**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington , D.C. 20549**

**FORM 10-K**

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number: 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) | (I.R.S. Employer Identification No.) |
| **20 Commerce Drive (Suite 135), Cranford, New Jersey** | **07016** |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: **(732) 980-4500**

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

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

| Title of Class | Name of Exchange on Which Registered |
|---|---|
| Common Stock, $0.01 par value | None |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. ☐ Yes ☒ No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the Common Stock, $0.01 par value per share ("Common Stock"), held by non-affiliates of the registrant was approximately $11,495,797 as of June 29, 2018, based upon the closing sale price quoted on the OTCQX market of the OTC Markets Group, Inc. of $0.26 per share reported for such date. Shares of Common Stock held by each executive officer and director of the registrant as of June 29, 2018 have been excluded in that such shares may be deemed to be owned by affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

There were 44,214,603 shares of Common Stock issued and outstanding as of February 8, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

If the registrant files a definitive proxy statement relating to its 2019 Annual Meeting of Stockholders with the Commission not later than 120 days after December 31, 2018, portions of such definitive proxy statement will be incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. However, if such definitive proxy statement is not filed with the Commission in such 120-day period, the registrant will file an amendment to this Annual Report on Form 10-K with the Commission not later than the end of such 120-day period to include the information required by Part III of Form 10-K.

**ENZON PHARMACEUTICALS, INC.**

**2018 Annual Report on Form 10-K**

**Table of Contents**

Unless the context requires otherwise, references in this Annual Report on Form 10-K to “Enzon,” the “Company,” “we,” “us,” or “our” and similar terms mean Enzon Pharmaceuticals, Inc. and its subsidiaries.

This Annual Report on Form 10-K contains forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “potential,” “anticipates,” “plans,” or “intends” or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy. Forward-looking statements are based upon management’s present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future and are subject to known and unknown risks and uncertainties that could cause actual results, events or developments to be materially different from those indicated in such forward-looking statements, including the risks and uncertainties set forth in Item 1A. Risk Factors of this Annual Report on Form 10-K. These risks and uncertainties should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. As such, no assurance can be given that the future results covered by the forward-looking statements will be achieved. All information in this Annual Report on Form 10-K speaks only as of the date of the filing of this report, unless otherwise indicated. We do not intend to update this information to reflect events after the date of this report.

Our website is located at www.enzon.com . Copies of our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and our other reports filed with the Securities and Exchange Commission, or the SEC, can be obtained, free of charge as soon as reasonably practicable after such material is electronically filed with, or furnished to the SEC, by calling (732) 980-4500, through the SEC’s website by clicking the SEC Filings link from the Investors and Media page on our website at www.enzon.com or directly from the SEC’s website at www.sec.gov . Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**FORM 10-K**
**ENZON PHARMACEUTICALS, INC.**

**PART I.**

**Item 1. Business**

Enzon Pharmaceuticals, Inc. (together with its subsidiaries, the "Company," "Enzon," "we" or "us"), manages its sources of royalty revenues from existing licensing arrangements with other companies primarily related to sales of certain drug products that utilize our proprietary technology. In 2018, the primary source of our royalties and milestones revenues was a milestone payment of $7 million due from Servier IP UK Limited ("Servier"). On December 20, 2018, we were notified that the U.S. Food and Drug Administration (the "FDA") approved Servier's Biologics License Application ("BLA") for calaspargase pegol – mknl (brand name ASPARLAS™), also known as SC Oncaspar. Pursuant to an agreement originally entered into with Sigma-Tau Finanziaria S.p.A. ("Sigma-Tau") in November 2009, and ultimately assigned to Servier, we earned a milestone payment of $7.0 million. Accordingly, we recorded revenue and a milestone receivable of $7.0 million at December 31, 2018. In 2017, the primary source of our royalties and milestones revenues was the revenues received from Nektar Therapeutics, Inc. ("Nektar") pursuant to the Second Amendment ("Nektar Second Amendment") to our Cross-License and Option Agreement (the "Nektar License Agreement"), which generated non-recurring milestones revenues of $7.0 million (see below). The receipt of this $7.0 million satisfied all future obligations of royalty payments to us pursuant to the Nektar License Agreement.

Prior to 2017, the primary source of our royalty revenues was derived from sales of PegIntron, which is marketed by Merck & Co., Inc. ("Merck"). The Company currently has no clinical operations and limited corporate operations. We have no intention of resuming any clinical development activities or acquiring new sources of royalty revenues. Royalty revenues from sales of PegIntron accounted for (2)% and 7% of our total revenues for the years ended December 31, 2018 and 2017, respectively, net of the effects of adjustments for Merck's recoupment of previously overpaid royalties. The effects of such recoupments were recorded as a decrease of royalty revenues aggregating approximately $280,000 and $877,000 for the years ending December 31, 2018 and 2017, respectively, as discussed in Note 4 to the Consolidated Financial Statements.

In March 2018, Merck notified us that a downward adjustment of approximately $313,000 in royalties was necessary, resulting primarily from product returns relating to periods prior to December 31, 2017. Accordingly, at December 31, 2017, we accrued a liability to Merck of approximately $313,000 and partially offset that amount by the $88,000 that was due to us from Merck. Thus, we recorded a net payable to Merck of approximately $225,000 at December 31, 2017. In January 2018, Merck paid the $88,000 to us, which increased the liability to $313,000. During the second quarter, Enzon earned approximately $60,000 of royalties, which reduced the royalty payable to Merck to $253,000. During the third quarter of 2018, Merck notified us of an additional recoupment of approximately $280,000, resulting primarily from product rebates and returns. In the fourth quarter, Enzon earned approximately $94,000 of royalties. Accordingly, the liability to Merck was $439,000 at December 31, 2018, as discussed in Note 4 to the Condensed Consolidated Financial Statements.

In April 2013, we announced that we intended to distribute excess cash, expected to arise from royalty revenues, in the form of periodic dividends to stockholders. On February 4, 2016, our Board adopted a Plan of Liquidation and Dissolution (the "Plan of Liquidation and Dissolution"), the implementation of which has been postponed. (See Note 14 to the Consolidated Financial Statements.)

On January 30, 2019, we entered into a letter agreement with Servier, a wholly owned indirect subsidiary of Les Laboratoires Servier, in connection with the asset purchase agreement, dated as of November 9, 2009 (the "Asset Purchase Agreement"), by and between Klee Pharmaceuticals, Inc., Defiante Farmacêutica, S.A. ("Defiante") and Sigma-Tau, on the one hand, and the Company, on the other hand. Under the letter agreement, Servier, as successor-in-interest to Defiante, has confirmed its obligation to pay us a $7.0 million milestone payment related to SC Oncaspar as a result of the FDA's December 20, 2018 approval of calaspargase pegol – mknl (brand name ASPARLAS™) as a component of a multi-agent chemotherapeutic regimen for the treatment of acute lymphoblastic leukemia in pediatric and young adult patients age 1 month to 21 years. In addition, under the letter agreement, we agreed to waive Servier's obligations to pursue the development of SC Oncaspar in Europe and the approval of SC Oncaspar by the European Medicines Agency ("EMEA") under the Asset Purchase Agreement, provided that the Company is not waiving Servier's obligation to make any applicable milestone payment to the Company upon EMEA approval, if any, of SC Oncaspar. Servier is required to pay the $7.0 million milestone payment to us within three business days following the parties' completion of procedures for claiming benefits under the double tax treaty between the United States and the United Kingdom. We expect to receive the $7.0 million milestone payment from Servier by the third quarter of 2019. However, no assurance can be given as to the timing of our receipt of the payment.

On June 26, 2017, we entered into the Nektar Second Amendment, wherein Nektar agreed to buy-out all remaining payment obligations to us under the Nektar License Agreement. In consideration for fully paid-up licenses under the Nektar License Agreement and for the dismissal with prejudice of all claims and counterclaims asserted in the litigation with Nektar, Nektar agreed to pay us the sum of $7.0 million, which satisfied all future obligations of royalty payments pursuant to the Nektar License Agreement. The entire amount due was received during 2017. Accordingly, we recorded revenue of $7.0 million in 2017.

We have a marketing agreement with Micromet AG ("Micromet"), now part of Amgen, Inc. (the "Micromet Marketing Agreement"), that was entered into in 2004, under which Micromet is the exclusive marketer of the parties' combined intellectual property portfolio in the field of single-chain antibody technology. Under the Micromet Marketing Agreement, the parties agreed to share, on an equal basis, in any licensing fees, milestone payments and royalties revenue received by Micromet in connection with any licenses of the patents within the portfolio by Micromet to any third party during the term of the collaboration. To our knowledge, Micromet has a license agreement with Viventia Biotech (Barbados) Inc. ("Viventia"), now part of Sesen Bio, Inc. ("Sesen") that was entered into in 2005, under which Micromet granted Viventia nonexclusive rights, with certain sublicense rights, for know-how and patents allowing exploitation of certain single chain antibody products, which patents cover some key aspects of Vicinium, one of Sesen's drug candidates that is in Phase 3 clinical trials being evaluated for the treatment of patients with non-muscle invasive bladder cancer. To our knowledge, Micromet is entitled to receive (i) certain milestone payments with respect to the filing of a new drug application ("NDA") for Vicinium with the FDA or the filing of a marketing approval application for Vicinium with the EMEA; (ii) certain milestone payments with respect to the first commercial sale of Vicinium in the U.S. or Europe and (iii) certain royalties on net sales for ten years from the first commercial sale of Vicinium. Pursuant to the Micromet Marketing Agreement, we would be entitled to a 50% share of these milestone payments and royalties received by Micromet. Due to the challenges associated with developing and obtaining approval for drug products, there is substantial uncertainty whether any of these milestones will be achieved. We also have no control over the time, resources and effort that Sesen may devote to its programs and limited access to information regarding or resulting from such programs. Accordingly, there can be no assurance that we will receive any of the milestone or royalty payments under the Micromet Marketing Agreement. We will not recognize revenue until all revenue recognition requirements are met.

Commencing on March 1, 2016, we changed the location of our principal executive offices to 20 Commerce Drive, Suite 135, Cranford, New Jersey, 07016. We entered into an office service agreement with Regus Management Group, LLC ("Regus") for use of office space at this location effective March 1, 2016. Under the agreement, in exchange for our right to use the office space at this location, we were required to pay Regus an initial service retainer of $2,418 and thereafter pay Regus a monthly fee of $1,209 until February 28, 2017. This agreement was renewed for two one-year extensions, until February 28, 2019, for a monthly fee of $1,259. In June 2018, Regus and we agreed to end the lease on August 31, 2018, and replace it with an updated office service agreement. We entered into an office service agreement with Regus for mailbox plus, telephone answering, and virtual office services effective September 1, 2018. Under the agreement, in exchange for the services provided by Regus, we were required to pay Regus an initial service retainer of $259 and thereafter pay Regus a monthly fee of $259 until August 31, 2019.

Effective July 1, 2018, we entered into an office rental agreement with Equinox Junior, LLC ("Equinox") for use of office space at 3556 Main Street, Manchester, VT, 05225. Under this agreement, in exchange for our right to use the office space at this location, we are required to pay Equinox a monthly fee of $708 until June 30, 2019.

***Plan of Dissolution***

On February 4, 2016, our Board of Directors adopted the Plan of Liquidation and Dissolution pursuant to which the Company would, subject to obtaining requisite stockholder approval, be liquidated and dissolved in accordance with Sections 280 and 281(a) of the General Corporation Law of the State of Delaware. In approving the Plan of Liquidation and Dissolution, our Board of Directors had considered, among other factors, the ability of the Company to obtain no-action relief from the Securities and Exchange Commission (the "SEC") to suspend certain of our reporting obligations under the Securities Exchange Act of 1934, as amended, and the anticipated cost savings if such relief is granted by the SEC. Upon further review, our Board of Directors determined that it would be fair, advisable and in the best interests of the Company and its stockholders to postpone seeking stockholder approval of the Plan of Liquidation and Dissolution until a later time to be determined by our Board of Directors.

From time to time, our Board of Directors reviews the Company's status and prospects in deciding on the timing of dissolution and liquidation of the Company pursuant to the Plan of Liquidation and Dissolution. If our Board of Directors determines to seek stockholder approval of such plan and such plan is approved by our stockholders and implemented by the Company, it is expected that our corporate existence will continue for the purpose of winding up our business and affairs for at least three years. We have forecasted minimal or no royalty or milestone revenues for the foreseeable future. In light of the uncertainty as to whether any of the milestones under the Micromet Marketing Agreement would be achieved, this forecast assumes that we would not receive any milestone or royalty payments under the Micromet Marketing Agreement.

**ROYALTIES**

We currently receive royalty revenues from existing licensing arrangements with Merck primarily related to sales of two marketed drug products, namely, PegIntron ® and Sylatron ®. Until 2017, in recent years, royalty revenues from Merck were our primary source of revenues. In 2018, we earned a $7 million milestone payment from Servier in connection with its receiving FDA approval for ASPARLAS, also known as SC Oncaspar. In 2017, we earned $7 million in royalties from Nektar in connection with our entering into the Nektar Second Amendment. Royalty revenues from sales of PegIntron accounted for approximately (2)% and 7% of our total revenues in each of the years ended December 31, 2018 and 2017, respectively, net of the effects of adjustments for Merck's recoupment of previously overpaid royalties. Our right to receive royalties on U.S. and European sales of PegIntron expired in 2016 and 2018, respectively.

Sales of PegIntron have been in decline since 2008. Products that compete with PegIntron have been and potentially will be introduced by other drug manufacturers. In addition, there are multiple oral drug therapies, both available and in development, that have been effective for treatment of hepatitis C that do not require interferon. As a result, we expect sales of PegIntron-related products to continue their declining trend.

We have out-licensed our proprietary PEGylation and single-chain antibody, or SCA, technologies on our own and through agreements with Nektar and Micromet AG ("Micromet"). Micromet was acquired by Amgen in 2012. Under our Cross-License and Option Agreement with Nektar, Nektar had the lead role in granting sublicenses for certain of our PEGylation patents and we receive royalties on sales of any approved product for which a sublicense has been granted. Pursuant to the Nektar Second Amendment, we are no longer entitled to any royalties or immunity fees from Nektar under the Nektar License Agreement.

**PATENTS AND INTELLECTUAL PROPERTY RIGHTS**

We have a portfolio of issued U.S. patents, many of which have foreign counterparts. Of the patents owned or exclusively licensed by us, one relates to PegIntron. The patent related to PegIntron (peginterferon alfa-2b) expired in the U.S. in 2016 and expired outside of the U.S. in 2018 (including any patent term extensions), except for Japan, where the patent was extended until 2021 and Malaysia and Chile, where the patent expires in 2020 and 2024, respectively. Although we believe that our patents provide certain protection from competition, we cannot assure you that such patents will be of substantial protection or commercial benefit to us, will afford us adequate protection from competing products, or will not be challenged or declared invalid. In addition, we cannot assure you that additional U.S. patents or foreign patent equivalents will be issued to us.

Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. Many of our patents have expired or are nearing the end of their patent protection period. The actual protection afforded by a patent, which can vary from country to country, depends upon the type of patent, the scope of its coverage and the availability of legal remedies in the country.

**GOVERNMENT REGULATION**

Although we are no longer engaged in clinical activities, our patent assignees are subject to various government regulatory processes. The FDA and comparable regulatory agencies in state and local jurisdictions and in foreign countries impose substantial requirements on the clinical development, manufacture, and marketing of pharmaceutical products. These agencies and other federal, state, local and foreign entities regulate research and development activities and the inspection, testing, manufacture, quality assurance, safety, effectiveness, labeling, packaging, storage, distribution, record-keeping, approval, and promotion of products. Drug products require regulatory approval before commercialization. In particular, therapeutic products for human use are subject to rigorous preclinical and clinical testing and other requirements of the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act, implemented by the FDA, as well as similar statutory and regulatory requirements of foreign countries. Obtaining these marketing approvals and subsequently complying with ongoing statutory and regulatory requirements is costly and time consuming. Any failure by our collaborators, licensors or licensees to obtain, or any delay in obtaining, regulatory approval or in complying with post-approval requirements, could adversely affect our ability to receive product or royalty revenues.

The approval process can take a number of years, if approval is obtained at all, and often requires substantial financial resources, including license application fees. The results of preclinical studies and initial clinical trials are not necessarily predictive of the results from large-scale clinical trials, and clinical trials may be subject to additional costs, delays or modifications due to a number of factors, including the difficulty in obtaining enough patients, clinical investigators, drug supply, or financial support.

