payment are included in cost of goods sold for the product, accounting for the increase in cost of goods sold as a percentage of sales.

Research and Development. Research and development expenses increased by 43% to $5,692,000 for the three months ended December 31, 2002 from $3,988,000 for the three months ended December 31, 2001. The increase was primarily due to increased payroll and related expenses due to increased headcount related to our internal research and preclinical activities and increased spending related to our Micromet collaboration to advance our SCA technology and develop the next generation of antibody products. Research and development activities are expected to continue to increase significantly as we continue the advancement of the current and additional Phase II clinical trials for PROTHECAN(R) and we conduct preclinical and clinical trials for additional compounds.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended December 31, 2002 increased by 65% to $7,397,000, as compared to $4,489,000 in the three months ended December 31, 2001. This increase was due to; (i) increased selling expenses related to the ABELCET acquisition and the sales force we hired from Elan; (ii) increased sales and marketing costs due to the reacquisition of marketing and distribution rights for ONCASPAR; and (iii) increased general and administrative personnel and related costs. These increases were partially offset by a reduction in legal expense related to the prior years patent litigation with Nektar Therapeutics, formerly Inhale Therapeutics. During January 2002, we settled our patent infringement suit with Nektar and entered into a broad-based technology collaboration.

Amortization. Amortization increased by $1,257,000 to $1,293,000 in the three months ended December 31, 2002 compared to the prior year as a result of the intangible assets acquired in connection with the ABELCET acquisition during the quarter. Amortization of intangible assets is provided over their estimated useful lives ranging from 3 to 15 years on a straight-line basis.

Write-down of Investment. In January 2002, the Company entered into a broad strategic alliance with Nektar Therapeutics (Nektar) (formerly Inhale Therapeutic Systems, Inc.) to co-develop products utilizing both companies' proprietary drug delivery platforms. As a part of this agreement, the Company purchased $40 million of newly issued Nektar preferred convertible stock which is convertible into Nektar common stock at a current conversion price of $22.79 per share. Under the cost method of accounting, investments are carried at cost and are adjusted only for other-than-temporary declines in fair value, distributions of earnings and additional investments.

As a result of the continued decline in the price of Nektar's common stock, the Company determined that the decline in the value of it's investment in Nektar was other than temporary. Accordingly, during the three months ended December 31, 2002, the Company recorded a write down of the carrying value of its investment in Nektar, which resulted in a non-cash charge of $27.2 million. The adjustment was calculated based on an assessment of the fair value of the investment.

Other Income (Expense). Investment and other income for the three months ended December 31, 2002 decreased to $4,345,000, as compared to $4,750,000 for the three months ended December 31, 2001. The decrease resulted from a decrease in interest bearing investments due to our payment of $369 million in connection with our purchase of the ABELCET Product Line from Elan in November 2002 and a

decline in interest rates on our investments. This reduction was offset by approximately $2.1 million in realized gains resulting from the sale of short term investments sold to fund the ABELCET acquisition. Interest expense remained relatively unchanged as compared to the same quarter last year. The majority of interest expense is related to $400,000,000 in 4.5% convertible subordinated notes outstanding.

Income Taxes. During the three months ended December 31, 2002 we recognized a tax provision that represents our anticipated Alternative Minimum Tax liability based on our anticipated taxable income for the full fiscal year. Fiscal 2001 had the same minimum tax liability offset by the sale of certain New Jersey state net operating loss carryforwards.

Six months ended December 31, 2002 vs. Six months ended December 31, 2001

Revenues. Revenues for the six months ended December 31, 2002 increased by 84% to $56,565,000 as compared to $30,746,000 for the same period last year. The components of revenues are net sales, royalties we earn on the sale of products by others and contract revenues. Net sales increased by 38% to $15,110,000 for the six months ended December 31, 2002, as compared to $10,954,000 for the same period last year. The increase in net sales was due to the commencement of sales of ABELCET in North America and increased sales of ADAGEN and ONCASPAR. During November 2002, we acquired the North American rights and operational assets associated with the development, manufacture, sales and marketing for ABELCET from Elan. During the six months ended December 31, 2002, we recorded $1,322,000 of sales related to ABELCET, of which $588,000 related to sales of the product in North America and $733,000 related to the shipment of the product to Elan for the European market, and other contract manufacturing revenue. ONCASPAR sales for the six months ended December 31, 2002 increased to $5,855,000, or 25%, compared to $4,701,000 in the same period last year due to the reacquisition of our rights to market and distribute ONCASPAR from Aventis during the six months ended December 31, 2002. ADAGEN sales increased by 27% to $7,934,000 for the six months ended December 31, 2002 compared to $6,252,000, in the prior year due to an increase in patients.

Royalties for the six months ended December 31, 2002, increased to $41,321,000 as compared to $19,617,000 in the same period last year. The increase was primarily due to a full six months of sales in 2002 of PEG-INTRON in combination with REBETOL in the U.S. and increased sales of PEG-INTRON in Europe. Schering-Plough launched PEG-INTRON as combination therapy with REBETOL in the U.S. in October 2001.

During the six months ended December 31, 2002, we had export sales and royalties on export sales of $15,644,000, of which $13,999,000 were in Europe. Export sales and royalties recognized on export sales for the prior year were $11,883,000, of which $11,280,000 were in Europe.

Cost of Sales. Cost of sales as a percentage of sales increased to 45% for the six months ended December 31, 2002, as compared to 26% for the six months ended December 31, 2001. The increase was due to a higher cost of goods sold for ONCASPAR due to our reacquisition of the product from Aventis. Under the reacquisition agreement, we made a $15 million payment to Aventis in June 2002 and will pay Aventis a 25% royalty on net sales of ONCASPAR. The royalty and amortization of the $15 million payment are included in cost of goods sold for the product, accounting for the increase in cost of goods sold as a percentage of sales. The increase was also due to high

cost of goods sold for ABELCET, due to certain purchase accounting adjustments to the acquired inventory and as a result of unabsorbed capacity costs.

Research and Development. Research and development expenses increased by 30% to $9,754,000, as compared to $7,486,000 for the six months ended December 31, 2001. The increase was primarily due to increased payroll and related expense due to increased headcount related to our internal research and preclinical activities and increased spending related to our SCA technology collaboration with Micromet.

Selling, General and Administrative. Selling, general and administrative expenses for the six months ended December 31, 2002 increased by 32% to $11,305,000, as compared to $8,576,000 in the same period last year. The increase was primarily due to; (i) increased selling expense related to the

ABELCET acquisition and the sales force we hired from Elan; (ii) increased sales and marketing costs due to the reacquisition of marketing and distribution rights for ONCASPAR; and (iii) increased general and administrative personnel and related costs. These increases were partially offset by a reduction in legal expense related to the prior year's patent litigation with Nektar Therapeutics, formally Inhale Therapeutics. During January 2002, we settled our patent infringement suit with Nektar and entered into a broad based technology collaboration.

Amortization. Amortization increased by $1,257,000 to $1,328,000 in the six months ended December 31, 2002 compared to the same period last year as a result of the intangible assets acquired in connection with the ABELCET acquisition during the quarter. Amortization of intangible assets is provided over their estimated lives ranging from 3-15 years on a straight-line basis.

Write-down of Investment. In January 2002, the Company entered into a broad strategic alliance with Nektar Therapeutics (Nektar) (formerly Inhale Therapeutic Systems, Inc.) to co-develop products utilizing both companies' proprietary drug delivery platforms. As a part of this agreement, the Company purchased $40 million of newly issued Nektar preferred convertible stock which is currentlyconvertible into Inhale common stock at a conversion price of $22.79 per share. Under the cost method of accounting, investments are carried at cost and are adjusted only for other-than-temporary declines in fair value, distributions of earnings and additional investments.

As a result of the continued decline in the price of Nektar's common stock, the Company determined that the decline in the value of it's investment in Nektar was other than temporary. Accordingly, during the three months ended December 31, 2002, the Company recorded a write down of the carrying value of its investment in Nektar, which resulted in a non-cash charge of $27.2 million. The adjustment was calculated based on an assessment of the fair value of the investment.

Other Income (Expense). Investment and other income for the six months ended December 31, 2002 decreased to $7,798,000, as compared to $10,927,000 for the same period last year. The decrease in interest income was primarily due a decrease in interest bearing investments due to our payment of $369 million in connection with our purchase of the ABELCET Product Line from Elan in November 2002 and a decline in interest rates on our investments. This reduction was offset by approximately $2.1 million in realized gains resulting from the sale of short term investments sold to fund the ABELCET acquisition. Interest expense remained relatively unchanged as compared to the same period last year. The majority of interest expense is related to $400,000,000 in 4.5% convertible subordinated notes, which were outstanding for both periods.

Income Taxes. During the six months ended December 31, 2002 and 2001 we recognized a tax provision that represents our anticipated alternative minimum tax liability based on our anticipated taxable income for the full fiscal year. Fiscal 2001 had the same minimum tax liability offset by the sale of certain New Jersey state net operating loss carryforwards.

Liquidity and Capital Resources

Total cash reserves, which include cash, cash equivalents and marketable securities, were $146,000,000 as of December 31, 2002, as compared to $485,000,000 as of June 30, 2002. The decrease is primarily due to

$369,000,000 paid as a result of the closing of the ABELCET Product Line acquisition. We invest our excess cash primarily in rated fixed income securities.

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

As of December 31, 2002, we had $400,000,000 of 4.5% convertible subordinated notes outstanding. The notes bear interest at an annual rate of 4.5%. Interest is payable on January 1 and July 1 of each year beginning January

2, 2002. Accrued interest on the notes was approximately $9,000,000 as of December 31, 2002. The holders may convert all or a portion of the notes into common stock at any time on or before July 1, 2008. The notes are convertible into our common stock at a conversion price of $70.98 per share, subject to adjustment in certain events. The notes are subordinated to all existing and future senior indebtedness. On or after July 7, 2004, we may redeem any or all of the notes at specified redemption prices, plus accrued and unpaid interest to the day preceding the redemption date. The notes will mature on July 1, 2008 unless earlier converted, redeemed at our option or redeemed at the option of the note holder upon a fundamental change, as described in the indenture for the notes. Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries are restricted under the indenture from paying dividends, incurring debt, or issuing or repurchasing our securities.

On December 31, 2002, we entered into an exclusive license agreement for the right to sell, market and distribute SkyePharma's DEPOCYT(R), an injectable chemotherapeutic approved for the treatment of patients with lymphomatous meningitis in the United States and Canada in return for a $12 million license fee. This license fee is included in accrued expenses in the Consolidated Condensed Balance Sheet as of December 31, 2002. The payment of the $12 million license fee will be offset against a $3.5 million technology access fee due from Skypharma under the strategic alliance agreement we signed on January 2, 2003.

The Company has a capital expenditure commitment for the fiscal year ending June 30, 2003 of approximately $4.0 million.

As of December 31, 2002, 1,043,000 shares of Series A preferred stock had been converted into 3,325,000 shares of common stock. Accrued dividends on the converted Series A preferred stock in the aggregate amount of $3,770,000 were settled by the issuance of 235,000 shares of common stock and cash payments of $1,947,000. The preferred shares outstanding at December 31, 2002 are convertible into approximately 16,000 shares of common stock. Dividends accrue on the remaining outstanding shares of Series A preferred stock at a rate of $14,000 per year. As of December 31, 2002, there were accrued and unpaid dividends totaling $179,000 on the 7,000 shares of Series A preferred stock outstanding. We have the option to pay these dividends in either cash or common stock.