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

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

We cannot predict the extent of government regulation that might result from current or future legislation or administrative action. Any proposed or actual changes could cause our collaborators to limit or eliminate spending on development projects and may otherwise impact us. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might result from current or future legislative or administrative action, either in the U.S. or abroad. Additionally, in both domestic and foreign markets, sales of our proposed products will depend, in part, upon the availability of reimbursement from third-party payors, such as government health administration authorities, managed care providers, private health insurers and other organizations. Significant uncertainty often exists as to the reimbursement status of newly approved health care products. In addition, third-party payors are increasingly challenging the price and cost-effectiveness of medical products and services.

With respect to patented products, delays imposed by the government approval process may materially reduce the period during which we will have the exclusive right to exploit them.

**EMPLOYEES AND EXECUTIVE OFFICERS**

We currently have no employees. Our executive officers provide services to us on a consulting basis.

**Item 1A. Risk Factors**

Throughout this Annual Report on Form 10-K, we have made forward-looking statements in an attempt to better enable the reader to understand our future prospects and make informed judgments. By their nature, forward-looking statements are subject to numerous factors that may influence outcomes or even prevent their eventual realization. Such factors may be external to the Company and entirely outside of our control.

We cannot guarantee that our assumptions and expectations will be correct. Failure of events to be achieved or of certain underlying assumptions to prove accurate could cause actual results to vary materially from past results and those anticipated or projected. We do not intend to update forward-looking statements.

Certain risks and uncertainties are discussed below. However, it is not possible to predict or identify all such factors. Accordingly, you should not consider this recitation to be complete.

## Risks Relating to the Proposed Dissolution and Liquidation

**The proposed dissolution and liquidation of the Company may not be completed in a timely manner or at all.**

On February 4, 2016, our Board of Directors adopted a Plan of Liquidation and Dissolution, pursuant to which the Company would, subject to obtaining requisite stockholder approval, be liquidated and dissolved in accordance with Sections 280 and 281(a) of the General Corporation Law of the State of Delaware. In approving the Plan of Liquidation and Dissolution, our Board of Directors had considered, among other factors, the ability of the Company to obtain no-action relief from the SEC to suspend certain of the Company's reporting obligations under the Securities Exchange Act of 1934, as amended, and the anticipated cost savings if such relief is granted by the SEC. After further consideration, our Board of Directors determined that it would be fair, advisable and in the best interests of the Company and its stockholders to postpone seeking stockholder approval of the Plan of Liquidation and Dissolution until a later time to be determined by our Board of Directors.

From time to time, our Board of Directors reviews the Company's status and prospects in deciding on the timing of dissolution and liquidation of the Company pursuant to the Plan of Liquidation and Dissolution. If our Board of Directors determines to seek stockholder approval of such plan and such plan is approved by our stockholders and implemented by the Company, it is expected that our corporate existence will continue for the purpose of winding up our business and affairs for at least three years. We have forecasted minimal or no royalty or milestone revenues for the foreseeable future. In light of the uncertainty as to whether any of the milestones under the Micromet Marketing Agreement would be achieved, this forecast assumes that we would not receive any milestone or royalty payments under the Micromet Marketing Agreement.

**The amount we distribute to our stockholders as liquidating distributions, if any, pursuant to the Plan of Liquidation and Dissolution may be substantially less than estimated.**

At present, we cannot determine with certainty the amount of any liquidating distribution to our stockholders if the Plan of Liquidation and Dissolution is implemented. The amount of cash ultimately distributed to our stockholders in any liquidating distribution pursuant to the Plan of Liquidation and Dissolution depends on, among other things, the amount of our liabilities, obligations and expenses and claims against us, and the amount of the reserves that we establish during the liquidation process. Estimates of these amounts may be inaccurate. Factors that could impact these estimates include the following: (i) if any of the estimates regarding the Plan of Liquidation and Dissolution, including the expenses to satisfy outstanding obligations, liabilities and claims during the liquidation process, are inaccurate, (ii) if litigation is brought against us or our directors and officers, if unforeseen claims are asserted against us, we will have to defend or resolve such claims or establish a reasonable reserve before making distributions to our stockholders, (iii) if the estimates regarding the expenses to be incurred in the liquidation process, including expenses of personnel required and other operating expenses (including legal, accounting and other professional fees) necessary to dissolve and liquidate the Company, are inaccurate and (iv) if we continue to incur significant expenses related to ongoing reporting obligations.

## Risks Relating to the Company and its Operations

**Until 2017, in recent years, we derived most of our royalty revenues from continued sales of PegIntron, which have been in sharp decline and have been subject to recoupments for substantial returns and rebates. In addition, our right to receive royalties on U.S. and European sales of PegIntron expired in 2016 and 2018, respectively, which has negatively impacted our royalty revenues.**

Until 2017, in recent years, we had derived most of our royalty revenues from continued sales of PegIntron, which is marketed by Merck. Royalty revenues from sales of PegIntron accounted for approximately (2)% and 7% of our total royalty revenues in each of the years ended December 31, 2018 and 2017, respectively, net of the effects of adjustments for Merck's recoupment of previously overpaid royalties. Sales of PegIntron have been in sharp decline in recent years, and our right to receive royalties on U.S. and European sales of PegIntron expired in 2016 and 2018, respectively, which adversely affected our operating results and financial position. As reported by Merck, sales declines were driven by lower volumes in nearly all regions as the availability of new therapeutic options resulted in continued loss of market share. It is unlikely that Merck will continue to generate sales of PegIntron at levels that would enable us to receive royalties in amounts that are comparable with the amounts of royalties that we have received in recent years. In addition, product returns and rebates may limit future royalties and allow Merck to recoup prior paid royalties. Neither the amount nor timing of resources dedicated by Merck to the marketing of PegIntron nor Merck's policies related to product returns and rebates is within our control. In addition, there are multiple oral drug therapies, both available and in development, that have been effective for treatment of hepatitis C that do not require interferon. As a result, we expect that sales of PegIntron-related products will continue their declining trend.

**We may not be able to sustain profitability and we may incur losses over the next several years.**

We have incurred losses in the past and have limited sources of revenues. Our revenues and operating results will likely fluctuate in future periods due to variations in our recurring royalty revenues, which are expected to continue to decline. In anticipation of the revenue decline, we have commensurately reduced our operating expenses, including the cessation of our research and development activities, elimination of our workforce, discontinuance of our significant lease commitment and the use of consultants in order to sustain profitability. However, with the sustained decline in revenue and the expectation of continued operating expenses, there can be no assurance that we will be successful in maintaining profitability.

**Certain of our rights to receive royalties on sales of PegIntron and sales of other drug products have already expired and our remaining rights to receive royalties will expire in the near future and we currently do not intend to acquire new sources of royalty revenues.**

Merck's obligation to pay us royalties on sales of PegIntron terminates, on a country-by-country basis, upon the later of the date on which the last patent to contain a claim covering PegIntron expires in the country or 15 years after the date on which PegIntron was first approved for commercial marketing in such country. Our right to receive royalties on sales of PegIntron expired in the U.S. in 2016, expired in Europe in 2018 and will expire in Malaysia in 2020, Japan in 2021 and Chile in 2024. We currently do not intend to acquire new sources of royalty revenues. As a result, following expirations of our rights to receive royalties on sales of PegIntron and sales of other drug products or potential drug products, we may not have sufficient revenues to continue operations.

**We may not realize our deferred income tax assets.**

The ultimate realization of our deferred income tax assets is dependent upon generating future taxable income, executing tax planning strategies, and reversals of existing taxable temporary differences. We have recorded a full valuation allowance against our deferred income tax assets. The valuation allowance may fluctuate as conditions change. Our ability to utilize net operating loss ("NOL") carryforwards to offset our future taxable income and/or to recover previously paid taxes would be limited if we were to undergo an "ownership change" within the meaning of Section 382 of the Internal Revenue Code (the "IRC"). In general, an "ownership change" occurs whenever the percentage of the stock of a corporation owned by "5-percent shareholders" (within the meaning of Section 382 of the IRC) increases by more than 50 percentage points over the lowest percentage of the stock of such corporation owned by such "5-percent shareholders" at any time over the testing period.

An ownership change under Section 382 of the IRC would establish an annual limitation to the amount of NOL carryforwards we could utilize to offset our taxable income in any single year. The application of these limitations might prevent full utilization of the deferred tax assets attributable to our NOL carryforwards. There can be no assurance that we will not undergo an ownership change within the meaning of Section 382. See Note 10 to our Financial Statements, included in Item 8 in this document.

**We have outsourced all corporate functions, which makes us more dependent on third parties to perform these corporate functions.**

We have outsourced all corporate functions, which makes us more dependent on third parties for the performance of these functions. To the extent that we are unable to effectively reallocate employee responsibilities, retain key officers as consultants, maintain effective internal control over financial reporting and effective disclosure controls and procedures, establish and maintain agreements with competent third-party contractors on terms that are acceptable to us, or effectively manage the work performed by any retained third-party contractors, our ability to manage the operations of our business effectively could be compromised.

**We may be subject to a variety of types of product liability or other claims based on allegations that the use of our product candidates by participants in our previously conducted clinical trials has resulted in adverse effects, and our insurance may not cover all product liability or other claims.**

We may face liability claims related to the use or misuse of our product candidates in previously conducted clinical trials. These claims may be expensive to defend and may result in large judgments against us. Any such claims against us, regardless of their merit, might result in significant costs to defend or awards against us, and our insurance coverage and resources may not be sufficient to satisfy any liability resulting from such claims. A successful product liability or other claim brought against us could cause the market price of our common stock to decline and, if judgments exceed our insurance coverage, could decrease our cash and materially harm our business, financial condition or results of operations.

**We are party to license and other collaboration agreements that contain complex commercial terms that could result in disputes, litigation or indemnification liability that could cause the value of the Company and our assets and the market price of our common stock to decline.**

We are party to license, collaboration and other agreements with biotechnology and pharmaceutical companies. These agreements contain complex commercial terms, including royalties on drug sales based on a number of complex variables (including net sales calculations, geography, scope of patent claim coverage, patent life and other factors) and indemnification obligations. From time to time, we may have dispute resolution discussions with third parties regarding the appropriate interpretation of the complex commercial terms contained in our agreements. One or more disputes may arise or escalate in the future regarding our agreements that may ultimately result in costly litigation and unfavorable interpretation of contract terms, which could cause the value of the Company and our assets and the market price of our common stock to decline.

**We are party to license agreements whereby we may receive royalties from products subject to regulatory approval.**

Our licensees may be unable to maintain regulatory approvals for currently licensed products or obtain regulatory approvals for new products. Safety issues could also result in the failure to maintain regulatory approvals or decrease revenues.

## Risks Relating to Our Common Stock

**The price of our common stock has been, and may continue to be, volatile.**

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

- the level of revenues we generate from royalties we receive;
- changes in our business plans;
- the losses we may incur;
- developments in patent or other proprietary rights owned or licensed by us, our collaborative partners or our competitors;
- public concern as to the safety and efficacy of products developed by others; and
- litigation.

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

**Our common stock is quoted on the OTCQX market of the OTC Markets Group, Inc., which has a very limited trading market and, therefore, market liquidity for our common stock is low and our stockholders' ability to sell their shares of our common stock may be limited.**

Our common stock is quoted on the OTCQX market of the OTC Markets Group, Inc. and the quotation of our common stock on the OTCQX market does not assure that a liquid trading market exists or will develop. Stocks traded on the OTCQX market generally have very limited trading volume and exhibit a wider spread between the bid/ask quotations than stocks traded on national exchanges. Moreover, a significant number of institutional investors have investment policies that prohibit them from trading in stocks on the OTCQX marketplace. As a result, investors may find it difficult to dispose of, or to obtain accurate quotations of the price of, our common stock. This significantly limits the liquidity of our common stock and may adversely affect the market price of our common stock.

We do not currently, and are not expected in the future to, meet the listing standards of any national exchange. We presently anticipate that our common stock will continue to be quoted on the OTCQX market. As a result, investors must bear the economic risk of holding their shares of our common stock for an indefinite period of time. In the future, our common stock could become subject to "penny stock" rules which impose additional disclosure requirements on broker-dealers and could further negatively impact market liquidity for our common stock and our stockholders' ability to sell their shares of our common stock.

**The declaration of dividends is within the discretion of our Board of Directors, subject to any applicable limitations under Delaware corporate law. Our ability to pay dividends in the future depends on, among other things, our future royalty revenues, which are expected to decrease sharply over the next several years, as well as our ability to manage expenses, including costs relating to our ongoing operations.**

In April 2013, we announced that our Board of Directors intends to distribute excess cash, expected to arise from ongoing royalty revenues, in the form of periodic dividends to our stockholders. The declaration of dividends is within the discretion of our Board of Directors, subject to any applicable limitations under Delaware corporate law, and, therefore, our Board of Directors could decide in the future not to declare dividends. In addition, our ability to pay dividends in the future depends on, among other things, our future revenues from existing and any future royalties and/or milestone payments and our ability to manage expenses, including costs relating to our ongoing operations. Our future revenues from existing royalties have decreased sharply over the last several years and are expected to continue to decrease sharply over the next several years (and eventually cease altogether) due to eventual expirations over time of our right to receive royalties under the terms of our existing licensing arrangements. Future revenues from existing royalties may also decline due to decreases in the sales of the drug products for which we have the right to receive royalties. There is no assurance that we will have sufficient royalty revenues to be able to pay dividends in the future. Moreover, if we file a Plan of Liquidation and Dissolution, the applicable Delaware court may impose limitations on our ability to declare dividends prior to the final dissolution of the Company. Any inability to pay dividends could cause the market price of our common stock to decline significantly.

**Anti-takeover provisions in our charter documents and under Delaware corporate law may make it more difficult to acquire us, even though such acquisitions may be beneficial to our stockholders.**

Provisions of our certificate of incorporation and bylaws, as well as provisions of Delaware corporate law, could make it more difficult for a third party to acquire us, even though such acquisitions may be beneficial to our stockholders. These anti-takeover provisions include:

- lack of a provision for cumulative voting in the election of directors;
- the ability of our board to authorize the issuance of "blank check" preferred stock to increase the number of outstanding shares and thwart a takeover attempt;
- advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- limitations on who may call a special meeting of stockholders.

The provisions described above and provisions of Delaware corporate law relating to business combinations with interested stockholders may discourage, delay or prevent a third party from acquiring us. These provisions may also discourage, delay or prevent a third party from acquiring a large portion of our securities, or initiating a tender offer, even if our stockholders might receive a premium for their shares in the acquisition over the then current market price.

Our previous Section 382 rights plan expired on April 30, 2017 and has not been replaced.

**The issuance of preferred stock may adversely affect rights of our common stockholders.**

Under our certificate of incorporation, our Board of Directors has the authority to issue up to three million shares of "blank check" preferred stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by our stockholders. The rights of the holders of common stock will be subject to the rights of the holders of any shares of preferred stock that may be issued in the future. In addition to discouraging a takeover, as discussed above, this "blank check" preferred stock may have rights, including economic rights senior to the common stock, and, as a result, the issuance of such preferred stock could have a material adverse effect on the market value of our common stock.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Since March 1, 2016, and July 1, 2018, we have occupied the following New Jersey and Vermont office spaces, respectively, pursuant to office service agreements:

| Location | Principal Use | Approx. Square Footage | Approx. Annual Rent | Expiration |
|---|---|---|---|---|
| 20 Commerce Drive (Suite 135), Cranford, New Jersey | Executive offices | 500 | $ 3,000 | August 31, 2019 |
| 3556 Main Street, Manchester, Vermont | Executive offices | 500 | $ 8,500 | June 30, 2019 |

We believe that the above office spaces are generally adequate for our present and anticipated future needs.

In February 2016, we terminated our prime lease and sublease and, effective March 1, 2016, we entered into an office service agreement for new office space, as shown, above. See Item 1. Business.

We currently own no real property.

**Item 3. Legal Proceedings**

From time to time, we are engaged in litigation arising in the ordinary course of our business. There are currently no pending material litigation to which we are a party or to which any of our property is subject.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II.**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities**

**Market Information**

Since August 9, 2016, our common stock has been quoted for trading on the OTCQX market of the OTC Markets Group, Inc. under the trading symbol "ENZN."

**Holders**

As of February 8, 2019, there were 849 holders of record of our common stock.

**Dividends**

In April 2013, we announced that our Board of Directors intends to distribute excess cash, expected to arise from ongoing royalty revenues, in the form of periodic dividends to our stockholders. The declaration of dividends is within the discretion of our Board of Directors, subject to any applicable limitations under Delaware corporate law, and therefore our Board of Directors could decide in the future not to declare dividends. In addition, our ability to pay dividends in the future depends on, among other things, our future revenues from existing royalties and our ability to manage expenses, including costs relating to our ongoing operations.

**Repurchase of Equity Securities**

**Common Stock**

On December 21, 2010, our Board of Directors had authorized a share repurchase program under which we are authorized to repurchase up to $200 million of our outstanding common stock. Since the inception of this share repurchase program, the cumulative number of shares repurchased and retired through December 31, 2018 amounts to 16,174,578 shares at a total cost of $153.4 million, or an average cost per share of approximately $9.48.