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

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

Critical Accounting Policies

In December 2001, the SEC requested that all registrants discuss their most "critical accounting policies" in management's discussion and analysis of financial condition and results of operations. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of the company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe based on our current business that there are no critical accounting policies, except for our accounting related to income taxes and cost method equity investments. Under the asset and liability method of Statement of Financial Accounting Standards ("SFAS") No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to

taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance on net deferred tax assets is provided for when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has significant net deferred tax assets, primarily related to net operating loss carryforwards, and continues to analyze what level of the valuation allowance is needed. The Company assesses the carrying value of its cost method investments in accordance with SFAS No.115 and SEC Staff Accounting Bulletin No.59. An impairment write-down is recorded when a decline in the value of an investment is determined to be other-than-temporary. These determinations involve a significant degree of judgment and are subject to change as facts and circumstances change.

Recently Issued Accounting Standards

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

In November 2002, the FASB issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 34. This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees issued. The interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the interpretation are applicable to guarantees issued or modified after December 31, 2002 and are not expected to have a material effect on the Company's financial statements. The disclosure requirements are effective for financial statements of interim and annual periods ending after December 31, 2002.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123, Accounting for Stock-Based Compensation. This Statement amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements. Certain of the disclosure modifications are required for fiscal years ending after December 15, 2002 and for interim periods beginning after December 15, 2002, and will be included in future filings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Our holdings of financial instruments are comprised of debt securities and time deposits. All such instruments are classified as available-for-sale securities. We do not invest in portfolio equity securities or commodities or use financial derivatives for trading purposes. Our debt security portfolio represents funds held temporarily pending use in our business and operations. We manage these funds accordingly. We seek reasonable

assuredness of the safety of principal and market liquidity by investing in rated fixed income securities while at the same time seeking to achieve a favorable rate of return. Our market risk exposure consists principally of exposure to changes in interest rates. Our holdings are also exposed to the risks of changes in the credit quality of issuers. We typically invest the majority of our investments in the shorter-end of the maturity spectrum, and at

December 31, 2002, all of our holdings were in instruments maturing in four years or less.

The table below presents the principal amounts and related weighted average interest rates by year of matuity for our investment portfolio as of December 31, 2002 (in thousands):

	2003	2004	2005	Total	Fair Value
Fixed Rate	$20,050	$21,198	$ 4,712	$45,960	$46,399
Average Interest Rate	2.95%	3.09%	2.30%	2.95%	--
Variable Rate	--	--	--	--	--
Average Interest Rate	--	--	--	--	--
	$20,050	$21,198	$ 4,712	$45,960	$46,399

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

PART II OTHER INFORMATION

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14(c) under the Exchange Act) as of a date (the "Evaluation Date") within 90 days prior to the filing date of this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us required to be included in our periodic SEC filings.

(b) Changes in internal controls.

There were no significant changes made in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their last evaluation.

Item 5. Submission of Matters to a Vote of Security Holders

(a) An annual meeting of stockholders was held on December 3, 2002.

(b) The directors elected at the annual meeting were Arthur Higgins and Dr. Rosina Dixon. The term of office as a director for each of David S. Barlow, Rolf A. Classon, Dr. David W. Golde, Robert LeBuhn and Robert L. Parkinson Jr. continued after the annual meeting.

(c) The matters voted upon at the annual meeting and the results of the voting, including broker non-votes where applicable, are set forth below:

(i) The stockholders voted 32,153,528 shares in favor and 1,165,253 shares withheld with respect to the election of Arthur Higgins as a Class I director of the Company, 32,118,144 shares in favor and 1,200,637 shares withheld with respect to the election of Dr. Rosina Dixon as a Class I director of the Company. Broker non-votes were not applicable.

(ii) The stockholders voted 33,121,997 shares in favor, 187,127 against and 9,657 abstained with respect to a proposal to

approve the amendment to the Company's Certificate of Incorporation to change the name of the Company from "Enzon, Inc." to "Enzon Pharmaceuticals, Inc." Broker non-votes were not applicable.

(iii) The stockholders voted 32,513,856 shares in favor and 795,072 against and 9,853 abstained with respect to a proposal to ratify the selection of KPMG LLP to audit the Company's consolidated financial statements for the fiscal year ending June 30, 2003. Broker non-votes were not applicable.

Item 6. Exhibits and Reports on Form 8-K

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

Exhibit Number	Description	Page Number or Incorporation By Reference
3(i)	Certificate of Incorporation, as amended	^^^
3(i)(a)	Amendment to Certificate of Incorporation	^^^^(A)
3(ii)	By laws, as amended	^^(3(ii))
4.1	Indenture dated as of June 26, 2001, between the Company and Wilmington Trust Company, as trustee, including the form of 4 1/2% Convertible Subordinated Note due 2008 attached as Exhibit A thereto	++++(4.1)
4.2	Registration Rights Agreement dated as of June 26, 2001, between the Company and the initial purchasers	++++(4.2)
4.3	Rights Agreement dated May 17, 2002 between the Company and Continental Stock Transfer Trust Company, as rights agent	^(1)
10.17	Asset Purchase Agreement between the Company and Elan Pharmaceuticals, Inc., dated as of October 1, 2002	#
10.18	License Agreement between the Company and Elan Pharmaceuticals, Inc., dated November 22, 2002	o
10.19	Option Agreement between the Company and Arthur J. Higgins	o
10.20	Restricted Stock Agreement between the Company and Arthur J. Higgins	o
10.21	Royalty Agreement between the Company and Vivo Healthcare Corporation, dated as of October 16, 2002	o
10.22	Assignment Agreement between the Company and Vivo Healthcare Corporation, dated as of October 16, 2002	o
99.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	o
99.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	o

o Filed herewith.

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

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

^^ Previously filed as an exhibit to the Company's Current Report on

Form 8-K filed with the Commission on May 22, 2002 and incorporated herein by reference thereto.

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

^^^^ Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on December 10, 2002 and incorporated herein by reference thereto.

Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on October 2, 2002 and incorporated herein by reference thereto.

(b) Reports on Form 8-K.

On October 2, 2002, we filed with the Commission a Current Report on Form 8-K dated October 2, 2002 reporting our agreement with Elan Corporation, plc, to acquire the United States and Canadian rights to ABELCET(R) (Amphotericin B Lipid Complex Injection).

On November 7, 2002, we filed with the Commission a Current Report on Form 8-K dated November 6, 2002 reporting our financial results for the first quarter ended September 30, 2002.

On November 22, 2002, we filed with the Commission a Current Report on Form 8-K dated November 22, 2002 reporting the acquisition of the North American and Canadian rights to ABELCET(R) (Amphotericin B Lipid Complex Injection).

On December 9, 2002, we filed with the Commission a Current Report on Form 8-K dated November 22, 2002 reporting the completion of our acquisition of the North American and Canadian rights to ABELCET(R) (Amphotericin B Lipid Complex Injection).

On December 10, 2002, we filed with the Commission a Current Report on Form 8-K dated December 10, 2002 reporting the Company's name change from "Enzon, Inc." to "Enzon Pharmaceuticals, Inc".

On February 7, 2003, we filed with the Commission a Current Report on Form 8-K/A dated November 22, 2002 amending Form 8-K filed on December 9, 2002 to update and file the financial statements and pro forma financial information.

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.

Date: February 14, 2003

ENZON PHARMACEUTICALS, INC.

(Registrant)

By: /s/Arthur J. Higgins

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

Date: February 14, 2003

By: /s/Kenneth J. Zuerblis

Kenneth J. Zuerblis
Vice President Finance,
Chief Financial Officer

(Principal Financial and
Accounting Officer)
and Corporate Secretary

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

I, Arthur J. Higgins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enzon Pharmaceuticals, Inc. and Subsidiaries;

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

February 14, 2003

By: /s/Arthur J. Higgins

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

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

I, Kenneth J. Zuerblis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enzon Pharmaceuticals, Inc. and Subsidiaries;

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in

this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

February 14, 2003

By: /s/Kenneth J. Zuerblis

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

Exhibit 10.18

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LICENSE AGREEMENT

between

ELAN PHARMACEUTICALS, INC.

and

ENZON, INC.

Dated November 22, 2002

==========

THIS LICENSE AGREEMENT (this "Agreement"), effective November 22, 2002 (the "Effective Date"), is between Elan Pharmaceuticals, Inc., a Delaware corporation ("Elan"), and Enzon, Inc., a Delaware corporation ("Enzon").

RECITALS

Enzon, Elan and certain Affiliates of Elan entered into an Asset Purchase Agreement, dated as of October 1, 2002 (the "Asset Purchase Agreement"), pursuant to which Elan and certain of its Affiliates will sell to Enzon, and Enzon will purchase from Elan and certain of its Affiliates, on the Effective Date, any rights, title and interests related to the "Product" and "Product Improvements" (each as defined in the Asset Purchase Agreement); this license serves to convey certain of those rights to Enzon and return certain of those rights that are assigned to Enzon pursuant to the Asset Purchase Agreement and certain Related Agreements to Elan to the extent that they are not related to the Product or Product Improvements.

In consideration of the premises and the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms not defined in this Section 1.01 shall have their corresponding meanings as set forth in the Asset Purchase Agreement. For purposes of this Agreement:

"Elan Improvements" shall mean Product Improvements developed by the Elan Companies or its Affiliates for use, having used, distribution, marketing, selling, offering to sell, having sold and promotion solely outside the Territory.

"Excluded Technology" shall mean any proprietary Know-How or Patent Rights owned or Controlled by Elan or its Affiliates that are unrelated to: (a) lipid or liposomal combinations or formulations, (b) other combinations or formulations of Amphotericin B, or any chemical derivatives thereof, with respect to which Elan or its Affiliates are conducting or have conducted clinical or pre-clinical research prior to the Effective Date (including any aerosol formulations of or combination products with Amphotericin B), and/or (c) the making, having made, using, selling, offering for sale or importing of compositions of matter or articles of manufacture constituting any of the foregoing. Notwithstanding the foregoing, included within this definition shall be the NanoCrystal Technology and PROMDAS.

"Know-How" shall mean any proprietary or nonproprietary information directly related to the manufacture, preparation, development (both research and clinical), or commercialization of a product, including, without limitation, product specifications, processes, product designs, plans,

trade secrets, ideas, concepts, inventions, formulae, chemical, pharmacological,

toxicological, pharmaceutical, physical, analytical, stability, safety, quality assurance, quality control and clinical information, technical information, research information, and all other confidential or proprietary technical and business information, whether or not embodied in any documentation or other tangible materials, but in no event shall the definition of "Know-How" include information properly in the public domain as of the Effective Date.

"NanoCrystal Technology" means that certain nanoparticle milling and stabilization technology that the Elan Companies or their Affiliates acquired from or by reason of their acquisition of NanoSystems, Inc.

"Patent Rights" shall mean rights conferred or represented by a granted or issued patent in force, or such like rights related to a patent application and any divisionals, continuations, continuations-in-part, provisionals, substitutions, patents of addition, reissues, extensions, reexaminations or renewal applications related to, or claiming priority to, the foregoing (including any supplemental patent certificates) or any confirmation patent or registration patent and all patents issuing and all foreign counterparts of any of the foregoing.

"Product Know-How" shall mean the Product Related Know-How and the Product Specific Know-How.