Since December 2012, we have suspended repurchases under the share repurchase program and do not currently intend to resume repurchases under the share repurchase program. Accordingly, no shares were repurchased in 2018 and 2017.

**Item 6. Selected Financial Data**

As a smaller reporting company, we are not required to provide the information required by this item.

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

The following discussion of our financial condition and results of operations should be read together with our consolidated financial statements and notes to those statements included elsewhere in this Annual Report on Form 10-K.

**Forward-Looking Information and Factors That May Affect Future Results**

The following discussion contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in the following discussion, other than statements that are purely historical, are forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "potential," "anticipates," "plans," or "intends" or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy. Forward-looking statements are based upon management's present expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future and are subject to known and unknown risks and uncertainties that could cause actual results, events or developments to be materially different from those indicated in such forward-looking statements, including the risks and uncertainties set forth in Item 1A. Risk Factors. These risks and uncertainties should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. As such, no assurance can be given that the future results covered by the forward-looking statements will be achieved.

The percentage changes throughout the following discussion are based on amounts stated in thousands of dollars and not the rounded millions of dollars reflected in this section.

**Overview**

In 2018, the primary source of our royalty revenues was related to a milestone payment of $7.0 million due from Servier. On December 20, 2018, we were notified that the FDA approved Servier's BLA for calaspargase pegol – mknl (brand name ASPARLAS™), also known as SC Oncaspar. Pursuant to an agreement originally entered into with Sigma-Tau in July 2015, and ultimately assigned to Servier, we earned a milestone payment of $7 million. Accordingly, we recorded revenue and a receivable of $7.0 million as of December 31, 2018. In 2017, the primary source of our royalty revenues was the revenues from Nektar pursuant to the Nektar Second Amendment to the Nektar License Agreement with Nektar, which generated non-recurring royalty revenues of $7 million (see below). The receipt of this $7 million satisfied all future obligations of royalty payments to us pursuant to the Nektar License Agreement.

Prior to 2017, the primary source of our royalty revenues was derived from sales of PegIntron, which is marketed by Merck. We currently have no clinical operations and limited corporate operations. We have no intention of resuming any clinical development activities or acquiring new sources of royalty revenues. Royalty revenues from sales of PegIntron accounted for (2)% and 7% of our total revenues for the years ended December 31, 2018 and 2017, respectively, net of the effects of adjustments for Merck's recoupment of previously overpaid royalties. The effects of such recoupments were recorded as a decrease of royalty revenues aggregating approximately $280,000 and $877,000 for the years ending December 31, 2018 and 2017, respectively, as discussed in Note 4 to the Consolidated Financial Statements.

In March 2018, Merck notified us that a downward adjustment of approximately $313,000 in royalties was necessary, resulting primarily from product returns relating to periods prior to December 31, 2017. Accordingly, at December 31, 2017, we accrued a liability to Merck of approximately $313,000 and partially offset that amount by the $88,000 that was due to us from Merck. Thus, we recorded a net payable to Merck of approximately $225,000 at December 31, 2017. In January 2018, Merck paid us the $88,000, which increased the liability to $313,000. During the second quarter, we earned approximately $60,000 of royalties, which reduced the royalty payable to Merck to $253,000. During the third quarter of 2018, Merck notified us of an additional recoupment of approximately $280,000, resulting primarily from product rebates and returns. In the fourth quarter, we earned approximately $94,000 of royalties. Accordingly, the liability to Merck was $439,000 at December 31, 2018, as discussed in Note 4 to the Condensed Consolidated Financial Statements.

In April 2013, we announced that we intended to distribute excess cash, expected to arise from royalty revenues, in the form of periodic dividends to stockholders. On February 4, 2016, our Board adopted the Plan of Liquidation and Dissolution, the implementation of which has been postponed. (See Note 14 to our Consolidated Financial Statements.)

On January 30, 2019, we entered into a letter agreement with Servier, in connection with the Asset Purchase Agreement, by and between Klee Pharmaceuticals, Inc., Defiante and Sigma-Tau, on the one hand, and the Company, on the other hand. Under the letter agreement, Servier, as successor-in-interest to Defiante, has confirmed its obligation to pay us a $7.0 million milestone payment related to SC Oncaspar as a result of the FDA's December 20, 2018 approval of calaspargase pegol – mknl (brand name ASPARLAS™) as a component of a multi-agent chemotherapeutic regimen for the treatment of acute lymphoblastic leukemia in pediatric and young adult patients age 1 month to 21 years. In addition, under the letter agreement, we agreed to waive Servier's obligations to pursue the development of SC Oncaspar in Europe and the approval of SC Oncaspar by the EMEA under the Asset Purchase Agreement, provided that we are not waiving Servier's obligation to make any applicable milestone payment to us upon EMEA approval, if any, of SC Oncaspar. Servier is required to pay the $7.0 million milestone payment to us within three business days following the parties' completion of procedures for claiming benefits under the double tax treaty between the United States and the United Kingdom. We expect to receive the $7.0 million milestone payment from Servier by the third quarter of 2019. However, no assurance can be given as to the timing of our receipt of the payment.

On June 26, 2017, we entered into the Nektar Second Amendment, wherein Nektar agreed to buy-out all remaining payment obligations to us under the Nektar License Agreement. In consideration for fully paid-up licenses under the Nektar License Agreement and for the dismissal with prejudice of all claims and counterclaims asserted in the litigation with Nektar, Nektar agreed to pay us the sum of $7.0 million, which satisfies all future obligations of royalty payments pursuant to the Nektar License Agreement, the first $3.5 million of which was paid within one business day of the effective date of the Nektar Second Amendment and the remaining $3.5 million was to be paid within one business day of January 5, 2018. Accordingly, we recorded revenue of $7.0 million and a receivable of $3.5 million in the second quarter of 2017. The remaining payment of $3.5 million was received in December 2017.

We may be entitled to certain potential future milestone payments contingent upon the achievement of certain regulatory approval-related milestones by third-party licensees. There can be no assurance that the Company will receive any milestone payments resulting from its agreements with any of our third-party licensees. We will not recognize revenue from any of our third-party licensees until all revenue recognition requirements are met.

Commencing on March 1, 2016, we changed the location of its principal executive offices to 20 Commerce Drive, Suite 135, Cranford, New Jersey, 07016. We entered into an office service agreement with Regus for use of office space at this location effective March 1, 2016. Under the agreement, in exchange for our right to use the office space at this location, we were required to pay Regus an initial service retainer of $2,418 and thereafter pay Regus a monthly fee of $1,209 until February 28, 2017. This agreement was renewed for two one-year extensions, until February 28, 2019, for a monthly fee of $1,259. In June 2018, we and Regus agreed to end the lease on August 31, 2018, and replace it with an updated office service agreement. We entered into an office service agreement with Regus for mailbox, plus telephone answering and virtual office services effective September 1, 2018. Under the agreement, in exchange for the services provided by Regus, we were required to pay Regus a monthly fee of $259 until August 31, 2019.

Effective July 1, 2018, we entered into an office rental agreement with Equinox for use of office space at 3556 Main Street, Manchester, VT, 05225. Under this agreement, in exchange for our right to use the office space at this location, we are required to pay Equinox a monthly fee of $708 until June 30, 2019.

***Plan of Dissolution***

On February 4, 2016, our Board of Directors adopted a Plan of Liquidation and Dissolution, pursuant to which the Company would, subject to obtaining requisite stockholder approval, be liquidated and dissolved in accordance with Sections 280 and 281(a) of the General Corporation Law of the State of Delaware. In approving the Plan of Liquidation and Dissolution, our Board of Directors had considered, among other factors, the ability of the Company to obtain no-action relief from the Securities and Exchange Commission (the "SEC") to suspend certain of the Company's reporting obligations under the Securities Exchange Act of 1934, as amended, and the anticipated cost savings if such relief is granted by the SEC. Upon further review, our Board of Directors determined that it would be fair, advisable and in the best interests of the Company and its stockholders to postpone seeking stockholder approval of the Plan of Liquidation and Dissolution until a later time to be determined by our Board of Directors.

From time to time, our Board of Directors reviews the Company's status and prospects in deciding on the timing of dissolution and liquidation of the Company pursuant to the Plan of Liquidation and Dissolution. If our Board of Directors determines to seek stockholder approval of such plan and such plan is approved by our stockholders and implemented by the Company, it is expected that our corporate existence will continue for the purpose of winding up our business and affairs for at least three years. We have forecasted minimal or no royalty or milestone revenues for the foreseeable future. In light of the uncertainty as to whether any of the milestones under the Micromet Marketing Agreement would be achieved, this forecast assumes that we would not receive any milestone or royalty payments under the Micromet Marketing Agreement.

**Results of Operations** (in millions of dollars):

| | For the Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Revenues: | | |
| Royalties and milestones, net | $ 6.9 | $ 8.4 |
| Total revenues | 6.9 | 8.4 |
| Operating expenses: | | |
| General and administrative | 1.1 | 1.4 |
| Operating income | 5.8 | 7.0 |
| Income tax expense | - | (1.6) |
| Net income | $ 5.8 | $ 5.4 |

*Overview*

The following table summarizes our royalties earned in 2018 and 2017:

**Royalties and Milestones Revenues** (in millions of dollars):

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | **2018** | **% Change** | **2017** |
| Royalties and milestones revenues | 7.2 | (23) | 9.3 |
| Less: Adjustment by Merck for returns and rebates | (0.3) | (67) | (0.9) |
| | $ 6.9 | (18) | $ 8.4 |

Until 2017, in recent years, our royalty revenues had been derived, primarily, from sales of PegIntron. In 2018 and 2017, we earned total royalties and milestones revenues of approximately $6.9 million and $8.4 million, respectively. The revenues in 2018 resulted from $7.0 million earned pursuant to a milestone reached by Servier. The revenues in 2017 were substantially attributable to the $7.0 million we received in connection with the Nektar Second Amendment. Royalty revenues from sales of PegIntron accounted for approximately (2)% and 7% of our total royalty revenues in 2018 and 2017, respectively. Our right to receive royalties on U.S. and European sales of PegIntron expired in 2016 and 2018, respectively.

In the second quarter of 2017, Merck notified us that they discovered additional overpayments to us resulting from their inaccuracy as to the date on which our right to receive royalties from various countries' sales of PegIntron expired. Such net overpayment to us aggregated approximately $564,000 in royalties during 2015 and 2016. Merck notified us that it intended to recover such overpayment from us by reducing future royalties to which we would otherwise be entitled from Merck until the full amount of the overpayment had been recouped. In the third quarter of 2017, Merck again notified us that, based on rebates and returns of PegIntron products, they had deducted a net amount of approximately $150,000 from aggregate royalties that were otherwise due to us. We took exception to certain of the deductions taken by Merck as being inappropriate. In the fourth quarter of 2017, Merck corrected such deductions and added a net $111,000, to the royalties that were otherwise due to the Company. The aggregate amount of royalties earned from Merck during 2017 was approximately $1.3 million. In March 2018, Merck notified us that an additional adjustment of approximately $313,000 was necessary, primarily, due to returns from sales in China in the fourth quarter of 2017. Merck will recoup this through deductions from future royalties otherwise payable to us. Accordingly, we recorded an aggregate reduction for overpayments, rebates and returns of approximately $1.6 million from the gross royalties earned during 2016 and 2017, leaving a balance due to Merck of approximately $225,000. This was recorded as a payable at December 31, 2017.

In January 2018, Merck paid the $88,000 to the Company, which increased the liability to $313,000. During the second quarter, Enzon earned approximately $60,000 of royalties, which reduced the royalty payable to Merck to $253,000. During the third quarter of 2018, Merck notified the Company of an additional recoupment of approximately $280,000, resulting primarily from product rebates and returns. In the fourth quarter, Enzon earned approximately $94,000 of royalties. Accordingly, the liability to Merck was $439,000 at December 31, 2018, as discussed in Note 4 to the Condensed Consolidated Financial Statements.

Royalty revenues decreased approximately 100% in 2018 compared to 2017. This was primarily due to a 99% decrease in royalties on PegIntron, including recoupments of previously overpaid royalties, aggregating approximately $280,000 in 2018. As reported by Merck, in recent years, sales declines were driven by lower volumes in nearly all regions, as the availability of new therapeutic options resulted in continued loss of market share.

Any future revenues are heavily weighted towards royalties and revenues to be received from the use of our technology and are dependent upon numerous factors outside of our control. Until 2017, we derived most of our royalty revenues from sales of PegIntron, which have been in decline since 2008. Merck's obligation to pay us royalties on sales of PegIntron terminates, on a country-by-country basis, upon the later of the date on which the last patent to contain a claim covering PegIntron expires in the country or 15 years after the date on which PegIntron was first approved for commercial marketing in such country. Our rights to receive royalties from sales of PegIntron expired in the U.S. in 2016, expired in Europe in 2018 and will expire in Malaysia in 2020, Japan in 2021 and Chile in 2024.

Other factors potentially affecting our royalty revenues include new or increased competition from products that may compete with the products for which we receive royalties and the effectiveness of marketing by our licensees. Our rights to receive royalties and immunity fees on OMONTYS, CIMZIA and Macugen terminated as a result of us entering into the Nektar Second Amendment in 2017.

In addition, there are multiple oral drug therapies, both available and in development, that have been effective for treatment of hepatitis C that do not require interferon. As a result, we expect that sales of PegIntron-related products will continue their declining trend.

**General and Administrative Expenses** (in millions of dollars):

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2018 | % Change | 2017 |
| General and administrative expenses | $ 1.1 | (21) | $ 1.4 |

For the year ended December 31, 2018, general and administrative expenses were $1.1 million, down 21% from $1.4 million in the prior year. The change in 2018 from 2017 was primarily from filing fees and general insurance expense in connection with our lease termination, as well as a decrease in professional fees, primarily legal, incurred in 2017 in connection with the Nektar Second Amendment.

In 2018 and 2017, general and administrative expenses consist primarily of consulting fees for executive services, outside professional services for accounting, audit, tax, legal, financing activities and patent filing fees.

**Income Taxes**

On December 22, 2017, the President of the United States signed and enacted comprehensive tax legislation into law, H.R. 1, commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). Except for certain provisions, the Tax Act is effective for tax years beginning on or after January 1, 2018. The items having the most significant impact resulting from the Tax Act on our financial statements, include: the lowering of the U.S. federal corporate income tax rate, the repeal of the corporate alternative minimum tax, the treatment of alternative minimum tax credits as refundable tax credits and the remeasurement of certain deferred tax assets and related valuation allowances. We completed the accounting for the tax impact of the Act as of December 31, 2017 and recorded no provisional amounts.

As a result of royalty and milestone income for the year ended December 31, 2018, we generated $5.8 million in taxable income before utilization of net operating loss carryforwards. We utilized net operating loss carryforwards of $5.8 million to fully offset current year taxable income. Due to the valuation allowance placed on our deferred tax assets, the deferred tax expense resulting from the usage and/or expiration of deferred tax assets was offset by a corresponding deferred tax benefit from a reduction in valuation allowance, and we recorded no deferred tax expense during the year ended December 31, 2018. We are projecting future tax losses and have recorded a full valuation allowance against our remaining deferred tax assets as of December 31, 2018, as we believe it is more likely than not that these assets will not be realized.

These projections and beliefs are based upon a variety of estimates and numerous assumptions made by our management with respect to, among other things, forecasted sales of the drug products for which we have the right to receive royalties and other matters, many of which are difficult to predict, are subject to significant uncertainties and are beyond our control. As a result, there can be no assurance that the estimates and assumptions upon which these projections and beliefs are based will prove accurate, that the projected results will be realized or that the actual results will not be substantially higher or lower than projected.

**Liquidity and Capital Resources**

Our current sources of liquidity are (i) our existing cash on hand and (ii) anticipated milestone payments from third-party licensee. While we no longer have any research and development activities, we continue to retain rights to receive royalties and milestone payments from existing licensing arrangements with other companies. We believe that our existing cash on hand and anticipated milestone payments will be sufficient to fund our operations, at least, through February 29, 2020. However, our future royalty revenues are expected to be minimal over the next several years.

Cash provided by operating activities represents net income, as adjusted for certain non-cash items including the effect of changes in operating assets and liabilities. Cash used in operating activities during 2018 was $1.0 million, as compared to cash provided by operating activities of $6.5 million in 2017. The decrease was due, primarily to the $.4 million increase in net income, as adjusted by the $7 million increase in milestone receivables (due from Servier), and partially offset by an increase in accounts payable of approximately $0.2 million (recoupment by Merck).

Cash used in financing activities was none in 2018 and $6.6 million in 2017. In 2017, this was entirely attributable to the payments of approximately $6.6 million in dividends on our common stock in September 2017.