"Product Patent Rights" shall mean the Product Related Patent Rights and the Product Specific Patent Rights.

"Product Related Intellectual Property" shall mean the Product Related Know-How and the Product Related Patent Rights.

"Product Related Know-How" shall mean that Know-How owned or Controlled by Elan or its Affiliates that relates to the Product or Current Product Improvement and shall exclude the Product Specific Know-How. For the sake of clarity, Know-How claimed in an issued patent or published patent application within the Product Related Patent Rights shall not be included in the definition of Product Related Know-How.

"Product Related Patent Rights" shall mean those Patent Rights listed on Exhibit A of this Agreement and any other Patents Rights that are owned or Controlled by Elan or its Affiliates, the practice of which during the making, having made, use, having used, marketing, sale, having sold, offering to sell and importation of the Product or any Product Improvement in the Territory would result in the infringement thereof, and shall exclude the Product Specific Patent Rights.

"Product Specific Intellectual Property" shall mean the Product Specific Know-How and the Product Specific Patent Rights.

"Product Specific Know-How" shall mean that Know-How Controlled by Elan or its Affiliates that relates specifically and exclusively to the Product or any Current Product improvement. For the sake of clarity, Know-How claimed in an issued patent or published patent application within

the Product Specific Patent Rights shall not be included in the definition of Product Specific Know-How.

"Product Specific Patent Rights" shall mean those Patent Rights listed on Exhibit B of this Agreement.

"PROMDAS" shall mean those solid oral dosage forms and medium chain fatty acid enhancers as claimed and particularly described in the PCT application WO 00/50012.

"Third Party Intellectual Property" shall mean any Know-How or Patent Rights that are owned or controlled by any party other than a party to this Agreement (a "Third Party").

ARTICLE 2

LICENSE GRANTS

Section 2.01. Assignments by Elan. In accordance with the Asset Purchase Agreement and the Patent Assignment Agreement, Elan has assigned to Enzon all right, title and interest in the Product Specific Intellectual Property.

Section 2,02. License Grants.

(a) Elan Grant to Enzon.

Elan grants to Enzon, its Affiliates and their respective assigns, successors, and Enzon accepts, a royalty-free, fully-paid up, irrevocable exclusive license, or as applicable, sub-license, (exclusive even as to Elan) in the Territory to the Product Related Intellectual Property to the extent reasonably necessary or useful to develop, make, have made, use, have used, market, sell, have sold, offer to sell and import the Product and any Product Improvements. Elan shall retain and have the exclusive right and license under the Product Related Intellectual Property, both within and without the Territory, for all other purposes. The parties also acknowledge that Elan shall retain the right to the Product Related Intellectual Property only to the extent reasonably necessary or useful to make or have made the Product solely within the Territory, or any improvements to the products developed by the Elan Companies or its Affiliates, for use, having used, distribution, marketing, selling, offering to sell, having sold and promotion solely outside the Territory.

For the avoidance of doubt, and subject to the terms of the Asset Purchase Agreement and Section 2.02(c) below, Enzon and its Affiliates and their respective assigns and successors, shall have rights to use and have used the Product and any Product Improvements outside the Territory in connection with (A) clinical trials participated in or undertaken by Enzon and/or its Affiliates in accordance with the terms of the Asset Purchase Agreement and the Related Agreements; and (B) development and research activities undertaken or to be undertaken by Enzon, its Affiliates and their respective assigns, successors which are related to the Product or any Product Improvements in the Territory (the foregoing collectively, "Enzon R&D Activities").

(b) Enzon Grant to Elan.

Subject to Section 8.14 of the Asset Purchase Agreement, Enzon grants to Elan and its Affiliates, their respective assigns and successors, and Elan accepts, a royalty-free, fully-paid up, irrevocable exclusive license (exclusive even as to Enzon) to the Product Specific Intellectual Property to the extent reasonably necessary or useful to develop, make, have made, use, have used, market, sell, have sold, offer to sell and import any composition of matter or article of manufacture other than the Product or any Product Improvements. Enzon further grants to Elan and its Affiliates, their respective assigns, successors, and Elan accepts a royalty-free, fully-paid up co-exclusive license in the Territory (with Enzon) to the Product Specific Intellectual Property only to the extent reasonably necessary or useful to make or have made the Product, or any Elan Improvement, for use, having used, distribution, marketing, selling, offering to sell, having sold and promotion solely outside the Territory.

For the avoidance of doubt, and subject to the terms of the Asset Purchase Agreement and Section 2.02(c) below, Elan and its Affiliates and their respective assigns and successors, shall have rights to use and have used the Product and any Elan Improvements in the Territory in connection with (A) clinical trials participated in or undertaken by Elan and/or its Affiliates in accordance with the terms of the Asset Purchase Agreement and the Related Agreements; and (B) development and research activities undertaken or to be undertaken by Elan, its Affiliates and their respective assigns and successors which are related to use, having used, distribution, marketing, selling, offering to sell, having sold and promotion of the Product or any Elan Improvements outside the Territory (the foregoing collectively, "Elan R&D Activities").

(c) Trademark License and Quality Control

Each party grants to the other and its Affiliates, their respective assigns and successors and each party accepts free of royalty, a fully-paid up

co-exclusive license to use such party's corporate name, logo or symbol on Labeling and packaging for the Product outside the applicable territory solely to the extent legally required to implement the rights afforded by this Agreement and the Asset Purchase Agreement. Each party will use commercially reasonable efforts to protect the other party's corporate name, logo and symbol. Each party will have prior approval of each form of use of its corporate name, logo or symbol on Labeling and packaging by the other party. Each party acknowledges that the other party owns all right, title and interest in such other party's corporate name, logo or symbols and the goodwill associated with same, and that any and all use of corporate names, logos and symbols under this Agreement, and any goodwill associated with such use, shall inure exclusively to the benefit of the respective trademark owner.

Enzon further grants to Elan and its Affiliates a limited license to use the ABELCET and ABCL marks (the "Marks") in the Territory only in connection with Elan R&D Activities. Elan further grants to Enzon and its Affiliates a limited license to use the Marks outside of the Territory only in connection with Enzon R&D Activities. The parties agree and acknowledge that Enzon owns all right, title and interest in the Marks in the Territory and that Elan owns all right, title and interest in the Marks outside of the Territory. Any goodwill associated with any and all use of the Marks in the Territory shall inure exclusively to the benefit of Enzon, and any goodwill associated with any and

all use of the Marks outside of the Territory shall inure exclusively to the benefit of Elan. With respect to the activities undertaken in connection with this limited license of the Marks, each party shall have the right, in its discretion and prior to use or distribution in its territory, to request, review and approve, in its reasonable discretion, samples of the other party's Products bearing the Marks, as well as any related packaging, promotional or advertising materials bearing the trademark(s) in any form, including (without limitation) web site pages featuring the Marks (with a username and/or password to permit access to restricted areas, as necessary).

In the event that actual confusion should arise, or either party believes that a likelihood of confusion may arise, in connection with the parties' use of the Marks, the parties will fully cooperate in an effort to eliminate such confusion and to avoid the possibility of such a likelihood of confusion.

(d) Copyright License.

Elan grants to Enzon a fully-paid up, irrevocable royalty-free license in the Territory to the copyrights or equivalent statutory rights relating specifically to the Product, including, without limitation, a right to create derivative works or compilations thereof.

Section 2.03. Covenant Not to Enforce. During the term of this Agreement, Elan and its Affiliates will not enforce any intellectual property rights they own or Control, or support an action of a Third Party to enforce any such intellectual property rights, that would block, prevent or frustrate commercialization of the Product or any Product Improvement by Enzon, its Affiliates or their sublicensees in the Territory. During the term of this Agreement, Enzon and its Affiliates will not enforce any intellectual property rights they own or Control in relation to the Product, or any Product Improvement transferred to Enzon under the Asset Purchase Agreement, or support an action of a Third Party to enforce any such intellectual property rights, that would block, prevent or frustrate commercialization of the Product or any Elan Improvements by Elan, its Affiliates or their sublicensees outside of the Territory, or the manufacture of the Product within the Territory solely for sale by Elan, its Affiliates or their sublicensees outside of the Territory. For purposes of clarity, nothing in this Section 2.03 shall apply to Patent Rights or Know-How of a Third Party that is either licensed to or purchased by, but not issued to, a party or its Affiliates after the Effective Date or that is owned or Controlled by a Third Party who, after the Effective Date, acquires or merges with the ultimate parent entity of either party.

Section 2.04. Third Party Intellectual Property. Except as otherwise provided for by the Asset Purchase Agreement or the Supply Agreement, Enzon shall be responsible for obtaining any rights or licenses to Third Party Intellectual Property required for the manufacture, sale, offer for sale, use,

promotion, import or export of the Product or Product Improvement thereto in the Territory (such as, for example, any activity which may be considered by a competent court to infringe a Patent Right owned by a Third Party), and Elan shall be responsible for obtaining any rights or licenses to Third Party Intellectual Property required for the manufacture, sale, offer for sale, use, promotion, import or export of the Product or any Elan Improvement outside of the Territory. Each of Enzon and Elan shall provide prompt written notice to the other of the particulars of any Third Party Intellectual

Property in the Territory that Enzon or Elan, as applicable, reasonably believes may be asserted or that has been asserted to be Third Party Intellectual Property.

Section 2.05. Sublicenses. All of the rights and licenses reserved by or granted hereunder shall be freely sublicensable by the licensee, its Affiliates and their respective licensees, sublicensees or contracting parties without approval of the other party. All of the terms and conditions of this Agreement shall apply to any such sublicenses. Enzon and Elan hereby guarantee and assume responsibility for the performance of all obligations so imposed on any sublicensee by reason of operation of the applicable sublicense.

Section 2.06. Delivery Obligations. To the extent not precluded by confidentiality obligations owed to a Third Party, each party shall promptly, upon the other party's reasonable request, deliver to such other party any copies of any reasonably available tangible embodiments of the Product Patent Rights and/or the Product Know-How licensed under this Agreement.

Section 2.07. Transfer of Product Know-How. Within ten (10) business days following the Closing Date, the parties shall agree on a schedule for the comprehensive disclosure by Elan to Enzon of all Product Know-How. Elan shall for a period not to exceed one (1) year (the "Transfer Period") make available qualified and knowledgeable personnel to promptly respond to reasonable questions pertaining to Product Know-How. Elan will make its personnel available for up to 100 hours without additional charge, and for up to an additional two hundred (200) hours at an hourly rate agreed upon by the parties. Upon the expiration of the Transfer Period, Elan shall have no further transfer obligations.

Section 2.08. Exclusions. Notwithstanding any provision herein, none of the obligations, covenants or license grants contained within this Agreement shall extend to or encompass Excluded Technology.

ARTICLE 3

MAINTENANCE AND ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 3.01. Prosecution and Maintenance of Patent Rights.

(a) Decisions as to whether to file, prosecute and maintain, the Product Specific Patent Rights, along with other strategic decisions relating to patent prosecution thereof in the Territory, shall be made by Enzon, at Enzon's sole expense and discretion. Elan shall coordinate and cooperate in the filing, maintenance or prosecution of the Product Specific Patent Rights with the person or persons designated in writing by Enzon. Enzon shall reasonably advise Elan of the status and prosecution strategy of the actual and prospective patent filings. Enzon shall not materially prejudice any foreign counterparts of the Product Specific Patent Rights. Elan shall be permitted to comment on the prosecution of the Patent Rights subject to this Section 3.01(a) and may, at its own expense and

discretion, submit such comments to Enzon. Enzon shall consider such comments in good faith, but shall not be obligated to implement them.