The net effect of the foregoing was a decrease of cash of approximately $1.0 million, from $7.5 million at December 31, 2017 to $6.5 million at December 31, 2018.

**Off-Balance Sheet Arrangements**

We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow limited purposes. As of December 31, 2018, we were not involved in any off-balance sheet special purpose entity transactions.

**Critical Accounting Policies and Estimates**

A critical accounting policy is one that is both important to the portrayal of a 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.

Our consolidated financial statements are presented in accordance with accounting principles that are generally accepted in the U.S. ("U.S. GAAP"). All applicable U.S. GAAP accounting standards effective as of December 31, 2018 have been taken into consideration in preparing the consolidated financial statements. The preparation of the consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Some of those estimates are subjective and complex, and, consequently, actual results could differ from those estimates. The following accounting policies and estimates have been highlighted as significant because changes to certain judgments and assumptions inherent in these policies could affect our consolidated financial statements.

We base our estimates, to the extent possible, on historical experience. Historical information is modified as appropriate based on current business factors and various assumptions that we believe are necessary to form a basis for making judgments about the carrying value of assets and liabilities. We evaluate our estimates on an ongoing basis and make changes when necessary. Actual results could differ from our estimates.

*Revenues*

Royalties under our license agreements with third parties and pursuant to the sale of our former specialty pharmaceutical business are recognized when reasonably determinable and earned through the sale of the product by the third party and collection is reasonably assured. Notification from the third-party licensee of the royalties earned under the license agreement is the basis for royalty revenue recognition. This information generally is received from the licensees in the quarter subsequent to the period in which the sales occur.

Contingent payments due under the asset purchase agreement for the sale of our former specialty pharmaceutical business are recognized as income when the milestone has been achieved and collection is assured. Such payments are non-refundable and no further effort is required on our part or the other party to complete the earning process.

*Income Taxes*

Under the asset and liability method of accounting for income taxes, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. 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. As of December 31, 2018, we believe, based on our projections, that it is more likely than not that our net deferred tax assets, including our net operating losses from operating activities, will not be realized. We recognize the benefit of an uncertain tax position that we have taken or expect to take on the income tax returns we file if it is more likely than not that we will be able to sustain our position.

*Stock-Based Compensation*

Compensation cost, measured by the fair value of the equity instruments issued, adjusted for estimated forfeitures, is recognized in the financial statements as the respective awards are earned. The impact that stock-based compensation awards will have on our results of operations is a function of the number of shares awarded, vesting and the trading price and fair value of our stock at the date of grant or modification. Fair value of stock-based compensation is determined using the Black-Scholes valuation model, which employs weighted-average assumptions for the expected volatility of our stock, the expected term until exercise of the options, the risk-free interest rate, and dividends, if any. Expected volatility is based on our historical stock price information.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a smaller reporting company, we are not required to provide the information required by this item.

**Item 8. Financial Statements and Supplementary Data**

Financial statements and notes thereto appear on pages F-1 to F-25 of this Annual Report on Form 10-K.

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

None.

**Item 9A. Controls and Procedures**

**(a) Evaluation of Disclosure Controls and Procedures**

Our management, under the direction of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of December 31, 2018. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosures. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2018.

**(b) Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**(c) Management's Report on Internal Control over Financial Reporting**

It is the responsibility of the management of Enzon Pharmaceuticals, Inc. and Subsidiaries to establish and maintain effective internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Internal control over financial reporting is a process designed by, or under the supervision of our Principal Executive Officer and Principal Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Enzon; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Enzon are being made only in accordance with authorizations of management and directors of Enzon; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of Enzon's assets that could have a material effect on the consolidated financial statements of Enzon.

Under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in "Internal Control—Integrated Framework - 2013" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management concluded that as of December 31, 2018 our internal control over financial reporting was effective based on those criteria.

**(d) Limitations on the Effectiveness of Controls**

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

| | |
|---|---|
| /s/ Andrew Rackear | /s/ Richard L. Feinstein |
| Andrew Rackear | Richard L. Feinstein |
| Chief Executive Officer and Secretary | Vice President-Finance and Chief Financial Officer |
| (Principal Executive Officer) | (Principal Financial Officer) |
| February 21, 2019 | February 21, 2019 |

**Item 9B. Other Information**

None.

**PART III.**

**Item 10. Directors, Executive Officers and Corporate Governance**

If we file a definitive proxy statement relating to our 2019 Annual Meeting of Stockholders with the SEC not later than 120 days after December 31, 2018, the information required by this Item 10 is incorporated herein by reference to such definitive proxy statement. However, if such definitive proxy statement is not filed with the SEC in such 120-day period, we will file an amendment to this Annual Report on Form 10-K with the SEC not later than 120 days after December 31, 2018 to include the information required by this Item 10.

**Item 11. Executive Compensation**

If we file a definitive proxy statement relating to our 2019 Annual Meeting of Stockholders with the SEC not later than 120 days after December 31, 2018, the information required by this Item 11 is incorporated herein by reference to such definitive proxy statement. However, if such definitive proxy statement is not filed with the SEC in such 120-day period, we will file an amendment to this Annual Report on Form 10-K with the SEC not later than 120 days after December 31, 2018 to include the information required by this Item 11.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

If we file a definitive proxy statement relating to our 2019 Annual Meeting of Stockholders with the SEC not later than 120 days after December 31, 2018, the information required by this Item 12 is incorporated herein by reference to such definitive proxy statement. However, if such definitive proxy statement is not filed with the SEC in such 120-day period, we will file an amendment to this Annual Report on Form 10-K with the SEC not later than 120 days after December 31, 2018 to include the information required by this Item 12.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

If we file a definitive proxy statement relating to our 2019 Annual Meeting of Stockholders with the SEC not later than 120 days after December 31, 2018, the information required by this Item 13 is incorporated herein by reference to such definitive proxy statement. However, if such definitive proxy statement is not filed with the SEC in such 120-day period, we will file an amendment to this Annual Report on Form 10-K with the SEC not later than 120 days after December 31, 2018 to include the information required by this Item 13.

**Item 14. Principal Accounting Fees and Services**

If we file a definitive proxy statement relating to our 2019 Annual Meeting of Stockholders with the SEC not later than 120 days after December 31, 2018, the information required by this Item 14 is incorporated herein by reference to such definitive proxy statement. However, if such definitive proxy statement is not filed with the SEC in such 120-day period, we will file an amendment to this Annual Report on Form 10-K with the SEC not later than 120 days after December 31, 2018 to include the information required by this Item 14.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

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

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

| Exhibit Number | Description | Reference No. |
|---|---|---|
| 2.1 | Asset Purchase Agreement, dated as of November 9, 2009, by and between Klee Pharmaceuticals, Inc., Defiante Farmacêutica, S.A. and Sigma-Tau Finanziaria S.p.A., on the one hand, and Enzon Pharmaceuticals, Inc., on the other hand | (9) |
| 2.2 | Plan of Liquidation and Dissolution of Enzon Pharmaceuticals, Inc. (adopted by the Board of Directors of Enzon Pharmaceuticals, Inc. on February 4, 2016) | (17) |
| 3.1 | Amended and Restated Certificate of Incorporation dated May 18, 2006, together with that Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated July 13, 2010 | (1) |
| 3.2 | Second Amended and Restated By-Laws effective March 11, 2011, as amended by Amendment No. 1 to the Second Amended and Restated By-Laws effective February 15, 2013 | (11) |
| 3.3 | Certificate of Designation of Series A Junior Participating Preferred Stock of Enzon Pharmaceuticals, Inc. filed with the Secretary of the State of Delaware on May 1, 2014 | (15) |
| 10.1 | 2001 Incentive Stock Plan, as amended and restated, of Enzon Pharmaceuticals, Inc.** | (2) |
| 10.2 | Development, License and Supply Agreement between Enzon, Inc. (now known as Enzon Pharmaceuticals, Inc.) and Schering Corporation; dated November 14, 1990, as amended* | (3) |
| 10.3 | Amended and Restated 2013 Outside Director Compensation Plan** | (12) |
| 10.4 | Form of Non-Qualified Stock Option Agreement for Executive Officers under the 2001 Incentive Stock Plan** | (5) |
| 10.5 | Form of Restricted Stock Award Agreement for Executive Officers under the 2001 Incentive Stock Plan** | (5) |
| 10.6 | Form of Restricted Stock Unit Award Agreement for Executive Officers under the 2001 Incentive Stock Plan** | (6) |
| 10.7 | Form of Restricted Stock Unit Award Agreement for Independent Directors under the 2001 Incentive Stock Plan** | (4) |
| 10.8 | Form of Stock Option Award Agreement for Independent Directors under the 1987 Non-Qualified Stock Option Plan** | (4) |
| 10.9 | Form of Stock Option Award Agreement for Independent Directors under the 2001 Incentive Stock Plan** | (4) |
| 10.10 | Amendment to Outstanding Awards Under 2001 Incentive Stock Plan** | (8) |
| 10.11 | 2001 Incentive Stock Plan Non-Qualified Stock Plan Terms and Conditions** | (8) |
| 10.12 | 2001 Incentive Stock Plan Restricted Stock Unit Award Terms and Conditions** | (8) |
| 10.13 | 2001 Incentive Stock Plan Restricted Stock Award Terms and Conditions** | (8) |
| 10.14 | 2011 Stock Option and Incentive Plan** | (10) |
| 10.15 | Form of Non-Qualified Stock Option Agreement for Company Employees under the 2011 Stock Option and Incentive Plan** | (10) |
| 10.16 | Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the 2011 Stock Option and Incentive Plan** | (10) |
| 10.17 | Form of Restricted Stock Unit Award Agreement for Company Employees under the 2011 Stock Option and Incentive Plan** | (10) |
| 10.18 | Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the 2011 Stock Option and Incentive Plan** | (10) |
| 10.19 | 2007 Employee Stock Purchase Plan | (7) |
| 10.20 | Independent Contractor Agreement, dated as of December 13, 2013, between Enzon Pharmaceuticals, Inc. and Richard L. Feinstein** | (14) |
| 10.21 | Assignment, Assumption and Release Agreement, dated as of September 11, 2015, between Kingsbridge 2005, LLC and Enzon Pharmaceuticals, Inc. | (16) |
| 10.22 | Amendment 1 to Independent Contractor Agreement, effective as of December 28, 2015, between Enzon Pharmaceuticals, Inc. and Richard L. Feinstein** | (18) |

| | | |
|---|---|---|
| 10.23 | Agreement, dated as of December 29, 2015, among Kingsbridge 2005, LLC, Enzon Pharmaceuticals, Inc. and Axcellerate Pharma, LLC (executed by Enzon Pharmaceuticals, Inc. on February 4, 2016) | (18) |
| 10.24 | Letter Agreement, dated February 4, 2016, between Kingsbridge 2005, LLC and Enzon Pharmaceuticals, Inc. | (18) |
| 10.25 | Separation Agreement, dated as of September 27, 2013, between Enzon Pharmaceuticals, Inc. and Andrew Rackear** | (13) |
| 10.26 | Amendment to Separation Agreement, dated as of January 1, 2016, between Enzon Pharmaceuticals, Inc. and Andrew Rackear** | (19) |
| 10.27 | Amendment 2 to Separation Agreement, dated as of March 31, 2016, between Enzon Pharmaceuticals, Inc. and Andrew Rackear** | (19) |
| 10.28 | Amended and Restated Exclusive IP Marketing Agreement, dated as of June 28, 2004, by and between Micromet AG and Enzon Pharmaceuticals, Inc. | + |
| 10.29 | Letter Agreement, dated January 30, 2019, between Servier IP UK Limited and Enzon Pharmaceuticals, Inc. | + |
| 21.1 | Subsidiaries of Registrant | + |
| 23.1 | Consent of EisnerAmper LLP | + |
| 31.1 | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | + |
| 31.2 | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | + |
| 32.1 | Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*** | + |
| 32.2 | Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*** | + |
| 101 | The following materials from Enzon Pharmaceuticals, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flow, and (v) Notes to Consolidated Financial Statements. | + |

+ Filed herewith

* Portions of this exhibit have been redacted and filed separately with the Commission pursuant to a confidential treatment request.

** Management contracts or compensatory plans and arrangements required to be filed pursuant to Item 601(b)(10)(ii)(A) or (iii) of Regulation S-K.

*** These certifications are not deemed filed by the Commission and are not to be incorporated by reference in any filing the Company makes under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.

Referenced exhibit was previously filed with the Commission as an exhibit to the Company's filing indicated below and is incorporated herein by reference to that filing:

(1) Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 filed August 9, 2010

(2) Current Report on Form 8-K filed May 19, 2006

(3) Annual Report on Form 10-K for the fiscal year ended June 30, 2002 filed on September 26, 2002

(4) Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 filed November 9, 2005

(5) Quarterly Report on Form 10-Q for the quarter ended December 31, 2004 filed February 9, 2005

(6) Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 filed May 10, 2005

(7) Registration Statement on Form S-8 (File No. 333-140282) filed January 29, 2007

(8) Annual Report on Form 10-K for the year ended December 31, 2008 filed March 9, 2009

(9) Current Report on Form 8-K filed November 12, 2009

(10) Registration Statement on Form S-8 (File No. 333-174099) filed May 10, 2011

(11) Annual Report on Form 10-K for the year ended December 31, 2012 filed March 18, 2013

(12) Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 filed August 6, 2013

(13) Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed November 12, 2013

(14) Annual Report on Form 10-K for the year ended December 31, 2014 filed March 14, 2014

(15) Current Report on Form 8-K filed May 1, 2014

(16) Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed November 6, 2015

(17) Current Report on Form 8-K filed February 9, 2016

(18) Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed March 21, 2016

(19) Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 filed May 9, 2016

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ENZON PHARMACEUTICALS, INC.**
(Registrant)

Dated: February 21, 2019

/s/ Andrew Rackear
Andrew Rackear
Chief Executive Officer and Secretary
(Principal Executive Officer)

Dated: February 21, 2019

/s/ Richard L. Feinstein
Richard L. Feinstein
Vice President-Finance and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Name | Title | Date |
|---|---|---|
| /s/ Andrew Rackear<br>Andrew Rackear | Chief Executive Officer and Secretary<br>(Principal Executive Officer) | February 21, 2019 |
| /s/ Richard L. Feinstein<br>Richard L. Feinstein | Vice President - Finance and Chief Financial Officer<br>(Principal Financial Officer and Principal Accounting Officer) | February 21, 2019 |
| /s/ Jonathan Christodoro<br>Jonathan Christodoro | Chairman of the Board | February 21, 2019 |
| /s/ Odysseas Kostas<br>Odysseas Kostas | Director | February 21, 2019 |
| /s/ Jennifer McNealey<br>Jennifer McNealey | Director | February 21, 2019 |

**ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES**

**Index**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Enzon Pharmaceuticals, Inc. and Subsidiaries

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Enzon Pharmaceuticals, Inc. and Subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ EisnerAmper LLP

We have served as the Company's auditor since 2013.