(b) Decisions as to whether to file, prosecute and maintain, the

Product Related Patent Rights or the foreign counterparts of the Product Patent Rights, along with other strategic decisions relating to patent prosecution thereof, shall be made by Elan, at Elan's sole expense and discretion. Enzon shall coordinate and cooperate in the filing, maintenance or prosecution of the Product Related Patent Rights with the person or persons designated in writing by Elan; provided, however, that to the extent such activities are unrelated to the Product or any Product Improvement, Enzon shall be reimbursed for its reasonable out-of-pocket costs relating thereto. Elan shall reasonably advise Enzon of the status and prosecution strategy of the actual and prospective patent filings in the Territory. Elan shall not materially prejudice the Product Patent Rights. Enzon shall be permitted to comment on the prosecution of the Patent Rights subject to this Section 3.01(b) and may, at its own expense and discretion, submit such comments to Elan. Elan shall consider such comments in good faith, but shall not be obligated to implement them.

(c) Immediately upon the decision of either party not to file, maintain or continue the prosecution of any Product Patent Rights or foreign counterparts thereof, and at least sixty (60) days before ceasing prosecution and/or maintenance of any such Patent Rights, if a party elects not to file a patent application or ceases the diligent prosecution and/or maintenance of any such Patent Right, the other party at its sole discretion, may elect to file and/or continue prosecution and/or maintenance or assume control of the prosecution of such Patent Rights at its own cost and expense.

(d) The parties shall cooperate, if necessary and appropriate, with each other in gaining patent term extensions that are now available or become available in the future wherever applicable to the Product, a Product Improvement or an Elan Improvement. The parties shall, if necessary and appropriate, use reasonable efforts to agree upon a joint strategy relating to patent term extensions, but, in the absence of mutual agreement with respect to any extension issue, a patent shall be extended if either party elects to extend such patent. All filings for such extension shall be made by the party to whom the patent is assigned; provided, however, such party shall (i) inform the other party of its intention not to file and (ii) grant the other party the right to file for such extension.

(e) Except as otherwise provided for by the Asset Purchase Agreement or the Supply Agreement, the parties shall bear their own costs and expenses of filing, prosecuting, maintaining and extending any Patent Rights subject to this Agreement.

Section 3.02. Infringement of Licensed Property.

(a) Enzon shall, with respect to infringement claims maturing after the Effective Date, within the Territory, have the sole and exclusive right to enforce, even as to acts or products unrelated to the Product or any Product Improvement (a "Non-Product Claim"), the Patent Specific Product Rights. Elan shall, within and without the Territory, have and retain the sole and exclusive right to enforce, even as to acts or products related to the Product or any Product Improvement (a "Product Related Claim") of the Patent Related Product Rights and the foreign counterparts of the Product Patent Rights. In prosecuting, as applicable, the enforcement rights retained or granted under

this Section 3.02(a), neither party may materially prejudice the other party's rights, as applicable, in the Product Patent Rights or their foreign counterparts. The parties agree to cooperate in the enforcement of the Product Patent Rights. If one party brings any action or proceeding to enforce the Product Patent Rights, the second party may be joined as a party plaintiff if necessary for the action or proceeding to proceed and, in case of joining, the second party agrees to give the first party reasonable assistance and authority to file and to prosecute such suit. Each party agrees to provide the party that is seeking to prevent or enjoin any such infringement with all reasonable assistance, information and authority to perform the foregoing. The non-prosecuting party shall have the right, but not the obligation at its own expense, to be represented in such action by its own counsel. Each party shall keep the other party reasonably informed as to the status and conduct of the litigation and shall, at the other party's sole cost and expense, accept and reasonably consider the other party's comments relating thereto. A party having knowledge that any of the Product Patent Rights are subject to infringement, or having knowledge of a reasonable probability of such infringement, shall

promptly notify the other in writing, but in any event within thirty (30) days of receipt of written notice of such infringement. The notice shall set forth the facts of such infringement in reasonable detail.

(b) Upon receiving notice of infringement or suspected infringement of the Product Specific Patent Rights, including, without limitation, a Non-Product Claim, Enzon shall have the sole right and discretion, but not the obligation, to institute, prosecute, and control with its own counsel at its own expense any action or proceeding with respect to infringement of the Product Specific Patents and Elan shall have the right, but not the obligation at its own expense, to be represented in such action by its own counsel. Enzon shall be entitled to retain all awards, damages and settlement amounts arising out of any action initiated pursuant to this Section 3.02(b); provided, however, Elan shall be entitled to receive fifty percent (50%) of any amount directly attributable to any Non-Product Claim less Enzon's reasonable attorneys' fees and expenses relating to prosecuting such Non-Product Claim. Elan shall have no right to institute or prosecute such an infringement action if Enzon declines to do so.

(c) Upon receiving notice of infringement or suspected infringement of the Product Related Patent Rights or the foreign counterparts of the Product Patent Rights, including, without limitation, a Product Related Claim, Elan shall have the sole right and discretion, but not the obligation, to institute, prosecute, and control with its own counsel at its own expense any action or proceeding with respect to infringement of the Product Related Patent Rights or the foreign counterparts of the Product Patent Rights and Enzon shall have the right, but not the obligation at its own expense, to be represented in such action by its own counsel. Elan shall be entitled to retain all awards, damages and settlement amounts arising out of any action initiated pursuant to this Section 3.02(b); provided, however, Enzon shall be entitled to receive fifty percent (50%) of any amount directly attributable to any Product Related Claim arising out of the Product Related Patent Rights less Elan's reasonable attorneys' fees and expenses relating to prosecuting such Product Related Claim. Enzon shall have no right to institute such an infringement action if Elan to do so.

Section 3.03. Challenge of Patents. Neither party or its Affiliates, nor their respective sublicensees, will challenge (other than in defense of an action for infringement of a Product Patent Right or in an action for breach of contract) any of the Patent Rights owned or Controlled by the other party or its Affiliates that are related to the Product, or to any Product Improvement in the

case of Enzon and any Elan Improvement in the case of Elan, or support an action of its Affiliate or a Third Party challenging the validity of any such Patent Rights.

ARTICLE 4

TERM AND TERMINATION

Section 4.01. Term and Expiration. This Agreement shall become effective as of the Effective Date and shall continue in perpetuity unless and until all licenses under Section 2 have terminated by mutual written agreement of the parties.

Section 4.02. Accrued Rights; Surviving Obligations. Termination of this Agreement shall be without prejudice to any rights that shall have accrued to the benefit of any party prior to such termination. Such termination shall not relieve any party from obligations that are expressly indicated to survive termination of this Agreement.

ARTICLE 5

MISCELLANEOUS

Section 5.01. Assignment, Binding Effect. Neither Elan nor Enzon may assign this agreement, or any of their respective right or obligations hereunder, without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided, however, that (i) either party may assign this Agreement to an Affiliate without the prior written consent of the other party, and (ii) either party may assign or transfer this Agreement without

consent to any entity into or with which such party merges or consolidates, or to whom such party transfers all or substantially all of its business or assets to which this Agreement relates, subject in either case to the assignee or transferee agreeing in advance and in writing to assume all of the assignor's or transferor's obligations under this Agreement. Notwithstanding the foregoing, the Product Patent Rights may not be assigned to an Affiliate or a Third Party without the concomitant assignment of this Agreement or all of the obligations hereunder to the assignee and any attempt to do so will be null and void. This Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and each of their respective successors and permitted assigns. The covenants, licenses and obligations contained herein are appurtenant to and shall run with transfer, assignment, sale or other disposition of the Patent Rights subject to this Agreement. Each party, at the request of the other party, shall take such reasonable steps, including, without limitation, filings with the applicable patent office, as are necessary to perfect the other party's rights with respect to such Patent Rights under this Agreement.

Section 5.02. Insolvency. All rights and licenses granted under or pursuant to this Agreement by either party are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code and other similar foreign laws, licenses of rights to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code or such foreign laws. Each party

agrees that the other party, as a licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under Section 365(n) of the U.S. Bankruptcy Code and other similar foreign laws, and neither party shall claim that this Agreement does not fall within the scope thereof. Each party further agrees that, upon the commencement of a bankruptcy proceeding by or against such party under the U.S. Bankruptcy Code, the other party shall be immediately entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and the same, if not already in such other party's possession, shall be promptly delivered to the other party if such party rejects this Agreement, fails to promptly elect in writing to continue to perform all of its obligations under this Agreement, and/or fails to take all steps necessary to protect such intellectual property.

Section 5.03. Tax Matters. Elan agrees that it will deliver to Enzon two (2) duly completed, appropriate and valid Withholding Certificates (as defined under ss. 1.1441-1(c)(16) of the U.S. Income Tax Regulations) certifying its status (i.e., U.S. or foreign person).

Section 5.04. Affiliates. Each party guarantees that its Affiliates shall comply with the terms and conditions of this Agreement relating thereto, including, without limitation, the terms and conditions of this Agreement applicable to the license of any rights hereunder.

Section 5.05. Miscellaneous Terms. For the sake of brevity, this Agreement incorporates by reference the provisions of the Asset Purchase Agreement where this Agreement is silent. By way of example, such incorporation includes but is not limited to Choice of Law, Indemnification, Confidentiality, Public Announcements, Descriptive Headings, Injunctive Relief, Non-Waiver, Relationship of the Parties, Severability, and Counterparts, as they appear in the Asset Purchase Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ELAN PHARMACEUTICALS, INC.

By: /s/ Lisabeth F. Murphy

Name: Lisabeth F. murphy

Title: Vice President & Secretary

ENZON, INC.

By:

Name:
Title:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ELAN PHARMACEUTICALS, INC.

By:

Name:
Title:

ENZON, INC.

By: [SIGNATURE ILLEGIBLE]

Name: [NAME ILLEGIBLE]
Title:VP & GC

EXHIBIT 10.19

ENZON PHARMACEUTICALS, INC.

NON-INCENTIVE STOCK OPTION AGREEMENT

This Non-Incentive Stock Option Agreement (the "Agreement") is made this 3rd day of December, 2002, by and between Enzon Pharmaceuticals, Inc., a Delaware corporation (the "Company") and Arthur J. Higgins an individual resident of Illinois ("Employee").

WITNESSETH, THAT:

WHEREAS, the Company has adopted the Enzon Pharmaceuticals, Inc. 2001 Incentive Stock Plan (the "Plan") which permits issuance of stock options for the purchase of shares of common stock of the Company, and the Company has taken all necessary actions to grant the following option pursuant and subject to the terms of the Plan.

NOW THEREFORE, in accordance with the terms and conditions of the Plan and the mutual covenants herein contained, the parties hereto agree as follows:

1. Grant of Option. The Company hereby grants Employee the right and option (the "Option") to purchase all or any part of an aggregate of two hundred thousand (200,000) shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), at the price of $17.80 per share (the "Option Price") on the terms and conditions set forth in this Agreement and in the Plan. It is understood and agreed that the Option Price is the per share Fair Market Value (as defined in the Plan) of the Common Stock as of December 3, 2002, the date that the Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board") of the Company granted the Option to the Employee (the "Grant Date"). The Option is not intended to be an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). The Option is issued pursuant to the Plan and is subject to its terms. A copy of the Plan will be furnished upon request of Employee.