EISNERAMPER LLP
Philadelphia, Pennsylvania
February 21, 2019

**ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**(In thousands, except share and per share amounts)**

| | December 31, | |
|---|---|---|
| | **2018** | **2017** |
| ASSETS | | |
| Current assets: | | |
| Cash | $ 6,500 | $ 7,478 |
| Milestone receivable | 7,000 | - |
| Refundable tax credits receivable, current portion | 970 | - |
| Other current assets | 70 | 94 |
| Total current assets | 14,540 | 7,572 |
| Refundable tax credits receivable, net of current portion | 970 | 1,940 |
| Total assets | $ 15,510 | $ 9,512 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 439 | $ 225 |
| Accrued expenses and other current liabilities | 78 | 143 |
| Total current liabilities | 517 | 368 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock - $0.01 par value, authorized 3,000,000 shares; no shares issued and outstanding at December 31, 2018 and 2017 | - | - |
| Common stock - $0.01 par value, authorized 170,000,000 shares; issued and outstanding 44,214,603 shares at December 31, 2018 and 2017 | 442 | 442 |
| Additional paid-in capital | 83,649 | 83,649 |
| Accumulated deficit | (69,098) | (74,947) |
| Total stockholders' equity | 14,993 | 9,144 |
| Total liabilities and stockholders' equity | $ 15,510 | $ 9,512 |

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

**ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**
**(In thousands, except per share amounts)**

| | Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Revenues: | | |
| Royalties and milestones, net | $ 6,918 | $ 8,379 |
| Total revenues | 6,918 | 8,379 |
| Operating expenses: | | |
| General and administrative | 1,063 | 1,371 |
| Total operating expenses | 1,063 | 1,371 |
| Operating income and income before income tax expense | 5,855 | 7,008 |
| Income tax expense | 6 | 1,563 |
| Net income | $ 5,849 | $ 5,445 |
| Earnings per common share | | |
| Basic and diluted | $ 0.13 | $ 0.12 |
| Weighted average number of shares | | |
| Basic and diluted | 44,215 | 44,215 |

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

**ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(In thousands)**

| | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total |
|---|---|---|---|---|---|
| | Number of Shares | Par Value | | | |
| Balance, December 31, 2016 | 44,215 | $ 442 | $ 90,281 | $ (80,392) | $ 10,331 |
| Net income | - | - | - | 5,445 | 5,445 |
| Common stock dividend | - | - | (6,632) | - | (6,632) |
| Balance, December 31, 2017 | 44,215 | $ 442 | $ 83,649 | $ (74,947) | $ 9,144 |
| Net income | - | - | - | 5,849 | 5,849 |
| Balance, December 31, 2018 | 44,215 | $ 442 | $ 83,649 | $ (69,098) | $ 14,993 |

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

**ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**

| | Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Cash flows from operating activities: | | |
| Net income | $ 5,849 | $ 5,445 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: | | |
| Deferred tax provision | - | 3,362 |
| Changes in operating assets and liabilities: | | |
| Increase in milestone receivable | (7,000) | - |
| Decrease in other current assets | 24 | 176 |
| Increase in refundable tax credit receivable | - | (1,940) |
| Increase (decrease) in accounts payable | 214 | (545) |
| Decrease in accrued expenses and other current liabilities | (65) | (27) |
| Net cash (used in) provided by operating activities | (978) | 6,471 |
| | | |
| Cash flows from financing activities: | | |
| Common stock dividends | - | (6,632) |
| Net cash used in financing activities | - | (6,632) |
| Net decrease in cash | (978) | (161) |
| Cash at beginning of year | 7,478 | 7,639 |
| Cash at end of year | $ 6,500 | $ 7,478 |
| | | |
| Supplemental cash flows disclosure: | | |
| Cash paid for income taxes | $ - | $ - |

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

## (1) Description of Business

Enzon Pharmaceuticals, Inc. (together with its subsidiaries, the "Company," "Enzon," "we" or "us"), manages its sources of royalty revenues from existing licensing arrangements with other companies primarily related to sales of certain drug products that utilize our proprietary technology. In 2018, the primary source of the Company's royalties and milestones revenues was a milestone payment of $7.0 million due from Servier IP UK Limited ("Servier"). On December 20, 2018, the Company was notified that the U.S. Food and Drug Administration (the "FDA") approved Servier's Biologics License Application ("BLA") for calaspargase pegol – mknl (brand name ASPARLAS™), also known as SC Oncaspar. Pursuant to an agreement originally entered into with Sigma-Tau Finanziaria S.p.A. ("Sigma-Tau") in November 2009, and ultimately assigned to Servier, the Company earned a milestone payment of $7.0 million. Accordingly, the Company recorded revenue and a milestone receivable of $7.0 million at December 31, 2018. In 2017, the primary source of the Company's milestone revenues was the revenues received from Nektar Therapeutics, Inc. ("Nektar") pursuant to the Second Amendment ("Nektar Second Amendment") to the Company's Cross-License and Option Agreement (the "Nektar License Agreement"), which generated non-recurring milestone revenues of $7 million (see below). The receipt of this $7.0 million satisfied all future obligations of royalty payments to us pursuant to the Nektar License Agreement.

Prior to 2017, the primary source of our royalty revenues was derived from sales of PegIntron, which is marketed by Merck & Co., Inc. ("Merck"). The Company currently has no clinical operations and limited corporate operations. The Company has no intention of resuming any clinical development activities or acquiring new sources of royalty revenues. Royalty revenues from sales of PegIntron accounted for (2)% and 7% of the Company's total revenues for the years ended December 31, 2018 and 2017, respectively, net of the effects of Merck's recoupment of previously overpaid royalties. The effects of such recoupments were recorded as a decrease of revenues aggregating approximately $280,000 and $877,000 for the years ended December 31, 2018 and 2017, respectively, as discussed in Note 4 to the Consolidated Financial Statements.

In March 2018, Merck notified the Company that a downward adjustment of approximately $313,000 in royalties was necessary, resulting primarily from product returns relating to periods prior to December 31, 2017. Accordingly, at December 31, 2017, the Company accrued a liability to Merck of approximately $313,000 and partially offset that amount by the $88,000 that was due to the Company from Merck. Thus, the Company recorded a net payable to Merck of approximately $225,000 at December 31, 2017. In January 2018, Merck paid the $88,000 to the Company, which increased the liability to $313,000. During the second quarter of 2018, Enzon earned approximately $60,000 of royalties, which reduced the royalty payable to Merck to $253,000. During the third quarter of 2018, Merck notified the Company of an additional recoupment of approximately $280,000, resulting primarily from product rebates and returns. In the fourth quarter, Enzon earned approximately $94,000 of royalties. Accordingly, the liability to Merck was $439,000 at December 31, 2018, as discussed in Note 4 to the Consolidated Financial Statements.

In April 2013, we announced that we intended to distribute excess cash, expected to arise from royalty and milestone revenues, in the form of periodic dividends to stockholders. On February 4, 2016, our Board adopted a Plan of Liquidation and Dissolution (the "Plan of Liquidation and Dissolution"), the implementation of which has been postponed. (See Note 14.)

On January 30, 2019, the Company entered into a letter agreement with Servier, a wholly owned indirect subsidiary of Les Laboratoires Servier, in connection with the asset purchase agreement, dated as of November 9, 2009 (the "Asset Purchase Agreement"), by and between Klee Pharmaceuticals, Inc., Defiante Farmacêutica, S.A. ("Defiante") and Sigma-Tau, on the one hand, and the Company, on the other hand. Under the letter agreement, Servier, as successor-in-interest to Defiante, has confirmed its obligation to pay the Company a $7.0 million milestone payment related to SC Oncaspar as a result of the FDA's December 20, 2018 approval of calaspargase pegol – mknl (brand name ASPARLAS™) as a component of a multi-agent chemotherapeutic regimen for the treatment of acute lymphoblastic leukemia in pediatric and young adult patients age 1 month to 21 years. In addition, under the letter agreement, the Company has agreed to waive Servier's obligations to pursue the development of SC Oncaspar in Europe and the approval of SC Oncaspar by the European Medicines Agency ("EMEA") under the Asset Purchase Agreement, provided that the Company is not waiving Servier's obligation to make any applicable milestone payment to the Company upon EMEA approval, if any, of SC Oncaspar. Servier is required to pay the $7.0 million milestone payment to the Company within three business days following the parties' completion of procedures for claiming benefits under the double tax treaty between the United States and the United Kingdom. The Company expects to receive the $7.0 million milestone payment from Servier by the third quarter of 2019. However, no assurance can be given as to the timing of the Company's receipt of the payment.

On June 26, 2017, the Company entered into the Nektar Second Amendment, wherein Nektar agreed to buy-out all remaining payment obligations to the Company under the Nektar License Agreement. In consideration for fully paid-up licenses under the Nektar License Agreement and for the dismissal with prejudice of all claims and counterclaims asserted in the litigation with Nektar, Nektar agreed to pay the Company the sum of $7 million, which satisfies all future obligations of royalty payments pursuant to the Nektar License Agreement. The amount was paid in full during 2017. Accordingly, the Company recorded revenue of $7 million in 2017.

The Company has a marketing agreement with Micromet AG ("Micromet"), now part of Amgen, Inc. (the "Micromet Marketing Agreement"), that was entered into in 2004 under which Micromet is the exclusive marketer of the parties' combined intellectual property portfolio in the field of single-chain antibody technology. Under the Micromet Marketing Agreement, the parties agreed to share, on an equal basis, in any licensing fees, milestone payments and royalties revenue received by Micromet in connection with any licenses of the patents within the portfolio by Micromet to any third party during the term of the collaboration. To the Company's knowledge, Micromet has a license agreement with Viventia Biotech (Barbados) Inc. ("Viventia"), now part of Sesen Bio, Inc. ("Sesen"), that was entered into in 2005, under which Micromet granted Viventia nonexclusive rights, with certain sublicense rights, for know-how and patents allowing exploitation of certain single chain antibody products, which patents cover some key aspects of Vicinium, one of Sesen's drug candidates that is in Phase 3 clinical trials being evaluated for the treatment of patients with non-muscle invasive bladder cancer. To the Company's knowledge, under the terms of this license agreement between Micromet and Viventia, Micromet is entitled to receive (i) certain milestone payments with respect to the filing of a new drug application for Vicinium with the FDA or the filing of a marketing approval application for Vicinium with the EMEA; (ii) certain milestone payments with respect to the first commercial sale of Vicinium in the U.S. or Europe and (iii) certain royalties on net sales for ten years from the first commercial sale of Vicinium. Pursuant to the Micromet Marketing Agreement, the Company would be entitled to a 50% share of these milestone payments and royalties received by Micromet. Due to the challenges associated with developing and obtaining approval for drug products, there is substantial uncertainty whether any of these milestones will be achieved. The Company also has no control over the time, resources and effort that Sesen may devote to its programs and limited access to information regarding or resulting from such programs. Accordingly, there can be no assurance that the Company will receive any of the milestone or royalty payments under the Micromet Marketing Agreement. The Company will not recognize revenue until all revenue recognition requirements are met.

The Company maintains its principal executive offices at 20 Commerce Drive, Suite 135, Cranford, New Jersey, 07016 through a lease agreement for space and services with Regus Management Group, LLC ("Regus") and also has an office facility at 3556 Main Street, Manchester, VT, 05225 pursuant to an office rental agreement with Equinox Junior, LLC ("Equinox"). See Note 13.

## (2) Summary of Significant Accounting Policies

*Principles of Consolidation*

The consolidated financial statements include the accounts of Enzon Pharmaceuticals, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated as part of the consolidation.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include legal and contractual contingencies and income taxes. Although management bases its estimates on historical experience, relevant current information and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ from these estimates.

*Financial Instruments and Fair Value*

The carrying values of cash, milestone receivable, other current assets, accounts payable, accrued expenses and other current liabilities in the Company's consolidated balance sheets approximated their fair values at December 31, 2018 and 2017 due to their short-term nature. As of December 31, 2018, the Company held no cash equivalents or marketable securities.

*Revenue Recognition*

Royalty revenues from the Company's agreements with third parties are recognized when the Company can reasonably determine the amounts earned. In most cases, this will be upon notification from the third-party licensee, which is typically during the quarter following the quarter in which the sales occurred. The Company does not participate in the selling or marketing of products for which it receives royalties. No provision for uncollectible accounts is established upon recognition of revenues.

Contingent payments due under the asset purchase agreement for the sale of the Company's former specialty pharmaceutical business are recognized as income when the milestone has been achieved and collection is assured. Such payments are non-refundable and no further effort is required on the part of the Company or the other party to complete the earning process.

*Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. 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 realized. The effect of a change in tax rates or laws on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date of the rate change. A valuation allowance is established to reduce the deferred tax assets to the amounts that are more likely than not to be realized from operations.

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that the Company will be able to sustain a position taken on an income tax return. The Company has no liability for uncertain tax positions. Interest and penalties, if any, related to unrecognized tax benefits, would be recognized as income tax expense.

*Stock-Based Compensation Plans*

The Company recognizes the cost of all share-based payment transactions at fair value. Compensation cost, measured by the fair value of the equity instruments issued, adjusted for estimated forfeitures, is recognized in the financial statements as the respective awards are earned.

The impact that share-based payment awards will have on the Company's results of operations is a function of the number of shares awarded, the trading price of the Company's stock at date of grant or modification and vesting, including the likelihood of achieving performance goals. Furthermore, the application of the Black-Scholes valuation model employs weighted average assumptions for expected volatility of the Company's stock, expected term until exercise of the options, the risk free interest rate, and dividends, if any, to determine fair value. Expected volatility is based on historical volatility of the Company's common stock; the expected term until exercise represents the weighted average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and the Company's historical exercise patterns; and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

**(3) Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 (Topic 606), "Revenue from Contracts with Customers," relating to revenue recognition. This new standard provides for a single five-step model to be applied to all revenue contracts with customers as well as requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows relating to customer contracts. Companies have an option to use either a retrospective approach or cumulative effect adjustment approach to implement the standard. This ASU, as amended, was effective January 1, 2018. The adoption of this update did not have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842), "Leases," which is intended to improve financial reporting around leasing transactions. This ASU affects all companies and other organizations that engage in leasing transactions (both lessee and lessor) that lease assets such as real estate and manufacturing equipment. This ASU will require organizations that lease assets – referred to as "leases" – to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. ASU 2016-02 is effective for fiscal years and interim periods within those years beginning January 1, 2019. On January 5, 2018, the FASB issued an exposure draft amending certain aspects of the new leasing standard. The proposed amendments include a provision to allow entities to elect not to restate comparable periods in the period of adoption when transitioning to the new standard and instead permit a modified retrospective approach. The Company believes that, inasmuch as its lease commitments are not material, the new standard will not have a material effect on its consolidated financial statements.

In August 2018, the SEC issued the final rule on Disclosures About Changes in Stockholders' Equity For filings on Form 10-Q, which extends to interim periods the annual requirement in SEC Regulation S-X, Rule 3-04,2 to disclose (1) changes in stockholders' equity and (2) the amount of dividends per share for each class of shares (as opposed to common stock only, as previously required). Pursuant to the final rule, registrants must now analyze changes in stockholders' equity, in the form of a reconciliation, for "the current and comparative year-to-date [interim] periods, with subtotals for each interim period," i.e., a reconciliation covering each period for which an income statement is presented. Rule 3-04 permits the disclosure of changes in stockholders' equity (including dividend-per-share amounts) to be made either in a separate financial statement or in the notes to the financial statements. The final rule is effective for all filings made on or after November 5, 2018. The staff of the SEC has indicated it would not object if the filer's first presentation of the changes in shareholders' equity is included in its Form 10-Q for the quarter that begins after the effective date of the amendments. Therefore, the Company expects to conform to this rule in its Form 10-Q for the quarter ending March 31, 2019. Inasmuch as the Company has paid no dividends nor had any stock-related transactions during the nine months ended September 30, 2018 and its only change in stockholders' equity during that period was its net income (loss), the Company believes that the final rule will not have a material effect on its consolidated financial statements and disclosures.

Other recent ASU's issued by the FASB and guidance issued by the Securities and Exchange Commission did not, or are not believed by management to, have a material effect on the Company's present or future consolidated financial statements.

**(4) Accounts Payable and Accrued Expenses**

In March 2017, Merck notified the Company that it had overpaid it approximately $770,000 in royalties (net of a 25% royalty interest that the Company had previously sold) during the second and third quarters of 2016. This was due to a previous misunderstanding regarding the date on which the Company's right to receive royalties from U. S. sales of PegIntron expired, which Merck advised had occurred in February 2016. Merck notified the Company that it intended to recover such overpayment from the Company by reducing future royalties to which the Company would otherwise be entitled from Merck until the full amount of the overpayment has been recouped. Accordingly, at December 31, 2016, the Company recorded a liability to Merck of approximately $770,000.

In the second quarter of 2017, Merck notified the Company that they discovered additional overpayments to the Company resulting from their inaccuracy as to the date on which the Company's right to receive royalties from various countries' sales of PegIntron expired. Such net overpayment to the Company aggregated approximately $564,000 in royalties during 2015 and 2016. Merck notified the Company that it intended to recover such overpayment from the Company by reducing future royalties to which the Company would otherwise be entitled from Merck until the full amount of the overpayment had been recouped. In the third quarter of 2017, Merck again notified the Company that, based on rebates and returns of PegIntron products, they had deducted a net amount of approximately $150,000 from aggregate royalties that were otherwise due to Enzon. The Company took exception to certain of the deductions taken by Merck as being inappropriate. In the fourth quarter of 2017, Merck corrected such deductions and added a net $111,000, to the royalties that were otherwise due to the Company. The aggregate amount of royalties earned from Merck during 2017 was approximately $1.3 million. In March 2018, Merck notified the Company that an additional adjustment of approximately $313,000 was necessary, primarily, due to returns from sales in China in the fourth quarter of 2017. Merck will recoup this through deductions from future royalties otherwise payable to the Company. Accordingly, the Company recorded an aggregate reduction for overpayments, rebates and returns of approximately $1.6 million from the gross royalties earned during 2016 and 2017, leaving a balance due to Merck of approximately $225,000. This was recorded as a payable at December 31, 2017.

In January 2018, Merck paid the $88,000 to the Company, which increased the liability to $313,000. During the second quarter of 2018, Enzon earned approximately $60,000 of royalties, which reduced the royalty payable to Merck to $253,000. During the third quarter of 2018, Merck notified the Company of an additional recoupment of approximately $280,000, resulting primarily from product rebates and returns. In the fourth quarter of 2018, Enzon earned approximately $94,000 of royalties. Accordingly, the liability to Merck was $439,000 at December 31, 2018.

Accrued expenses and other current liabilities consist of the following as of December 31, 2018 and 2017 (in thousands):

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| Professional and consulting fees | $ 78 | $ 142 |
| Other | - | 1 |
| | $ 78 | $ 143 |

**(5) Stockholders' Equity**

*Preferred Stock*

The Company has authorized 3,000,000 shares of preferred stock in one or more series of which 100,000 are designated as Series A in connection with the Section 382 Rights Plan discussed below.

*Common Stock*

As of December 31, 2018, the Company reserved 9,818,392 shares of its common stock for the non-qualified and incentive stock plans.

*Section 382 Rights Agreement*

On April 30, 2014, the Company's Board of Directors adopted a Section 382 Rights Plan and declared a dividend distribution of one right for each outstanding share of the Company's common stock to stockholders of record at the close of business on May 14, 2014. Such rights lapsed, unexercised, at the stated expiration date of April 30, 2017 and have not been replaced.

**(6) Cash Dividend**

On August 10, 2017, the Company's Board of Directors declared a special cash dividend of $0.15 per share of the Company's common stock. This special cash dividend, aggregating approximately $6.6 million, was paid on September 26, 2017 to stockholders of record as of August 30, 2017. See Notes 8 and 15.

**(7) Earnings Per Common Share**

Basic earnings per common share is computed by dividing the net income by the weighted average number of shares of common stock outstanding during the period. Restricted stock awards and restricted stock units (collectively, nonvested shares) are not considered to be outstanding shares until the service or performance vesting period has been completed.

For purposes of calculating diluted earnings per common share, the denominator includes both the weighted-average number of shares of common stock outstanding and the number of common stock equivalents if the inclusion of such common stock equivalents is dilutive. Dilutive common stock equivalents potentially include stock options and nonvested shares using the treasury stock method and shares issuable under the employee stock purchase plan (ESPP). During 2018 and 2017, there were no common stock equivalents. Earnings per common share information is as follows (in thousands, except per share amounts) for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| **Earnings per Common Share – Basic and Diluted** | | |
| Net income for year | $ 5,849 | $ 5,445 |
| Weighted-average number of common shares outstanding | 44,215 | 44,215 |
| Basic and diluted earnings per share | $ 0.13 | $ 0.12 |

At December 31, 2018 and 2017, options for 41,787 shares were outstanding that have been excluded from the calculation of diluted weighted-average number of shares outstanding, as they would be anti-dilutive, since the respective options' strike price was greater than the market price of the respective shares.

**(8) Stock Options**

Through the Compensation Committee of the Company's Board of Directors, the Company administers the 2011 Stock Option and Incentive Plan, which provides incentive and non-qualified stock option benefits for employees, officers, directors and independent contractors providing services to Enzon. Options granted to employees generally vest over four years from date of grant and options granted to directors vest after one year. The exercise price of the options granted must be at least 100 percent of the fair value of the Company's common stock at the time the options are granted. Options may be exercised for a period of up to ten years from the grant date. As of December 31, 2018, the 2011 plan authorized equity-based awards for 5 million common shares of which about 4.6 million shares remain available for grant, however, there will be no further grants made pursuant to those plans.

In connection with the special cash dividend that was paid on September 26, 2017 to stockholders of record as of August 30, 2017 (see Note 6), the Compensation Committee of the Board approved equitable adjustments to the Company's outstanding stock options and restricted stock units.

The following is a summary of the activity in the Company's outstanding Stock Option Plans, which include the 2011 Stock Option and Incentive Plan, the 2001 Incentive Stock Plan, and the 1987 Non-Qualified Stock Option Plan (options in thousands):

| | Options | Weighted Average Exercise Price Per Option | Weighted Average Remaining Contractual Term (years) | Aggregate Intrinsic Value ($000) |
|---|---|---|---|---|
| Outstanding at December 31, 2018 and 2017 | 42 | $ 3.11 | 2.23 | $ - |
| Vested and expected to vest at December 31, 2018 and 2017 | 42 | $ 3.11 | 2.23 | $ - |
| Exercisable at December 31, 2018 and 2017 | 42 | $ 3.11 | 2.23 | $ - |

As of December 31, 2018, there was no unrecognized compensation cost related to unvested options that the Company expects to recognize.

No options were granted during the years ended December 31, 2018 and 2017.

In the years ended December 31, 2018 and 2017, the Company recorded no stock-based compensation related to stock options. The Company's policy is to use newly issued shares to satisfy the exercise of stock options.

The Company received no cash from exercises of stock options in either of the years ended December 31, 2018 and 2017.

**(9) Restricted Stock Awards and Restricted Stock Units (Nonvested Shares)**

The 2011 Stock Option and Incentive Plan and, prior to that, the 2001 Incentive Stock Plan provide for the issuance of restricted stock awards and restricted stock units (collectively, nonvested shares) to employees, officers and directors. However, there will be no further grants made pursuant to those plans and, as of December 31, 2018, there were no nonvested shares outstanding.

**(10) Income Taxes**

The components of the income tax provision are summarized as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Current: | | |
| Federal | $ - | $ (1,801) |
| State and foreign | 6 | 2 |
| Total current | 6 | (1,799) |
| Deferred: | | |
| Federal and state | - | 3,362 |
| | | |
| Income tax provision | $ 6 | $ 1,563 |

The following table represents the reconciliation between the reported income taxes and the income taxes that would be computed by applying the federal statutory rate (21% for year ended December 31, 2018 and 35% for year ended December 31, 2017) to income before taxes (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | **2018** | **2017** |
| Income tax provision at federal statutory rate | $ 1,229 | $ 2,453 |
| Add (deduct) effect of: | | |
| State income taxes, net of federal tax | 505 | 970 |
| Refundable AMT credit | - | (1,801) |
| Effect of tax rate change as a result of 2017 Tax Cuts and Jobs Act | - | 16,869 |
| Expiration of federal research and development credits | 356 | - |
| Expiration of capital loss carryforwards | 248 | - |
| Change in valuation allowance | (2,332) | (14,549) |
| Recognition of windfall NOLs | - | (2,379) |
| | | |
| Income tax provision | $ 6 | $ 1,563 |

No federal income tax expense was incurred in relation to normal operating results due to the utilization of deferred tax assets and related changes in valuation allowance.

As of December 31, 2018 and 2017, the cumulative tax effects of temporary differences that give rise to the deferred tax assets are as follows (in thousands):

| | **December 31, 2018** | **December 31, 2017** |
|---|---|---|
| Deferred tax assets: | | |
| Federal and state net operating loss carryforward | $ 22,755 | $ 24,399 |
| Research and development credits carryforward | 16,252 | 16,608 |
| Capital loss carryforwards | - | 332 |
| Total gross deferred tax assets | 39,007 | 41,339 |
| Less valuation allowance | (39,007) | (41,339) |
| Net deferred tax assets | $ - | $ - |

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. Among its numerous changes to the Internal Revenue Code, the Act reduced the U.S. federal corporate tax rate from 35% to 21%. For the year ended December 31, 2017, this resulted in a $15.9 million reduction for the deferred tax assets related to net operating losses and other assets. Such reduction was offset by a corresponding reduction to the Company's valuation allowance.

In addition, the Act repealed the corporate alternative minimum tax ("AMT") for years beginning after December 31, 2017 and allowed companies with existing alternative minimum tax credit ("MTC") carryforwards as of December 31, 2017 to receive refunds of the credits in tax years after 2017 and before 2022 in an amount equal to 50% (100% in 2021) of the excess MTC over the amount of the credit allowable each year against regular tax liability.

As of December 31, 2017, the Company had $1.94 million in minimum tax credits and recorded a long term receivable for the future expected refunds of the credits. As of December 31, 2018, the Company has reclassified $970,000 as a short term receivable, leaving a balance of $970,000 as a long term receivable based on the expected timing of the refunds of the minimum tax credits.

The Company completed the accounting for the tax impact of the Act as of December 31, 2017 and recorded no provisional amounts.

ASC 740 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. For the period ended December 31, 2017, the Company believed that it was more likely than not that future taxable income would not exist to utilize some or all of their deferred tax assets. Accordingly, it recorded a valuation allowance in the amount of its total deferred tax assets for the period ended December 31, 2017. In 2018, the Company generated $5.8 million of taxable income, offset by the utilization of net operating loss carryforwards. The deferred tax expense associated with the net operating loss utilization was offset in full by the tax benefit resulting from the reduction in the associated valuation allowance. The Company has recorded a full valuation allowance against its remaining deferred tax assets as of December 31, 2018, as it believes it is more likely than not that these assets will not be realized.

At December 31, 2018, the Company had federal net operating loss carryforwards of approximately $100.6 million that expire in the years 2025 through 2036, and New Jersey state net operating loss carryforwards of approximately $22.9 million that expire in the years 2030 through 2038. Under the Act, net operating losses generated in tax years beginning after December 31, 2017 have an unlimited carryforward period, and the amount of net operating loss allowed to be utilized each year is limited to 80% of taxable income. The Company does not have federal net operating loss carryforwards generated in years beginning after December 31, 2016.

The Company had federal and state capital loss carryforwards of approximately $1.2 million that expired in 2018. The Company also had federal research and development ("R&D") credit carryforwards of approximately $400,000 that expired in 2018. The Company has remaining R&D credit carryforwards of approximately $16.2 million that expire in the years 2019 through 2029. These deferred tax assets had been subject to a valuation allowance such that the deferred tax expense incurred as a result of the expiration of the capital loss and R&D credit carryforwards was offset in full by a corresponding deferred tax benefit for the related reduction in valuation allowance.

The Company's ability to use the net operating loss and R&D tax credit carryforwards may be limited, as it is subject to certain limitations due to ownership changes as defined by rules pursuant to Section 382 of the Internal Revenue Code of 1986, as amended.

The Company has not recorded a liability for unrecognized income tax benefits.

**(11) Significant Agreements**

*Merck Agreement*

As a result of a November 1990 agreement, the Company's PEGylation technology was used to develop an improved version of the product INTRON A, PegIntron. Merck is responsible for marketing and manufacturing PegIntron on an exclusive worldwide basis and the Company receives royalties on worldwide sales of PegIntron for all indications. The Company has no involvement in the selling or marketing of PegIntron. Merck's obligation to pay the Company royalties on sales of PegIntron terminates, on a country-by-country basis, upon the later of the date on which the last patent to contain a claim covering PegIntron expires in the country or 15 years after the first commercial sale of PegIntron in such country. The expiration occurred in 2016 in the U.S., and expirations occurred in 2018 in Europe and will expire in Malaysia in 2020, Japan in 2021 and Chile in 2024. The royalty percentage to which the Company is entitled will be lower in any country where a PEGylated alpha-interferon product is being marketed by a third party in competition with PegIntron where such third party is not Hoffmann-La Roche. Either party may terminate the agreement upon a material breach of the agreement by the other party that is not cured within 60 days of written notice from the non-breaching party or upon declaration of bankruptcy by the other party. During the quarter ended September 30, 2007, the Company sold a 25 -percent interest in future royalties payable to it by Merck on net sales of PegIntron occurring after June 30, 2007. See Note 1 regarding Merck royalty revenues.

*Servier Agreement*

See Note 1 regarding the Servier milestone obligation to the Company.

*Nektar Agreement*

See Note 1 regarding the Nektar Second Amendment, wherein Nektar agreed to buy-out all remaining payment obligations to the Company under the Nektar License Agreement.

**(12) Commitments and Contingent Liabilities**

The Company has been involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's consolidated financial position, results of operations, or liquidity.

**(13) Leases**

***Principal Executive Offices and Office Service Agreements***

Commencing on March 1, 2016, the Company changed the location of its principal executive offices to 20 Commerce Drive, Suite 135, Cranford, New Jersey, 07016. The Company entered into an office service agreement with Regus for use of office space at this location effective March 1, 2016. Under the agreement, in exchange for the Company's right to use the office space at this location, the Company was required to pay Regus an initial service retainer of $2,418 and thereafter pay Regus a monthly fee of $1,209 until February 28, 2017. This agreement was renewed for two one-year extensions, until February 28, 2019, for a monthly fee of $1,259. In June 2018, the Company and Regus agreed to end the lease on August 31, 2018, and replace it with an updated office service agreement. The Company entered into an office service agreement with Regus for mailbox plus, telephone answering, and virtual office services effective September 1, 2018. Under the agreement, in exchange for the services provided by Regus, the Company was required to pay Regus an initial service retainer of $259 and thereafter pay Regus a monthly fee of $259 until August 31, 2019.

Effective July 1, 2018, the Company entered into an office rental agreement with Equinox for use of office space at 3556 Main Street, Manchester, VT, 05225. Under this agreement, in exchange for the Company's right to use the office space at this location, the Company is required to pay Equinox a monthly fee of $708 until June 30, 2019.

**(14) Other Corporate Events**

On February 4, 2016, the Company's Board of Directors adopted the Plan of Liquidation and Dissolution, pursuant to which the Company would, subject to obtaining requisite stockholder approval, be liquidated and dissolved in accordance with Sections 280 and 281(a) of the General Corporation Law of the State of Delaware. In approving the Plan of Liquidation and Dissolution, the Company's Board of Directors had considered, among other factors, the ability of the Company to obtain no-action relief from the SEC to suspend certain of the Company's reporting obligations under the Securities Exchange Act of 1934, as amended, and the anticipated cost savings if such relief is granted by the SEC. After further consideration, the Company's Board of Directors determined that it would be fair, advisable and in the best interests of the Company and its stockholders to postpone seeking stockholder approval of the Plan of Liquidation and Dissolution until a later time to be determined by the Company's Board of Directors.

From time to time, the Company's Board of Directors reviews the Company's status and prospects in deciding on the timing of dissolution and liquidation of the Company pursuant to the Plan of Liquidation and Dissolution. If the Company's Board of Directors determines to seek stockholder approval of such plan and such plan is approved by the Company's stockholders and implemented by the Company, it is expected that the Company's corporate existence will continue for the purpose of winding up its business and affairs for at least three years. The Company has forecasted minimal or no royalty or milestone revenues for the foreseeable future. In light of the uncertainty as to whether any of the milestones under the Micromet Marketing Agreement would be achieved, this forecast assumes that the Company would not receive any milestone or royalty payments under the Micromet Marketing Agreement.

On April 30, 2014, the Company's Board of Directors adopted a Section 382 rights plan and declared a dividend distribution of one right for each outstanding share of the Company's common stock to stockholders of record at the close of business on May 14, 2014. The Section 382 Rights Agreement expired by its terms on April 30, 2017 and has not been replaced.

**(15) Subsequent Event**

On January 30, 2019, the Company's Board of Directors declared a special cash dividend of $0.06 per share of the Company's common stock. This special cash dividend, aggregating approximately $2.7 million, will be paid on March 21, 2019 to stockholders of record as of February 21, 2019.

**Exhibit 10.28**

**AMENDED AND RESTATED EXCLUSIVE IP MARKETING AGREEMENT**

This Amended and Restated Exclusive IP Marketing Agreement (**"Agreement"**) is made and entered into as of June 28, 2004 (the **"Amendment Date**") and is hereby made effective as of April 9, 2002 (the **"Effective Date"**), by and between Micromet AG, having its principal offices at Staffelseestrasse 2, 81477 Munich, Germany (**"Micromet"**), and Enzon Pharmaceuticals, Inc., having its principal offices at 685 Route 202/206, Bridgewater, New Jersey 08807, USA (**"Enzon"**). Micromet and Enzon each may be referred to herein individually as a **"Party,"** or collectively as the **"Parties."**

**WHEREAS,** the Parties have entered into that certain Exclusive IP Marketing Agreement, dated as of the Effective Date (the **"Original Marketing Agreement"**), pursuant to which the Parties have entered an arrangement whereby Micromet had the exclusive right to market certain patents on behalf of both Parties under the terms and conditions therein set forth;

**WHEREAS,** the Parties desire to amend and restate the Original Marketing Agreement to reflect certain amendments agreed upon in connection with the amendment and restatement of that certain Amended and Restated Collaboration Agreement between Micromet and Enzon dated as of the Effective Date (the **"Collaboration Agreement"**) and that certain Amended and Restated Cross-License Agreement between Micromet and Enzon dated as of the Effective Date (the **"Cross-License Agreement"**);

**NOW, THEREFORE,** in consideration of the foregoing premises and the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

**1. DEFINITIONS**

When used in this Agreement, capitalized terms will have the meanings as defined below and throughout the Agreement. Unless the context indicates otherwise, the singular will include the plural and the plural will include the singular.