Except as otherwise provided in Section 3 hereof, once the Option becomes exercisable it shall remain exercisable until 5:00 pm New York City time on the tenth (10th) anniversary of the Grant Date (the "Expiration Date"). Employee shall not have any of the rights of a shareholder with respect to the shares subject to the Option until such shares shall be issued to Employee upon the proper exercise of the Option.

2. Vesting of Option Rights.

(a) Except as otherwise provided in Sections 3 or 4 of this Agreement, the Option may be exercised by Employee in accordance with the following schedule:

On or after each of the following dates:	Number of shares with respect to which the Option is exercisable:
December 3, 2003	200,000

3. Exercise of Option upon Termination of Employment or Upon Change in Control. The Option shall terminate and may no longer be exercised if Employee ceases to be employed by the Company or its subsidiaries, except that:

(a) In the event the Company terminates Employee's employment as the Company's President and Chief Executive Officer without Cause pursuant to Section 9(a)(iv) of the Employment Agreement between the Company and Employee, dated as of May 9, 2001, as amended as of May 23, 2001 (the "Employment Agreement"), or Employee terminates such employment for Good Reason pursuant to Section 9(c) of the Employment Agreement:

(i) prior to December 3, 2003 and the Option has not otherwise vested pursuant to Section 3 hereof, the Option granted to Employee pursuant to Section 1 hereof will be of no further force or effect; provided however that the Option shall vest and become exercisable as to a pro rated portion (based on the

portion of the year between the Grant Date and December 3, 2003 during which Employee is employed by the Company) of the shares subject to the Option and such Option shall remain exercisable as to such shares until the expiration date; or

(ii) on or subsequent to December 3, 2003 or such earlier date on which the Option has vested pursuant to this Section 3, the Option granted to Employee pursuant to Section 1 hereof will remain exercisable until its expiration date.

(b) In the event the Company terminates Employee's employment as the Company's President and Chief Executive Officer for Cause pursuant to Section 9(a)(iii) of the Employment Agreement:

(i) prior to December 3, 2003, the Option granted to Employee pursuant to Section 1 hereof will terminate as of the date of such termination and will be of no further force and effect; or

(ii) on or subsequent to December 3, 2003, the Option granted to Employee pursuant to Section 1 hereof shall remain exercisable for a period of six months following such termination of employment.

(c) In the event Employee's employment as the Company's President and Chief Executive Officer is terminated as a result of Employee's death or on account of Employee's disability pursuant to Section 9(a)(ii) of the Employment Agreement, the Option granted to Employee pursuant to Section 1 hereof shall vest on December 3, 2003, and shall remain exercisable, until the earlier of (A) three years from the date of such termination of employment and (B) the Expiration Date.

(d) In the event Employee voluntarily terminates his employment as the Company's President and Chief Executive Officer, other than for Good Reason:

(i) prior to December 3, 2003 and the Option has not otherwise vested pursuant to Section 3 hereof, the Option granted to Employee pursuant to Section 1 hereof will terminate as of the date of such termination and will be of no further force and effect; or

(ii) on or subsequent to December 3, 2003 or such earlier date on which the Option has vested pursuant to this Section 3, the Option granted to Employee pursuant to Section 1 hereof shall remain exercisable for a period of six months following such termination.

(e) Upon a Change in Control (as defined in Section 9(d) of the Employment Agreement) which occurs while Employee is employed by the Company this Option, to the extent it has not already vested, shall vest in its entirety immediately prior to the effective date of such Change in Control and the Option shall remain exercisable in accordance with the terms herein.

(f) Each time that all or a portion of this Option is exercised, 50% of the shares (after deducting any shares used or sold by Employee to pay any applicable taxes in connection with such exercise) of Common Stock received by Employee from such exercise on the date of such exercise (the "Exercise Date") shall be held by Employee for three years from the Exercise Date and the stock certificates representing such shares shall bear appropriate legends reflecting such restriction on sale; provided, however, the Compensation Committee, in its sole discretion, may waive such restriction on transfer and all or a portion of such shares may be sold or transferred prior to the expiration of such three year period. Nothing in this Section 3(f) shall prevent Employee from accepting a payment of cash, other property or securities in consideration for the shares of Common Stock issued upon exercise of this Option in connection with a Change in Control or other event described in Section 5(e), provided that the restrictions on transfer set forth in this Section 3(f) shall continue to apply to any securities received by Employee in

connection with any such Change in Control unless Employee terminates employment and these restrictions cease to apply as provided in Section 3(g).

(g) Notwithstanding Section 3(f) above, if Employee is terminated pursuant to Sections 3(a), 3(c) or 3(e) above, the Section 3(f) restriction on transfer will automatically cease and so long as all federal and state securities laws are adhered to, any shares which Employee receives or has received pursuant to the exercise of the Option granted pursuant to Section 1 hereof may be immediately sold or transferred.

(h) Notwithstanding anything to the contrary in this Agreement or the Employment Agreement, the Compensation Committee or the Board, in its sole discretion, may waive any of the restrictions on vesting of the Option set forth in this Section 3 in order to accelerate the

vesting of all or a portion of the Option as the Compensation Committee or the Board so determines in its sole discretion.

(i) Notwithstanding the above, in no case may the Option be exercised to any extent by anyone after the Expiration Date.

(j) The Option may only be transferred or assigned in accordance with subsection 6(d) of this Agreement.

(k) if upon a Change in Control or any of the events described in Section 5(e) (each a "Section 5(e) Event") the shares of Common Stock issuable upon exercise of this Option are replaced with other equity securities, such other securities must be registered under the Securities Act of 1933 and be freely transferable under all applicable federal and state securities laws and regulations. In such event, the number of shares issuable upon exercise of this Option shall be determined by using the exchange ratio used for other outstanding shares of the Company's Common Stock in connection with the Change in Control or Section 5(e) Event, or if there is no such ratio, an exchange ratio to be determined by the Compensation Committee or the Board, and the exercise price per share shall be adjusted accordingly so as to preserve the same economic value in this Option as existed prior to the Change in Control or Section 5(e) Event. Also in the event of any such Change in Control or Section 5(e) Event, all references herein to the Common Stock shall thereafter be deemed to refer to the replacement equity securities issuable upon exercise of this Option, references to the Company shall thereafter be deemed to refer to the issuer of such replacement securities, and all other terms of this Option shall continue in effect except as and to the extent modified by this Section 3.

4. Method of Exercise of Option. Subject to the foregoing, the Option may be exercised in whole or in part from time to time by Employee or other proper party serving written notice of exercise on the Company at its principal office within the period during which the Option is exercisable as provided in this Agreement. The notice shall state the number of shares as to which the Option is being exercised and shall be accompanied by payment in full of the Option Price for all shares designated in the notice. Payment of the Option Price shall be made in cash (including bank check, personal check or money order payable to the Company), or, with the approval of the Company (which may be given in its sole discretion), by delivering to the Company for cancellation shares of the Company's Common Stock already owned by Employee having a Fair Market Value equal to the full purchase price of the shares being acquired or a combination of cash and such shares.

5. Miscellaneous.

(a) In the event that any provision of this Agreement conflicts with or is inconsistent in any respect with the terms of the Plan, the terms of the Plan shall control.

(b) Neither the Plan nor this Agreement shall (i) be deemed to give any individual a right to remain an employee of the Company, (ii) restrict the right of the Company to discharge any employee, with or without cause, or (iii) be deemed to be a written contract of employment.

(c) The exercise of all or any parts of the Option shall only be effective at such time that the sale of shares of Common Stock pursuant to such exercise will not violate any state or federal securities or other laws.

(d) The Option shall not be transferred, except by will or the laws of descent and distribution to the extent provided in subsection 3(c), and, except for as provided in the Plan or this Agreement, during the Employee's lifetime the Option is exercisable only by the Employee. Notwithstanding the foregoing, Employee may transfer the Option to any Family Member, provided, however, that (i) Employee may not receive any consideration for such transfer, (ii) the Family Member must agree in writing not to make any subsequent transfers of the Option other than by will or the laws of the descent and distribution and (iii) the Company receives prior written notice of such transfer. For purposes of this subsection 7(d) the definition of Family Member shall be the definition adopted by the Committee administering the Plan as of the date of the attempted transfer of the Option.

(e) If there shall be any change in the Common Stock subject to the Option through merger, consolidation, reorganization, recapitalization, dividend or other distribution, stock split or other similar corporate transaction or event of the Company, appropriate adjustments shall be made by the Company in the number of shares and the price per share of the shares subject to the Option in order to prevent dilution or enlargement of the Option rights granted hereunder; provided, however, that the number of shares subject to the Option shall always be a whole number.

(f) The Company shall at all times during the term of the Option reserve and keep available such number of shares of the Company's Common Stock as will be sufficient to satisfy the requirements of this agreement.

(g) In order to provide the Company with the opportunity to claim the benefit of any income tax deduction which may be available to it upon the exercise of the Option and in order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal or state payroll, withholding, income or other taxes are withheld or collected from Employee.

(h) The Company, in its sole and absolute discretion, may allow Employee to satisfy Employee's federal and state income tax withholding obligations upon exercise of the Option by (i) having the Company withhold a portion of the shares of Common Stock otherwise to be delivered upon exercise of the Option having a Fair Market Value equal to the amount of federal and state income tax required to be withheld upon such exercise, in accordance with such rules as the Company may from time to time establish, or (ii) delivering to the Company shares of its Common Stock other than the shares issuable upon exercise of the Option with a Fair Market Value equal to such taxes, in accordance with such rules.

(i) This Agreement shall inure to the benefit of, and be binding upon, the Company, its successors and assigns, and upon Employee, his administrator, executor, personal representative, successors and heirs.

(j) Except as provided in Section 3(h), no change to or modification of this Agreement shall be valid unless it is in writing and signed by the Company and Employee.

IN WITNESS WHEREOF, the Company and Employee have executed this Agreement on the date set forth in the first paragraph.

ENZON PHARMACEUTICALS, INC.

By:

Its:

EMPLOYEE:

Name:

EXHIBIT 10.20

RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT, made as of this ___ day of December 2002, by and between Enzon Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Arthur J. Higgins ("Executive").

WITNESSETH, THAT:

WHEREAS, The Company wishes to grant a restricted stock award to Executive;

NOW, THEREFORE, In consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Award

The Company, effective as of the date of this Agreement, hereby grants to Executive a restricted stock award of 200,000 shares (the "Shares") of common stock of the Company (the "Common Stock") (against Executive's payment of $2000 representing the par value thereof), subject to the terms and conditions set forth herein and to the terms of the Employment Agreement between the Company and Executive, dated as of May 9, 2001, as amended as of May 23, 2001 (the "Employment Agreement") which are specifically referenced herein. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Employment Agreement.

2. Vesting

Subject to the terms and conditions of this Agreement, the Executive's Shares shall vest according to the following schedule:

Date	Number of Shares that Vest on such Date
December 3, 2005	60,000
December 3, 2006	60,000
December 3, 2007	80,000

3. Restriction on Transfer

Until any group of Shares vests pursuant to Sections 2 or 4 hereof, none of such Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of or encumbered, and no attempt to transfer such Shares, whether voluntary or involuntary, by operation of law or otherwise, shall vest the transferee with any interest or right in or with respect to such Shares.

4. Early Vesting; Forfeiture

(a) In the event the Company terminates Executive's employment as the Company's President and Chief Executive Officer without Cause pursuant to Section 9(a)(iv) of the Employment Agreement or Executive terminates such employment for Good Reason pursuant to Section 9(c) of the Employment Agreement, all of the Shares granted to Executive pursuant to Section 1 hereof shall vest immediately upon termination;

(b) In the event the Company terminates Executive's employment as the Company's President and Chief Executive Officer for Cause pursuant to Section 9(a)(iii) of the Employment Agreement, Executive will forfeit all unvested Shares granted to Executive pursuant to Section 1 hereof.

(c) In the event Executive's employment as the Company's President and Chief Executive Officer is terminated as a result of Executive's death, all unvested Shares granted to Executive pursuant to Section 1 hereof shall vest immediately upon Executive's death.

(d) Upon termination of Executive's employment as the Company's President and Chief Executive Officer on account of Executive's disability pursuant to Section 9(a)(ii) of the Employment Agreement, all unvested Shares granted to Executive pursuant to Section 1 hereof shall vest immediately upon

such termination.

(e) In the event Executive voluntarily terminates his employment as the Company's President and Chief Executive Officer, other than for Good Reason pursuant to Section 9(c) of the Employment Agreement, Executive will forfeit all unvested Shares granted to Executive pursuant to Section 1 hereof.

(f) Notwithstanding anything to the contrary in this Agreement or the Employment Agreement, the Compensation Committee of the Board of Directors of the Company (the "Committee") or the Board of Directors of the Company (the "Board"), in its sole discretion, may waive any of the forfeiture requirements in this Section 4 or may accelerate the vesting of all or a portion of the Shares as the Committee or the Board so determines.

5. Issuance and Custody of Certificate

(a) The Company shall cause to be issued one or more stock certificates, registered in the name of Executive, evidencing the Shares. Each such certificate shall bear the following legends:

"The shares of common stock represented by this certificate are subject to forfeiture, and the transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including restrictions against transfer) contained in a Restricted Stock Award Agreement entered into between Enzon Pharmaceuticals, Inc. (formerly known as Enzon, Inc.) and the registered owner of such shares dated December __, 2002. A Copy of the Restricted Stock Award Agreement is on file in the office of Enzon Pharmaceuticals, Inc."

(b) Executive shall cause stock powers relating to the Shares executed by Executive to be delivered to the Company.

(c) Each certificate issued pursuant to Section 5(a) hereof, together with the stock powers relating to the Shares, shall be deposited by the Company with the Secretary of the Company or a custodian designated by the Secretary. The Secretary or such custodian shall issue a receipt to Executive evidencing the certificate or certificates held which are registered in the name of Executive.

(d) After any Shares subject to this Agreement vest pursuant to Sections 2 or 4(b) hereof, the Company shall promptly cause a certificate or certificates evidencing such vested Shares, (together with the stock powers relating to the Shares) to be released and delivered to Executive or Executive's legal representatives, beneficiaries or heirs.

(e) Prior to issuance of the Shares, the Company shall have caused such issuance to be registered under the Securities Act of 1933, as amended.

6. Distributions and Adjustments

(a) In the event of a merger, consolidation, reorganization, recapitalization, stock dividend or other event, including a Change in Control as defined in the Employment Agreement, the number and character of the Shares shall be adjusted at the same time and to the same extent as other shares of Common Stock are adjusted as a result of any such event. If all or any portion of the Shares vest in Executive subsequent to any such change in the number or character of the shares of Common Stock, Executive shall then receive upon such vesting the number and type of securities or other consideration which Participant would have received if the Shares had vested prior to the event changing the number or character of outstanding shares of Common Stock.

(b) Any additional shares of Common Stock, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Shares prior to the date the Shares vest shall be subject to the same restrictions, terms and conditions as the Shares. Any cash dividends payable with respect to the Shares shall be distributed to Executive at the same time cash dividends are distributed to shareholders of the Company generally.

(c) Any additional shares of Common Stock, any securities and any other property (except for cash dividends) distributed with respect to the Shares prior to the date such Shares vest shall be promptly deposited with the

Secretary or the custodian designated by the Secretary to be held in custody in accordance with Section 5(c) hereof for Executive's benefit and shall be distributed to Executive as provided in Section 6(b) when the Shares vest.

7. Taxes

(a) The issuance of the Shares to Executive pursuant to this Agreement involves complex and substantial tax considerations, including, without limitation, consideration of the advisability of Executive making an election under Section 83(b) of the Internal Revenue Code. The Executive is urged to consult his own tax advisor with respect to the transactions described in this Agreement. The Company makes no warranties or representations whatsoever to the Executive regarding the tax consequences of the grant to the Executive of the Shares or

this Agreement. Executive acknowledges that the making of any Section 83(b) election shall be his personal responsibility.

(b) In order to provide the Company with the opportunity to claim the benefit of any income tax deduction which may be available to it in connection with this restricted stock award, and in order to comply with all applicable federal or state tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal or state income and social security taxes, which are the sole and absolute responsibility of Executive, are withheld or collected from Executive.

(c) Executive may elect to satisfy his federal and state income tax withholding obligations arising from the receipt of, or the lapse of restrictions relating to, the Shares by (i) delivering cash, check (bank check, certified check or personal check) or money order payable to the order of the Company, (ii) having the Company withhold a portion of the Shares otherwise to be delivered having a fair market value based on the last reported sale price of a share of Common Stock on the Nasdaq Stock Market (or if the Shares no longer trade on the Nasdaq Stock Market, the closing or last reported price on the principal exchange or system on which they trade) (the "Fair Market Value") equal to the amount of such taxes, or (iii) delivering to the Company Common Stock having a Fair Market Value equal to the amount of such taxes. The Company will not deliver any fractional Share but will pay, in lieu thereof, the Fair Market Value of such fractional Share. The Participant's election must be made on or before the date that the amount of tax to be withheld is determined. Otherwise, the Company shall be entitled to withhold taxes due in such manner as the Company determines in its discretion.

8. Miscellaneous

(a) Executive shall be entitled at all times to all of the rights of a shareholder with respect to the Shares, including without limitation the right to vote and tender such Shares and to receive dividends and other distributions as provided in and subject to the provisions of Section 6.

(b) Executive hereby acknowledges receipt of a copy of the Employment Agreement. The Employment Agreement is also available for inspection during business hours at the principal office of the Company.

(c) This Agreement shall not confer on Executive any right with respect to continuance of employment by the Company.

(d) This Agreement shall inure to the benefit of, and be binding upon, the Company, its successors and assigns, and upon Executive, his administrator, executor, personal representative, successors and heirs.

(e) Except as provided in Section 4(f), no change to or modification of this Agreement shall be valid unless it is in writing and signed by the Company and Executive. .

IN WITNESS WHEREOF, The parties hereto have caused this Agreement to be executed on the day and year first above written.

ENZON PHARMACEUTICALS, INC.

By:_____
Kenneth J. Zuerblis
Vice President, Chief Financial Officer
and Secretary

Arthur J. Higgins

EXHIBIT 10.21
EXECUTION COPY

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT is made and entered into as of October 16, 2002 (the "Effective Date"), by and between ENZON, INC., a Delaware corporation ("Enzon"), and VIVO HEALTHCARE CORPORATION, a Delaware corporation ("Vivo"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Assignment Agreement, dated as of October 16, 2002, by and among Enzon, Vivo, and the Vivo shareholders listed on Schedule A thereto (the "Assignment Agreement").

WHEREAS, pursuant to the terms of the Assignment Agreement, Vivo has agreed to sell and assign, and Enzon has agreed to purchase and assume, the Assigned Assets; and

WHEREAS, pursuant to Paragraph 2(b) of the Assignment Agreement, Vivo and Enzon have agreed to enter into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Enzon and Vivo agree as follows:

ARTICLE I.
DEFINITIONS

For purposes of this Royalty Agreement, the following terms and variations thereof have the meanings specified or referred to in this Article I:

"Affiliates" - any person or entity which directly or indirectly controls, is controlled by, or is under common control with a party hereto. For purposes of this Royalty Agreement, "control" means the legal, beneficial or equitable ownership directly or indirectly of more than 50% of the aggregate of all voting equity interests rights in such entity.

"Net Sales Amount" - shall mean the invoiced amount of sales of Products by Enzon or any of its Affiliates or licensees to customers less (1) actual allowances for returns, damages or otherwise, and discounts, rebates and allowances to customers, including cash, credit or free goods allowances; and (2) freight or other transportation charges, including insurance, actually allowed or paid on account of the delivery of Products to purchasers thereof; and (3) taxes (except income taxes) or duties paid, absorbed or otherwise imposed on the sale, including, without limitation, value added taxes.

"Patents" - any and all domestic or foreign patents subsequently issued to Enzon relating to the p-MPA Technology being transferred from Vivo to Enzon pursuant to the Assignment Agreement, including any continuations-in-part, continuations, divisions, substitutes, reissues, reexaminations or extensions thereof.

"Products" - any products which embody any of the p-MPA Technology, any Patents or are covered by any claim of the Patents.

EXECUTION COPY

ARTICLE II.
ROYALTY OBLIGATIONS

Section 2.1 Amount of Payment. Enzon shall pay a royalty (the "Royalty") to Vivo during the Term as set forth below:

(a) Enzon shall pay a Royalty to Vivo based upon the following percentages (the "Royalty Percentage") of:

(i) the aggregate Net Sales Amount of any Products sold by Enzon or any of its Affiliates on a country by country basis, for the longer of (A) ten years from the date hereof or (B) such time as any of the Patents with respect to such country remain valid, enforceable, and in effect:

(A) three percent (3%) up to the first $25 million of aggregate Net Sales Amount;

(B) two percent (2%) for the next $25 million of aggregate Net Sales Amount;

(C) one percent (1%) for the next $50 million of aggregate Net Sales; and

(D) one-half of one percent (0.5%) thereafter; and

(ii) the aggregate royalties received by Enzon or any of its Affiliates on Net Sales Amount of any Products sold by licensees of Enzon or any of its Affiliates on a country by country basis, for the longer of (A) ten years from the date hereof or (B) such time as any of the Patents with respect to such country remain valid, enforceable, and in effect:

(A) three percent (3%) of the aggregate royalties received by Enzon or any of its Affiliates on such Net Sales Amount up to the first $25 million of aggregate Net Sales Amount;

(B) two percent (2%) of the aggregate royalties received by Enzon or any of its Affiliates on such Net Sales Amount for the next $25 million of aggregate Net Sales Amount;

(C) one percent (1%) of the aggregate royalties received by Enzon or any of its Affiliates on such Net Sales Amount for the next $50 million of aggregate Net Sales;

(D) and one-half of one percent (0.5%) of the aggregate royalties received by Enzon or any of its Affiliates on such Net Sales Amount thereafter.

(b) Upon expiration of the longer of (i) ten years from the date hereof or (ii) such time as any of the Patents with respect to such applicable country remain valid, enforceable and in effect, Enzon shall have no further obligation to pay the Royalty in any applicable country.

Section 2.2 Payment of Royalty. Enzon shall pay the Royalty quarterly. Within forty-five (45) days after the end of each calendar quarter, Enzon shall (i) pay Vivo the amount of the Royalty owed by Enzon for such calendar quarter, and (ii) provide Vivo with a written report setting forth the Net Sales Amount with respect to the Products sold by Enzon or its Affiliates or royalties received by Enzon or its Affiliates on the Net Sales Amount sold by licensees for the applicable quarter, and the computation of the Royalty with respect thereto for the applicable quarter. The Royalty shall be payable in currency of the United States of America regardless of the country where earned and shall be paid or deposited as designated in writing by Vivo. The exchange rate used to calculate the Royalty shall be the same rate specified under Financial Accounting Standards Board Statement 52, or its successor, used to translate the financial results of Enzon or its Affiliates for public reporting.