**1.1 "Actual Expenses"** has the meaning assigned to it in section 3.2.2.

**1.2 "Affiliate"** means a legal entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a Party. For purposes of this definition only, "control" and, with correlative meanings, the terms "controlled by" and "under common control with" means (a) the possession, directly or indirectly, of the power to direct the management or policies of a legal entity, whether through the ownership of voting securities or by contract relating to voting rights or corporate governance, or (b) the ownership, directly or indirectly, of more than 50% of the voting securities or other ownership interest of a legal entity; provided that, if local law restricts foreign ownership, control will be established by direct or indirect ownership of the maximum ownership percentage that may, under such local law, be owned by foreign interests. **"Current Affiliate"** means an Affiliate as of the Effective Date.

**1.3** **"Antigen"** means any structure with binding affinity to antibody variable domains.

**1.4** **"BiTE Product"** has the meaning assigned to it in the Cross-License Agreement, which definition is hereby incorporated in this Agreement by reference.

**1.1** **"BiTE Research Product"** has the meaning assigned to it in the Cross-License Agreement, which definition is hereby incorporated in this Agreement by reference.

**1.5** **"Collaboration Agreement"** has the meaning set forth in the Recitals to this Agreement.

**1.6** **"Consolidated Patent License"** has the meaning assigned to it in section 2.1.

**1.7** **"Consolidated Patent Portfolio"** means the combined intellectual property portfolio consisting of the Enzon Licensed Patents and the Micromet Licensed Patents.

**1.8** **"Enzon License"** means the license granted by Enzon to Micromet pursuant to section 2.2.1 of the Cross License Agreement,

**1.9** **"Enzon Licensed Patents"** has the meaning assigned to it in section 1 of the Cross-License Agreement (which definition and the definitions of the terms used therein are hereby incorporated herein by reference), but will exclude for purposes of this Agreement any such Patents claiming inventions primarily directed to Pegylation.

**1.10** **"Enzon Pipeline Product"** means any Licensed Product, other than a BiTE Product or BiTE Research Product, as to which (a) Enzon obtains or retains commercialization rights (whether exclusive or co-exclusive) in one or more Major Market Countries, or (b) Enzon or any of its Current Affiliates has filed or will file an IND in its own name. As used herein, **"Major Market Country"** means the United States of America, England, France, Germany, Italy, Spain, and Japan.

**1.11** **"Enzon Targets"** means Antigens that are the (i) subject of Target/Antibody Research by Enzon or its Affiliates, (ii) subject of further, diligently conducted on-going research by Enzon or its Affiliates, or (iii) target of or binding site for an Enzon Pipeline Product that is in commercial development, clinical trials, or being marketed by Enzon, its Affiliates, or their licensees or marketing partners.

**1.12** **"Existing License Agreement"** has the meaning assigned to it in section 2.7.

**1.13** **"Exploit" or "Exploitation"** means to make, have made, import, use, sell, offer for sale, or otherwise dispose of a product, including all discovery, research, development, registration, modification, enhancement, improvement, manufacture, storage, formulation, exportation, transportation, distribution, promotion and marketing activities related thereto.

**1.14** **"FTE"** means the equivalent of a total of 1600 hours per year of business development and related administrative work and travel directly related to the sourcing and negotiation of Third Party License Agreements carried out by a qualified Micromet employee or consultant.

**1.15** **"FTE Cost"** means US$275,000 per FTE per annum, as adjusted on the first day of each calendar year based on: (a) any increase in the German consumer price index that has occurred in the preceding calendar year, and (b) any change in the conversion rate between the Euro and the US Dollar in the preceding calendar year.

**1.16** **"Licensed Product"** has the meaning assigned to it in section 1 of the Cross-License Agreement (which definition and the definitions of the terms used therein are hereby incorporated herein by reference).

**1.17** **"Licensing Revenue"** means the license fees, milestone payments and royalties received by Micromet in connection with Third Party License Agreements.

**1.18** **"Micromet Licensed Patents"** has the meaning assigned to it in section 1 of the Cross-License Agreement (which definition and the definitions of the terms used therein are hereby incorporated herein by reference).

**1.19** **"Micromet Pipeline Product"** means any Licensed Product as to which (a) Micromet obtains or retains commercialization rights (whether exclusive or co-exclusive) in one or more Major Market Countries, or (b) Micromet or its Current Affiliates has filed or will file an IND in its own name. As used herein, **"Major Market Country"** means the United States of America, England, France, Germany, Italy, Spain, and Japan.

**1.20** **"Non-Human SCA Product"** has the meaning assigned to it in the Cross-License Agreement, which definition is hereby incorporated in this Agreement by reference.

**1.21** **"Patents"** means (a) all patents and patent applications in any country or supranational jurisdiction, and (b) any substitutions, divisions, continuations, continuations-in-part, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like, and any provisional applications, of any such patents or patent applications.

**1.22** **"Pegylation,"** with a correlative meaning for "Pegylated," means the conjugation (covalent chemical bonding) of PEG (including but not limited to conjugation through linking groups) with or to other materials, including but not limited to Single Chain Antibodies. "Pegylation" will include the synthesis, derivatization, characterization, and modification of PEG for such purposes, together with the synthesis, derivatization, characterization, and modification of the raw materials and intermediates for the manufacture of PEG reagents or products incorporating such PEG reagents by means of conjugation, and all methods of making and using each and all of the foregoing. For clarity, Pegylation will not include the attachment of PEG with or to other materials by means other than conjugation. As used in this definition, **"PEG"** means polyethylene glycol and derivatives thereof, including methoxy-polyethylene glycol.

**1.23** **"Research Collaboration"** means the research collaboration between Enzon and Micromet conducted pursuant to the Collaboration Agreement.

**1.24** **"Research Product"** has the meaning assigned to it in the Cross-License Agreement, which definition is hereby incorporated in this Agreement by reference.

**1.25** **"SCA Product"** has the meaning assigned to it in the Cross-License Agreement, which definition is hereby incorporated in this Agreement by reference.

**1.26** **"Single Chain Antibody"** means a single chain polypeptide having binding affinity for an antigen and a defined amino acid sequence whereby such polypeptide comprises (i) a first polypeptide segment having a light chain variable region, (ii) a second polypeptide having a heavy chain variable region, and (iii) at least one peptide linker linking the first and second polypeptides into a single chain polypeptide.

**1.27** **"Target/Antibody Research"** means diligently conducted, on-going research activities directed towards the identification and optimization of Antigens or Single Chain Antibodies binding to such Antigens for which a Party is expending its own funds in conducting such research activities, which funds have not been received directly or indirectly from a Third Party biotechnology or pharmaceutical company to fund or otherwise sponsor such research.

**1.28** **"Third Party"** means any party other than Micromet, Enzon or their respective Affiliates.

**1.29** **"Third Party License Agreement"** means any agreement between Micromet and a Third Party other than an Existing License Agreement that includes a license or sublicense under the Patents within the Consolidated Patent Portfolio.

**1.30** **"Third Party SCA Product"** means any SCA Product or Non-Human SCA Product that is not a Micromet Pipeline Product or Enzon Pipeline Product.

## 2. Marketing Of The Consolidated Patent Portfolio

**2.1** **Grant of Right to Sublicense.** During the term of this Agreement and subject to the limitations in this section 2, Enzon hereby grants to Micromet the exclusive, worldwide right and license under the Enzon Licensed Patents to grant nonexclusive sublicenses under the Enzon License to Exploit Third Party SCA Products and Research Products (each such sublicense and license, a **"Consolidated Patent License"**).

**2.2** **Antigen-Specific License Grants.** Micromet will grant Consolidated Patent Licenses for SCA Products only on an individual Antigen-by-Antigen basis, with each such license specifying by recognized name or other unique identification the single Antigen that is the subject of such license. For clarification, the preceding sentence prohibits the grant of Consolidated Patent Licenses for more than one Antigen in a single Consolidated Patent License and prohibits the grant of such license for a genus of Antigens.

**2.3** **Adverse Parties in Litigation.**

**2.3.1** As of the Effective Date, Enzon will provide Micromet with a complete list of all actions for infringement of a patent owned or licensed by Enzon or Enzon's Affiliates, and any action against Enzon or Enzon's Affiliates for infringement of a patent owned or licensed by a Third Party or such Third Party's Affiliates (**"Pending Litigation"**). Thereafter, during the term of this Agreement, Enzon will update such list promptly after the initiation of any new actions, and the settlement or other final disposition of any Pending Litigation, and will provide such updated list to Micromet.

**2.3.2** Micromet will not grant a Consolidated Patent License to any Third Party or an Affiliate of any Third Party of which Micromet was informed that such party is a party to a Pending Litigation except as provided for in section 2.10.

**2.4 Enzon Targets.** Micromet will not grant any Consolidated Patent Licenses with respect to Antigens that are Enzon Targets. A list of the Enzon Targets is annexed as **Appendix A** hereto. Enzon may inform Micromet in writing of any additional Antigens that qualify as Enzon Targets after the Effective Date. In addition, Enzon will promptly inform Micromet if and when an Antigen listed on **Appendix A** no longer qualifies as an Enzon Target. **Appendix A** will be deemed amended upon receipt by Micromet of such written notices. Enzon will provide Micromet upon request with a written certification subscribed by an officer of the company that any particular Enzon Target listed on **Appendix A** continues to qualify as an Enzon Target, provided that Micromet will not make more than one such request in any six-month period.

**2.5 Marketing Plan and Budget** Within 30 days of the Effective Date for the remainder of 2002, and not less than 30 days prior to the end of this and any subsequent calendar year during the term of this Agreement, Micromet and Enzon will meet and agree on a plan for marketing activities to be performed by Micromet for the remainder of 2002, and the following calendar years, respectively (the **"Marketing Plan"**). Each Marketing Plan will include a reasonably detailed budget of the FTE levels and the out-of-pocket costs and expenses expected to be incurred by Micromet in connection with the performance of the Marketing Plan (**"Marketing Budget"**).

**2.6 Marketing Diligence.** Micromet will use commercially reasonable efforts to execute the Marketing Plan for the calendar year in question, including without limitation, (i) diligently responding to inquiries of Third Parties interested in obtaining a Consolidated Patent License and engaging in the process of discussing and negotiating the potential terms, term sheets, and if appropriate, license agreements with such Third Parties; and (ii) keeping Enzon informed on a regular basis on the status of any ongoing discussions or negotiations. Each Third Party License Agreement may include, as negotiated and agreed to between Micromet and the Third Party, a license under (i) a single patent in the Consolidated Patent Portfolio, (ii) any group or combination of patents in the Consolidated Patent Portfolio, or (iii) the entire Consolidated Patent Portfolio. Notwithstanding the Marketing Plan, if at any time during the negotiation process Micromet determines in its reasonable business judgment that it does not wish to proceed with the negotiation and execution of any Third Party License Agreement, Micromet will have the right to terminate such discussion or negotiation and not execute such Third Party License Agreement.

**2.7 Existing License Agreements.** The license agreements between one of the Parties and Third Parties listed in **Appendix B ("Existing License Agreements")** that are in effect as of the Effective Date will not be included as Third Party License Agreements under this Agreement. Any renegotiation of an Existing License Agreement and any partial or complete amendment of an Existing License Agreement will be the responsibility of the Party who is the original licensor under such agreement. For the avoidance of doubt, Micromet will be free to negotiate and execute license agreements with respect to Micromet Licensed Patents with Third Parties who are licensees of Enzon under Existing License Agreements. In no event will the grant of any sublicense under the Enzon License to a Third Party by Micromet relieve such Third Party from any obligations under an Existing License Agreement with Enzon or supercede any such agreement, and Micromet will not enter into any agreement with a Third Party that does or purports to do so.

**2.8 Minimum Financial Terms.**

**2.8.1** Micromet will grant Consolidated Patent Licenses only in consideration of Licensing Revenues that are paid in cash or cash-equivalents. Micromet will not grant a Consolidated Patent License in connection with or in contemplation of any transaction or relationship with a Third Party that results in consideration, remuneration, or other benefit to Micromet other than cash or cash-equivalent Licensing Revenue that is subject to division with Enzon.

**2.8.2** For purposes of this section 2.8, equity securities will be deemed a cash- equivalent consideration if Micromet has the ability to transfer to Enzon, and does in fact transfer to Enzon, 50% of such securities along with any registration and stockholder rights related thereto, provided that notwithstanding the provisions of section 3 concerning the timing of payments from Micromet to Enzon, any such transfer will take place immediately upon Micromet's receipt of such securities.

**2.9 Comfort Letter.** Within 7 business days of receipt of a written request from Micromet, which will include a draft of a proposed Third Party License Agreement, either in executable form or in a form which will be materially and substantially similar to the executed Third Party License Agreement, Enzon will provide Micromet with a written confirmation that such draft Third Party License Agreement complies with the terms of this Agreement if it does comply with the terms of this Agreement, including without limitation, the requirements and limitations of this section 2. If within such 7-day period, Enzon does not respond, Enzon will be deemed to have consented to the proposed Third Party License Agreement. Within 30 days of the date of execution of a Third Party License Agreement, Micromet will deliver to Enzon a copy of such executed agreement.

**2.10 Resolution of Third Party Claims.** If Enzon or its Affiliates are sued for patent infringement or threatened with suit by a Third Party, Enzon may request Micromet to assist Enzon in settling such lawsuit by granting said Third Party a Consolidated Patent License. If the Third Party agrees to settle the suit in exchange for such license, then Micromet will grant such license provided that (i) Micromet will have the right to retain 100% of the Licensing Revenue, and (ii) Micromet may instead of granting such license make other arrangements with the Third Party to settle such suit (except that no such arrangements will require any payments or other consideration by Enzon without Enzon's prior written consent).

**3. FINANCIAL TERMS**

3.**1 Sharing of Net Revenues.**

**3.1.1** Each Party will be entitled to an equal 50% share of all Licensing Revenue. The Parties agree that any Licensing Revenue received by Micromet during the term of the Collaboration (as defined in the Collaboration Agreement) will be held by Micromet in separate accounts for purposes of funding the Collaboration. Upon termination of the Collaboration pursuant to the terms of the Collaboration Agreement, or at such other time as may be mutually agreed by the Parties, Micromet will pay to Enzon all remaining Licensing Revenue held by Micromet in the account containing Enzon's share of Licensing Revenue.

**3.1.2** Within 30 days of the conclusion of each calendar quarter during which Micromet received any Licensing Revenues, Micromet will provide to Enzon a written report showing the amounts received from Third Parties and a copy of any reports and other documentation submitted by such Third Parties in connection with the payment made to Micromet.

**3.1.3** If Micromet is required, pursuant to Third Party License Agreements, to credit back to Third Parties any Licensing Revenues as a result of adjustment mechanisms contained in such Third Party License Agreements, *e.g.*, audit provisions, Micromet will be entitled to credit the amount of the overpayment by such Third Party against future Licensing Revenues collected from such Third Party pursuant to the applicable Third Party License Agreement; provided, that if the adjustment mechanism of a Third Party License Agreement obligates Micromet to credit back Licensing Revenues in the form of cash payments, Micromet may make any repayments due from Micromet to the Third Party from the Licensing Revenues held in separate accounts pursuant to section 3.1.1 above; and provided, further, that if the amount held in such separate accounts pursuant to section 3.1.1 is not sufficient to cover the amount due to the Third Party, Enzon will pay Micromet 50% of any amounts paid by Micromet to the Third Party that exceed the amount held in the separate accounts, such payment to Micromet to be made within 30 days of Micromet's payment to such Third Party. Notwithstanding the preceding sentences of this section, Micromet will use its commercially reasonable efforts in negotiating such Third Party License Agreements to provide that any such adjustment mechanisms resolve overpayments via credit as opposed to cash refunds.

**3.1.4** For purposes of clarification, Third Party SCA Products developed and commercialized under Third Party License Agreements that are entered into by Micromet pursuant to this Agreement and thus subject to revenue sharing under this section 3 will not be subject to the milestones and royalties under the Cross-License Agreement.

**3.2 Reimbursement Of Expenses.**

**3.2.1** Each Party will bear 50% of (i) the aggregate FTE Costs reasonably incurred by Micromet in executing the Marketing Plan (*e.g.*, business development, contract administration); and (ii) out-of-pocket expenses incurred by Micromet directly in connection therewith (*e.g.*, travel expenses for meetings with potential licensees, legal fees for drafting license agreements).

**3.2.2** Enzon will pay its 50% share of the Marketing Budget for each year in 4 equal installments no later than the first day of each calendar quarter. For the calendar year 2002 the 50% share will be paid in 2 equal installments no later than the first day of each remaining calendar quarter. Within 60 days of the last day of each calendar year, Micromet will provide Enzon with a statement setting forth the actual level of FTE efforts and actual costs and expenses for the calendar year in question ("**Actual Expenses**"), together with receipts, credit card bills and other appropriate supporting documentation. To the extent the Actual Expenses exceed the amounts paid by Enzon for the year in question pursuant to this section, Enzon will pay Micromet its 50% share of the difference within 30 days of receipt of the statement of Actual Expenses, provided that, if the Actual Expenses exceed the Marketing Budget by more than 20%, Enzon will have no obligation to make such payment unless during the year in question Micromet advised Enzon of an anticipated overrun and obtained Enzon's written consent to pay its share of same, which such consent will not be unreasonably withheld or delayed. To the extent the Actual Expenses are less than the amounts paid by Enzon for the year in question pursuant to this section, the difference will be credited against the next quarterly installment(s) to be paid by Enzon for the following calendar year.