Section 2.3 Records and Reports; Audits. Enzon shall keep true and accurate records and books of account containing information necessary for the determination of the Royalty payable hereunder. Vivo shall be entitled to conduct an audit, once quarterly upon thirty (30) days' prior written notice to Enzon, of such books and records. Vivo may engage an independent third party auditor to conduct such audits. Enzon shall be entitled to receive a copy of any audit reports produced by or on behalf of Vivo hereunder. In the event any such audit reveals a greater than ten percent (10%) discrepancy between the correct amount of the Royalty which should have been paid by Enzon pursuant to the terms herein during the period covered by such audit and the actual amount of the Royalty paid by Enzon during such period, Enzon shall reimburse Vivo for the costs of such audit.

Section 2.4 No Obligation to Exploit. Notwithstanding anything to the contrary contained in this Royalty Agreement and subject to Paragraph 4 of the Assignment Agreement, Enzon shall have no obligation to develop, commercialize or otherwise exploit the p-MPA Technology or any Product. Without limiting the foregoing, Enzon shall have no obligation to file any Patent applications or to maintain any Patents, if and when issued.

ARTICLE III.
TERM; TERMINATION

Section 3.1 Term. This Royalty Agreement commences upon the Effective Date and terminates at such time when Enzon has no further obligation to pay any Royalties pursuant to Section 2.1 or at such earlier date as provided in this Article III (the "Term").

Section 3.2 Termination Upon Breach. Upon thirty (30) days' prior written notice to Vivo, Enzon may terminate this Royalty Agreement if Vivo breaches any of its material obligations hereunder or in the Assignment Agreement and fails to cure such breach by the end

of such thirty (30) day period, or, if the parties agree that the breach is not capable of being cured or remedied within thirty (30) days, then within a time frame mutually agreed upon by the parties.

Section 3.3 Termination For Non-Development. Notwithstanding any other provision hereof, this Royalty Agreement shall terminate in the event Vivo causes a reassignment of the Assigned Assets pursuant to Section 4 of the Assignment Agreement.

Section 3.4 Remedies upon Termination. Termination of this Royalty Agreement shall not limit either party from pursuing any other remedies otherwise available to it, including, without limitation, injunctive relief.

Section 3.5 Effect of Termination. In the event of notice of termination, each party shall continue to perform its obligations hereunder up to the date of termination. Upon termination, except as otherwise provided herein, the obligations of the parties hereunder shall cease and Enzon shall pay Vivo any amounts then owing hereunder; provided, however, that in the event of termination due to a breach by Vivo, Enzon shall have the right to offset any payment due to Vivo under Section 2.1.

ARTICLE IV.
CONFIDENTIALITY

Vivo acknowledges that any information concerning Enzon received in connection with this Royalty Agreement shall be deemed "Confidential and Proprietary Information." Vivo agrees that it shall not permit the duplication, use or disclosure of any such Confidential and Proprietary Information to any person or entity. Confidential and Proprietary Information does not include any information which, at the time of disclosure, is generally known by the public through no breach of the disclosing party. The provisions of this Article IV shall survive the expiration or termination of this Royalty Agreement.

ARTICLE V.
INTELLECTUAL PROPERTY

Section 5.1 Right to Defend. At the election and expense of Enzon, Enzon shall have the sole right (but not the obligation), to protect all intellectual property rights related to the p-MPA Technology or the Products, by obtaining and maintaining appropriate patent, trademark, trade secret or other rights. Vivo agrees to cooperate, at the expense of Enzon, in the filing and prosecution of patent applications in the United States and in foreign countries in connection with all such intellectual property rights, and to promptly notify Enzon of any conflicting uses of, or any applications or registrations to use, any mark, name, symbol, device or word that becomes known to Vivo that Enzon believes may constitute an act of infringement with respect to the intellectual property rights related to p-MPA Technology or the Products.

Section 5.2 Ownership of Intellectual Property. Vivo acknowledges

that neither this Royalty Agreement nor the performance of its obligations hereunder shall affect the ownership by Enzon of any of the goodwill or intellectual property rights related to p-MPA Technology or the Products, and such goodwill or other rights shall be and remain in the name of Enzon. Vivo warrants that it shall not at any time (a) do or cause to be done any act or thing

contesting or in any way impairing or tending to impair any part of such ownership and/or rights, or (b) represent that it has any ownership in p-MPA Technology or the Products or any intellectual property rights in connection therewith.

ARTICLE VI.
MISCELLANEOUS

Section 6.1 No Joint Venture. Nothing herein shall create any association, partnership, joint venture or agency relationship between the parties hereto or any third party.

Section 6.2 Further Assurances. The parties shall cooperate reasonably with each other in connection with any steps required to be taken as part of their respective obligations under this Royalty Agreement, and the parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Royalty Agreement.

Section 6.3 Notices. All notices, consents, waivers, and other communications under this Royalty Agreement must be in writing and are deemed to have been duly given when (a) delivered by hand with written confirmation of receipt, (b) sent by facsimile with confirmation of transmission by the transmitting equipment, (c) five (5) days after delivery, if sent by certified mail, return receipt requested, or (d) one (1) day after delivery, if sent by a nationally recognized overnight delivery service, return receipt requested, in each case to the appropriate addresses, or facsimile numbers set forth below (or to such other addresses, facsimile numbers or as a party may designate by notice to the other parties):

Enzon: Enzon, Inc.
685 Route 202/206
Bridgewater, New Jersey 08807
Attention: Chief Executive Officer
Fax: (908) 575-3296

with a copy to: Enzon, Inc.
685 Route 202/206
Bridgewater, New Jersey 08807
Attention: Vice President General Counsel
Fax: (908) 575-3296

Vivo: Vivo Healthcare Corporation
299 Pavonia Avenue, Loft 3-8
Jersey City, New Jersey 07302
Attention: Clark Atwell

with a copy to: Olshan Grundman Frome Rosenzweig & Wolosky LLP
505 Park Avenue
New York, New York 10022
Attention: Robert H. Friedman, Esq.
Fax: (212) 935-1787

Section 6.4 Waiver . The rights and remedies of the parties to this Royalty Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right under this Royalty Agreement operates as a waiver of such right, and no single or partial exercise of any

such right precludes any other or further exercise of such right or the exercise of any other right. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Royalty Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party is applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party is deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Royalty Agreement.

Section 6.5 Entire Agreement and Modification. This Royalty Agreement and the Assignment Agreement constitute the entire agreement between the parties with respect to the subject matter of this Royalty Agreement and supersede all prior written and oral agreements and understandings between the parties with respect to the subject matter of this Royalty Agreement. This Royalty Agreement may not be amended except by a written agreement signed on behalf of each of the parties hereto.

Section 6.6 Assignment. Except as set forth below, no party to this Royalty Agreement may assign, transfer, or otherwise dispose of any of its rights, duties, or obligations hereunder without the prior written consent of the other party hereto; provided, however (i) upon prior written notice to Vivo, Enzon may assign, transfer, or otherwise dispose of any of its rights, duties or obligations hereunder to any of its Affiliates or in connection with the sale or other transfer of all or a portion of the business, assets, or properties or stock of Enzon or any of its Affiliates without the consent of Vivo (in which case Enzon shall continue to be liable for its obligations hereunder) and (ii) upon prior written notice to Enzon, Vivo may assign all of its rights, duties and obligations under the Agreement to the Shareholders without the prior written consent of Enzon, provided the assignee Shareholders agree to be bound by the terms and conditions of this Royalty Agreement and no such assignment shall relieve Vivo from any of its obligations hereunder. Subject to the foregoing, this Royalty Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their permitted successors and assigns.

Section 6.7 Severability. If any provision of this Royalty Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Royalty Agreement remain in full force and effect. The parties further agree that if any provision contained herein is, to any extent, held invalid or unenforceable in any respect under the laws governing this Royalty Agreement, they shall take any actions necessary to render the remaining provisions of this Royalty Agreement valid and enforceable to the fullest extent permitted by law and, to the extent necessary, shall amend or otherwise modify this Royalty

Agreement to replace any provision contained herein that is held invalid or unenforceable with a valid and enforceable provision giving effect to the intent of the parties.

Section 6.8 No Third Party Beneficiary. No provision of this Royalty Agreement shall create, or be deemed to create, any legal or equitable right in any person not a party to this Royalty Agreement or give any such person any claim against any party to this Royalty Agreement that such party would not have but for this Royalty Agreement.

Section 6.9 Section Headings; Construction. The headings of Articles and Sections in this Royalty Agreement are provided for convenience only and will not affect its construction or interpretation. All words used in this Royalty Agreement will be construed to be of such gender or number as the context requires. The language used in the Royalty Agreement shall be construed, in all cases, according to its fair meaning, and not for or against any party hereto. The parties acknowledge that each party has reviewed this Royalty Agreement and that rules of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be available in the interpretation of this Royalty Agreement.

Section 6.10 Governing Law; Jurisdiction. This Royalty Agreement is to be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any

other law. The parties agree that the state and federal courts located in New York County, New York shall be the sole venue and shall have sole jurisdiction for the resolution of all disputes arising hereunder.

Section 6.11 Execution of Agreement, Counterparts. This Royalty Agreement may be executed in one or more counterparts, each of which is deemed to be an original copy of this Royalty Agreement and all of which, when taken together, are deemed to constitute one and the same agreement. The exchange of copies of this Royalty Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Royalty Agreement as to the parties and may be used in lieu of the original Royalty Agreement for all purposes. Signatures of the parties transmitted by facsimile are deemed to be their original signatures for any purpose whatsoever.

[remainder of page intentionally left blank]

EXECUTION COPY

[signature page to Royalty Agreement]

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

ENZON, INC.

By: _____

Name: _____

Its: _____

VIVO HEALTHCARE CORPORATION

By: _____

Name: _____

Its: _____

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is made and entered into as of October 16, 2002, by and among VIVO HEALTHCARE CORPORATION, a Delaware corporation ("Assignor"), Assignor's shareholders listed on Schedule A attached hereto and made a part hereof (collectively, the "Shareholders"), and ENZON, INC., a Delaware corporation ("Assignee").

WHEREAS, Assignor is the owner of the entire right, title and interest in, to and under all of the assets of Assignor used or useful in connection with the p-MPA Technology (as hereinafter defined), including those identified on Schedule B attached hereto and made a part hereof (the "Assigned Assets"); and

WHEREAS, Assignor desires to assign to Assignee, and Assignee desires to receive from Assignor, all of Assignor's right, title and interest in, to and under the Assigned Assets.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby sells, assigns, transfers and conveys to Assignee, and Assignee hereby purchases and acquires from Assignor, Assignor's entire right, title and interest in the Assigned Assets on a worldwide basis for the consideration set forth in Paragraph 2 below. It is understood and agreed by the parties hereto that no representations or warranties, direct or implied, are made with respect to the Assigned Assets and as such they are taken hereunder by Assignee on an "as is" basis.

2. As a material inducement to and in consideration of the Assignor's agreement to enter into this Assignment Agreement, Assignee shall pay Assignor the following consideration:

(a) Seven Hundred Fifty Thousand Dollars ($750,000) to be paid to Assignor upon Assignee's receipt of evidence that the United States Food and Drug Administration has approved Assignor's investigational new drug application to commence human clinical trials on any product incorporating the p-MPA Technology (the "Milestone Payment").

(b) Royalties on Assignee's use and exploitation of the p-MPA Technology pursuant to the terms of a royalty agreement substantially in the form attached hereto as Exhibit 1 (the "Royalty Agreement").

3. Covenant not to Compete.

(a) Assignor and each Shareholder acknowledges that the agreements and covenants contained in this Paragraph 3 are essential to protect the Assigned Assets being purchased by Assignee, and Assignee would not purchase the Assigned Assets but for the agreements and covenants of Assignor and each Shareholder contained in this Paragraph 3.

(b) Until the earlier to occur of (i) five (5) years following the date of this Assignment Agreement, or (ii) two (2) years following the date of this Assignment Agreement but only in the event that Assignee does not expend at least One Million Dollars ($1,000,000) (including direct research and development expenditures plus a portion of Assignee's general administrative expenses attributable to such project, each to be allocated in a manner consistent with generally accepted accounting principles and Assignee's past practices) (the "Minimum Requirement") on the development or commercialization of the p-MPA Technology or the Assigned Assets during such two-year period, neither Assignor nor any Shareholder nor any of their Related Persons shall engage in a business that markets the p-MPA Technology or products which include the p-MPA Technology, either directly or indirectly, or enter the employ of, or render any services to, any Person (other than the Assignee) engaged, directly or indirectly, in such

activities; or become interested in any Person (other than the Assignee) that is engaged in such activities, directly or indirectly, as a partner, lender, member, shareholder, agent, trustee, consultant or in any other relationship or capacity; provided that each such party may own, directly or indirectly, solely as an investment, securities of any Person which are traded on any national securities exchange if such party is not a controlling person of, or a member of a group which controls, such Person or does not, directly or indirectly, own 1% or more of any class of securities of such Person.

4. Notwithstanding anything to the contrary contained in this Assignment Agreement, Assignee shall have no obligation to develop, commercialize or otherwise exploit the p-MPA Technology. Without limiting the foregoing, Assignee shall have no obligation to file any patent applications or to maintain any patents, if and when issued. The parties further agree that in the event that Assignee does not expend at least the Minimum Requirement on the development or commercialization of the p-MPA Technology or the Assigned Assets during the first two (2) years following the date of this Agreement, Assignor shall have the right to cause Assignee to reassign the Assigned Assets to Assignor. Assignor shall have ninety (90) days following the end of such two (2) year period to exercise such right to cause the reassignment of the Assigned Assets.

5. Jerrold Hirschberg and George Naimark hereby acknowledge that (a) Assignee has hired Uli Grau, Eddy Anglade and A. Clarke Atwell as its employees, (b) Messrs. Grau's, Anglade's and Atwell's compensation may include options to purchase shares of Assignee's capital stock (or such other securities as Assignee may choose), and (c) the terms pursuant to which such options will vest may be subject to Assignee meeting certain thresholds based on the sale of products that exploit or otherwise incorporate the p-MPA Technology. Notwithstanding the foregoing, Messrs. Hirschberg and Naimark jointly and severally on behalf of themselves and their respective Related Persons (as defined herein) hereby acknowledge that they shall have no right to such compensation, and they each hereby fully and forever release and discharge Assignee and its Related Persons (collectively, the "Assignee Releasees"), from and against all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, obligations, claims and demands whatsoever, in law or equity, which against the Assignee Releasees Messrs. Hirschberg and Naimark or their respective heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever

from the beginning of the world to the date of this Assignment Agreement of every nature arising from or otherwise directly or indirectly relating to Assignee's employment of Messrs. Grau, Anglade and Atwell.

6. Subject to Paragraph 4, no party may assign any of its rights or delegate any of its obligations under this Assignment Agreement without the prior written consent of the other parties, except as follows:

(a) Assignee may assign any of its rights and delegate any of its obligations under this Assignment Agreement to any subsidiary or affiliate of Assignee or in connection with the sale or other transfer of all or a portion of the business, assets, properties or stock of Assignee or any of its subsidiaries or affiliates; provided that until Assignee expends at least the Minimum Requirement on the development or commercialization of the p-MPA Technology or the Assigned Assets, any such assignment or delegation by Assignee shall be subject to the approval of Assignor, which approval may not be unreasonably withheld; and

(b) upon prior written notice to Assignee, Assignor may assign its rights to receive the Milestone Payment to the Shareholders; provided that no such assignment or delegation shall relieve Assignee or Assignor, as the case may be, from any of its obligations hereunder.

7. Subject to Paragraph 6, this Assignment Agreement applies to, is binding in all respects upon, and inures to the benefit of the successors and permitted assigns of the parties hereto. Nothing in this Assignment Agreement is

to be construed to give any Person other than the parties to this Assignment Agreement any legal or equitable right under or with respect to this Assignment Agreement or any provision of this Assignment Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Paragraph 7.

8. The parties hereto shall cooperate reasonably with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Assignment Agreement, and the parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Assignment Agreement and the transactions contemplated hereby.

9. This Assignment Agreement is to be governed by and construed under the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law. The parties agree that the state and federal courts located in New York County, New York shall be the sole venue and shall have sole jurisdiction for the resolution of all disputes arising hereunder.

10. Certain Definitions.

"Person" - an individual, partnership, corporation, business trust, limited liability company or partnership, joint stock company, trust, unincorporated association, joint venture or other entity, or a governmental body.

"p-MPA Technology" - all rights in all data, technology, know how, patents, copyrights, marks, trade secrets and other intellectual property owned, used or licensed (as licensor or licensee) by Assignor or its predecessors-in-interest (including but not limited to, all improvements, changes and modifications thereto that at any time in the past were, or currently are, in the process of being made, tested or developed) in connection with (a) a polymerized version of mycophenolate ("p-MPA") with expected resorption of orally administered p-MPA in a suitable dosage form in the gastrointestinal tract to provide steady and prolonged levels of the active principle mycophenolate ("MPA") in the bloodstream; (b) plans to design p-MPA, by varying certain parameters such as degree of polymerization, chemical nature of the linker molecule, or controlling the particle size of the drug product, so that it exhibits pharmacokinetic properties suitable for once-a-day, or less frequent dosing, providing certain convenience advantages over mycophenolate (dosed twice or thrice-a-day), including, but not limited to, all experimental plans, development plans, regulatory strategies, marketing plans and competitive analyses therefor, (c) any business plans for such technology, (d) any developmental strategy designed in the indication pemphigus vulgaris, a rare, dermal autoimmune disease for which there is no causual treatment, and (e) any marketing plans.

"Related Person" - is: (a) any Person that, directly or indirectly, controls, is controlled by, or is under common control with a specified Person; (b) any Person that holds a Material Interest in a specified Person; (c) each Person that serves as a director, officer, partner, executor, or trustee of a specified Person (or in a similar capacity); and (d) any Person in which a specified Person holds a Material Interest. For purposes of this definition, (a) "control" (including "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and (b) "Material Interest" means direct or indirect beneficial ownership (defined as the power to vote or to direct the voting of, or the power to dispose of, an equity security) of voting securities or other voting interests representing at least three percent (3%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least three percent (3%) of the outstanding equity securities or equity interests in a Person.

[remainder of page intentionally left blank]

EXECUTION COPY

[Signature Page to Assignment Agreement]

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

VIVO HEALTHCARE CORPORATION

By: _____

Name: _____

Title: _____

ENZON, INC.

By: _____

Name: _____

Title: _____

SHAREHOLDERS:

_____
ULI GRAU

_____
EDDY ANGLADE

_____
A. CLARK ATWELL

_____
JERROLD HIRSCHBERG

_____
GEORGE NAIMARK

EXECUTION COPY

SCHEDULE A

List of Shareholders

Uli Grau

Eddy Anglade

A. Clarke Atwell

Jerrold Hirschberg

George Naimark

Schedule A-1

EXECUTION COPY

SCHEDULE B

Assigned Assets

All of the Assignor's right, title and interest in and to the p-MPA Technology on a worldwide basis, and all of the following property and assets, personal or mixed, tangible and intangible, owned or leased, of every kind and description, wherever located (but excluding the Excluded Assets (as defined below)):

1. all other intangible rights and property of Assignor relating to the p-MPA Technology, including, but not limited to, going concern value, goodwill, and all rights to the names "Vivo Healthcare" and "p-MPA";

2. all of Assignor's rights in, to and under all agreements entered into by Assignor or any predecessor-in-interest thereof with any Person (a) under which Assignor has or may acquire any rights or benefits, or that assigns or licenses to Assignor rights to any inventions, improvements, discoveries or information, relating in whole or in part to the p-MPA Technology or any other Assigned Asset, (b) relating to nondisclosure and non-use of confidential or proprietary information, or assigning or transferring, as works made for hire, any inventions, improvements, discoveries or information made or other rights created by such personnel, in any other way relating to p-MPA Technology, or (c) obligating such Person not to engage in any activities competitive with any business of Assignor or any predecessor-in-interest thereof. For purposes of this Agreement, the term "predecessor-in-interest" shall include, but not be limited to, each Shareholder.

3. all data and records relating to the p-MPA Technology, including, but not limited to, customer lists, all raw data, all data on use and experience with the p-MPA Technology, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, financial and accounting records, creative materials, advertising materials, promotional materials, reports, correspondence and other similar documents and records;

4. all equipment of every kind owned or leased by Assignor in connection with the p-MPA Technology (wherever located and whether or not carried on Assignor's books), including, but not limited to, all CPUs and storage devices on which any of the p-MPA Technology is stored in electronic form, but shall not include any furniture, photocopiers or other ordinary office equipment;

5. all governmental authorizations (including, but not limited to all consents, licenses, or permits issued, granted, given, or otherwise made available by or under the authority of any governmental body or pursuant to any legal requirement, but specifically excluding any general business license) relating to the p-MPA Technology and all pending applications therefor or renewals thereof, in each case to the extent transferable to Assignee; and

6. all insurance benefits, including rights and proceeds, arising from or relating to the Assigned Assets prior to the date of the Assignment Agreement, including all benefits paid

after the date of the Assignment Agreement for occurrences prior to the date of the Assignment Agreement.

All of the property and assets to be transferred to Assignor pursuant to the terms of the Assignment Agreement (including this and the other schedules thereto), including, but not limited to, the items referred to in paragraphs 1 through 6 above, but excluding the Excluded Assets, are herein referred to collectively as the "Assigned Assets".

Notwithstanding anything to the contrary contained in the Assignment Agreement (including this and the other schedules thereto), (a) all cash, cash equivalents and accounts receivable, and (b) all agreements, contracts, leases, consensual obligations, promises, or undertakings (whether written or oral and whether express or implied) other than those agreements included within the Assigned Assets are not part of the sale and purchase contemplated hereunder,

are excluded from the Assigned Assets, and shall remain the property of Assignor after the date of the Assignment Agreement (collectively, the "Excluded Assets").

Schedule B-2

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzon Pharmaceuticals, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur J. Higgins, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/Arthur J. Higgins

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

February 14, 2003

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzon Pharmaceuticals, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth J. Zuerblis, Vice President Finance, Chief Financial Officer and Corporate Secretary of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/Kenneth J. Zuerblis

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

February 14, 2003