**3.3 Payment Method.** All amounts due hereunder will be paid in US Dollars by wire transfer in immediately available funds to an account designated by the receiving Party. Any payments or portions thereof due hereunder which are not paid on the date such payments are due will bear interest from the due date until the date of payment at the rate which is the lower of (i) 2% over the overnight London Interbank Offering Rate in effect on the due date or (ii) the highest rate permitted by applicable law, calculated on the number of days such payment is delinquent, compounded monthly.

**3.4 Records Retention.** Each Party will maintain complete and accurate books, records and accounts in sufficient detail to confirm the accuracy of any payments required hereunder, which books, records and accounts will be retained by such Party until 3 years after the end of the period to which such books, records and accounts pertain.

**3.5 Audit.** Each Party will have the right to have an independent certified public accounting firm of internationally recognized standing, reasonably acceptable to the auditing Party, to have access during normal business hours, and upon reasonable prior written notice, to such of the records of the other Party as may be reasonably necessary to verify the accuracy of information needed to calculate payments required hereunder **("Payment Information")** for any calendar quarter ending not more than 36 months prior to the date of such request; provided, however, that the auditing Party will not have the right to conduct more than one such audit in any 12-month period. The accounting firm will disclose to both Parties whether such Payment Information is correct or incorrect and the specific details concerning any discrepancies. The auditing Party will bear all costs of such audit, unless the audit reveals an underpayment of more than 5% from the reported Payment Information, in which case the other Party will bear the cost of the audit.

**3.6 Payment of Additional Amounts.** If, based on the results of any audit, additional payments are owed by a Party under this Agreement, such Party will make such additional payments promptly after the accounting firm's written report is delivered to both Parties. If, based on the results of any audit, payments made by a Party hereunder exceeded payments indicated by the audit as being due, such excess will be credited against future amounts owed by the applicable Party hereunder.

**3.7 Confidentiality.** Each Party will treat all information subject to review under this section 3 in accordance with the confidentiality provisions of section 5 and will cause its accounting firm to enter into a reasonably acceptable confidentiality agreement with the audited Party obligating such firm to maintain all such financial information in confidence pursuant to such confidentiality agreement.

**4. Defense of Patent Rights.**

Each Party will have the right to bring actions against Third Parties infringing such Party's Patents as provided in the Cross-License Agreement. Notwithstanding, prior to bringing any such action, the Parties will meet to discuss the appropriate strategy for enforcing their Patents, and may agree to share the costs of and the damage awards resulting from such actions.

**5. Confidentiality.**

**5.1 Definition. "Confidential Information"** means any information disclosed by one Party to the other as required by or in the performance under the terms of this Agreement.

**5.2 Exclusions.**

**5.2.1** Notwithstanding the foregoing, information of a Party will not be deemed Confidential Information with respect to a receiving Party for purposes of this Agreement if such information:

**(a)** was already known to the receiving Party or its Affiliates, other than under an obligation of confidentiality or non-use, at the time of disclosure to the receiving Party;

**(b)** was generally available or known to parties reasonably skilled in the field to which such information or know-how pertains, or was otherwise part of the public domain, at the time of its disclosure to the receiving Party;

**(c)** became generally available or known to parties reasonably skilled in the field to which such information or know-how pertains, or otherwise became part of the public domain, after its disclosure to the receiving Party through no fault of or breach of its obligations under this section 5 by the receiving Party;

**(d)** was disclosed to the receiving Party other than under an obligation of confidentiality or non-use, by a Third Party who had no obligation to the Party that Controls such information and know-how not to disclose such information or know-how to others; or

**(e)** was independently discovered or developed by the receiving Party or its Affiliates, as evidenced by their written records, without the use of, and by personnel who had no access to, Confidential Information belonging to the Party that Controls such information and know-how.

**5.2.2** Specific aspects or details of Confidential Information will not be deemed to be within the public domain or in the possession of a Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of such Party. Further, any combination of Confidential Information will not be considered in the public domain or in the possession of a Party merely because individual elements of such Confidential Information are in the public domain or in the possession of such Party unless the combination and its principles are in the public domain or in the possession of such Party.

**5.3 Disclosure and Use Restriction.** Except as expressly provided herein, the Parties agree that, for the Term and for 5 years thereafter, each Party and its Affiliates and sublicensees will keep completely confidential and will not publish or otherwise disclose any Confidential Information of the other Party, its Affiliates or sublicensees.

**5.4 Authorized Disclosure.** Each Party may disclose Confidential Information of the other Party to the extent that such disclosure is:

**5.4.1** made in response to a valid order of a court of competent jurisdiction or other governmental or regulatory body of competent jurisdiction; provided, however, that such Party will first have given notice to such other Party and given such other Party a reasonable opportunity to quash such order and to obtain a protective order requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or governmental or regulatory body or, if disclosed, be used only for the purposes for which the order was issued; provided, further, and that if a disclosure order is not quashed or a protective order is not obtained, the Confidential Information disclosed in response to such court or governmental order will be limited to that information which is legally required to be disclosed in response to such court or governmental order;

**5.4.2** otherwise required by law; provided, however, that the disclosing Party will provide such other Party with notice of such disclosure in advance thereof to the extent practicable;

**5.4.3** made by such Party, in connection with the performance of this Agreement, to Affiliates, permitted sublicensees, employees, consultants, representatives or agents, each of whom prior to disclosure must be bound by obligations of confidentiality and non-use at least equivalent in scope to those set forth in this section 5; or

**5.4.4** made by such Party to existing or potential acquirers or merger candidates; existing or potential pharmaceutical collaborators (to the extent contemplated hereunder); investment bankers; existing or potential investors, venture capital firms or other financial institutions or investors for purposes of obtaining financing; or Affiliates, each of whom prior to disclosure must be bound by obligations of confidentiality and non-use at least equivalent in scope to those set forth in this section 5. Notwithstanding this section 5.4.4, neither Party will disclose any item of the other Party's Confidential Information to any existing or potential acquirer or merger partner that is substantially involved in the Exploitation of Antibodies without first providing such other Party with reasonable advance written notice of each such disclosure.

**5.5 Use of Name**. Neither Party will make public use of the other Party's name except (a) in connection with announcements and other permitted disclosures relating to this Agreement and the activities contemplated hereby, (b) as required by applicable law, and (c) otherwise as agreed in writing by such other Party.

**5.6 Press Releases.**

**5.6.1** The Parties will make a joint press release regarding the execution of this Agreement, the final form of which will be subject to approval of both Parties prior to its release to the public. For subsequent press releases and other written public disclosures relating to this Agreement or the Parties' relationship hereunder ("**Proposed Disclosures**"), each Party will use reasonable efforts to submit to the other Party a draft of such Proposed Disclosures for review and comment by the other Party at least five (5) full business days prior to the date on which such Party plans to release such Proposed Disclosure, and in any event will submit such drafts at least 24 hours prior to the release of such Proposed Disclosure, and will review and consider in good faith any comments provided in response.

**5.6.2** If a Party is unable to comply with the foregoing 24-hour notice requirement because of a legal obligation or stock exchange requirement to make more rapid disclosure, such Party will not be in breach of this Agreement but will in that case give telephone notice to a senior executive of the other Party and provide a draft disclosure with as much notice as possible prior to the release of such Proposed Disclosure.

**5.6.3** A Party may publicly disclose without regard to the preceding requirements of this section 5.6 information that was previously disclosed in a Proposed Disclosure that was in compliance with such requirements.

**5.6.4** The requirements of this section 5.6 will not apply to public disclosures, written or otherwise regarding a Party's Pipeline Products that do not specifically refer to this Agreement or the Parties' relationship hereunder.

**5.7 Terms of Agreement to be Maintained in Confidence.** Subject to the provisions of this section 5, including the exception for any public disclosures made in compliance with the terms of section 5.6, the Parties agree that the terms of this Agreement are confidential and will not be disclosed by either Party to any Third Party (except to a Party's professional advisor) without advance written permission of the other Party, provided that either Party may make any filings of this Agreement required by law or regulation in any country so long as such Party uses its reasonable efforts to obtain confidential treatment for portions of this Agreement as available, consults with the other Party, and permits the other Party to participate, to the extent practicable, in seeking a protective order or other confidential treatment, and further provided that either Party may disclose the terms of this Agreement to a Third Party (and its professional advisors) when such disclosure is reasonably necessary in connection with (i) the grant of a license or sublicense of the licensed Patents to such Third Party, (ii) a merger, acquisition, placement, investment, or other such transaction with such Third Party, or (iii) the sale of securities to or other financing from such Third Party or a financing underwritten by such Third Party, in which case disclosure may be made to any person or entity to whom such Third Party sells such securities (and its professional advisers). Advance written permission for disclosure will not be required when a Party is ordered to disclose information concerning the Agreement by a competent tribunal or such disclosures are required by law, regulation, or stock exchange rules, except that such Party will make all reasonable efforts to limit any disclosure as may be required in the course of legal proceedings by entry of an appropriate protective and confidentiality order, and will provide the other Party with as much advance notice of such circumstances as is practicable.

## 6. Term And Termination

**6.1 Term.** This Agreement will be effective as of the Effective Date and will expire upon the expiration of the last-to-expire Patent within the Consolidated Patent Portfolio.

**6.2 Termination for Material Breach.**

**6.2.1** Any material failure by a Party to comply with any of its material obligations contained herein ("**Default**") will entitle the Party not in default to give to the Party in Default written notice specifying the nature of the Default, requiring the defaulting Party to make good or otherwise cure such Default.

**6.2.2** If such Default is not cured within 30 days after the receipt of notice pursuant to section 6.2.1 above (or, if such Default cannot be cured within such 30-day period, if the Party in Default does not commence actions to cure such Default within such 30-day period and thereafter diligently continue such actions or if such Default is not otherwise cured within 180 days after the receipt of such notice, except in the case of a payment Default, as to which the defaulting Party will have only a 30-day cure period), the Party not in Default will be entitled, on written notice to the other Party and without prejudice to any of its other rights conferred on it by this Agreement to seek a determination by a court of competent jurisdiction, in accordance with the procedures set forth in section 9.4 hereof, that such Default constitutes a material breach of this Agreement for which termination of this Agreement is authorized by law (such determination a **"Finding of Justifiable Termination"**).

**6.2.3** Upon a Finding of Justifiable Termination, the Party not in default will be entitled, in addition to any other remedies available to it by law or in equity, to terminate this Agreement, unless the breaching Party has cured such Default within 30 days after delivery of the Finding of Justifiable Termination.

**6.3 Termination of Cross License Agreement.** This Agreement will terminate upon any expiration or termination of the Cross-License Agreement.

**6.4 Termination at Will.** If this Agreement is still in effect upon expiration of the Research Term (as defined in the Collaboration Agreement), then either Party may terminate this Agreement, for any reason or no reason at all, on written notice to the other Party, such written notice to be effective 30 days after service of notice upon the other Party. After service of notice of termination by Micromet upon Enzon, or Micromet's receipt of notice of termination by Enzon, Micromet will not initiate any negotiations regarding further licenses under this Agreement, but may conclude any negotiations that have been initiated.

**6.5 Effect of Expiration or Termination on Third Party License Agreements.** Except as otherwise provided in the Cross-License agreement, any Third Party License Agreements in effect as of the date of any expiration or termination of this Agreement will survive any expiration or termination of this Agreement, until expiring or terminated in accordance with their terms.

**6.6 Obligations Continue.** Termination of this Agreement will not relieve the Parties of any obligation accruing prior to such expiration or termination. The provisions of sections 3, 5 (except 5.6), 6.5, 6.6, 7, 8 and 9 will survive termination of this Agreement. For avoidance of doubt, the Licensing Revenue sharing obligations of section 3.1 will survive after termination of this Agreement.

## 7. Indemnification And Insurance

**7.1 Indemnification of Micromet.** Enzon will indemnify Micromet, its Affiliates, and their respective directors, officers, employees and agents, and defend and save each of them harmless, from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) in connection with any and all liability suits, investigations, claims or demands (collectively, **"Losses"**) by Third Parties arising from or occurring as a result of or in connection with any claim or action brought or taken by Enzon against a Third Party that is a party to a Third Party License Agreement.

**7.2 Indemnification of Enzon.** Micromet will indemnify Enzon, its Affiliates, and their respective directors, officers, employees and agents, and defend and save each of them harmless, from and against any and all Losses by Third Parties arising from or occurring as a result of or in connection with Micromet's activities under this Agreement.

**7.3 Indemnification Procedure.**

**7.3.1 Notice of Claim.** The indemnified Party will give the indemnifying Party (the **"Indemnifying Party"**) prompt written notice (an **"Indemnification Claim Notice"**) of any Losses or discovery of fact upon which such Indemnified Party intends to base a request for indemnification under section 7.1 or section 7.2, but in no event will the Indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The indemnified Party will furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of any Losses. All indemnification claims in respect of a Party, its Affiliates or their respective directors, officers, employees and agents (collectively, the **"Indemnitees"** and each an **"Indemnitee"**) will be made solely by such Party to this Agreement (the **"Indemnified Party"**).

**7.3.2 Third Party Claims.** The obligations of an Indemnifying Party under this section 8 with respect to Losses arising from claims of any Third Party that are subject to indemnification as provided for in section 7.1 or 7.2 (a **"Third Party Claim"**) will be governed by and be contingent upon the following additional terms and conditions:

**(a) Control of Defense.**

**(i)** At its option, the Indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within 30 days after the Indemnifying Party's receipt of an Indemnification Claim Notice.

**(ii)** Upon assuming the defense of a Third Party Claim, the Indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party will immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnitee in connection with the Third Party Claim. Should the Indemnifying Party assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party or any other Indemnitee for any legal expenses subsequently incurred by such Indemnified Party or other Indemnitee in connection with the analysis, defense or settlement of the Third Party Claim.

**(b) Right to Participate in Defense.** Without limiting section 7.3.2(a), any Indemnitee will be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; provided, however, that such employment will be at the Indemnitee's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, or (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with section 7.3.2(a) (in which case the Indemnified Party will control the defense).

**(c) Settlement.** With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that will not result in the Indemnitee's becoming subject to injunctive or other relief or otherwise adversely affect the business of the Indemnitee in any manner, and as to which the Indemnifying Party will have acknowledged in writing the obligation to indemnify the Indemnitee hereunder, the Indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, will deem appropriate, and will transfer to the Indemnified Party all amounts which said Indemnified Party will be liable to pay prior to the time prior to the entry of judgment. With respect to all other Losses in connection with Third Party Claims, where the Indemnifying Party has assumed the defense of the Third Party Claim in accordance with section 7.3.2(a), the Indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss provided it obtains the prior written consent of the Indemnified Party (which consent will be at the Indemnified Party's sole and absolute discretion). The Indemnifying Party will not be liable for any settlement or other disposition of a Loss by an Indemnitee that is reached without the written consent of the Indemnifying Party. Regardless of whether the Indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnitee will admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the prior written consent of the Indemnifying Party.

**(d) Cooperation.** Regardless of whether the Indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party will, and will cause each other Indemnitee to, cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation will include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnitees and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party will reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

**7.4 Expenses.** Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any claim will be reimbursed on a calendar quarter basis by the Indemnifying Party, without prejudice to the Indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

**7.5 Insurance.** Each Party will have and maintain such types and amounts of liability insurance as is normal and customary in the industry generally for parties similarly situated, and will upon request provide the other Party with a copy of its policies of insurance in that regard, along with any amendments and revisions thereto.

## 8. Limitation Of Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE FOR LOST PROFITS, LOSS OF DATA, OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, HOWEVER CAUSED, ON ANY THEORY OF LIABILITY AND WHETHER OR NOT SUCH PARTY HAD OR SHOULD HAVE HAD KNOWLEDGE, ACTUAL OR CONSTRUCTIVE, OF THE POSSIBILITY OF SUCH DAMAGES, ARISING UNDER ANY CAUSE OF ACTION AND ARISING IN ANY WAY OUT OF THIS AGREEMENT. THE FOREGOING LIMITATIONS WILL NOT APPLY TO AN AWARD OF ENHANCED DAMAGES AVAILABLE UNDER THE PATENT LAWS FOR WILLFUL PATENT INFRINGEMENT AND WILL NOT LIMIT EITHER PARTY'S INDEMNITY OBLIGATIONS TO THE OTHER PARTY UNDER THIS AGREEMENT. The foregoing limitations on liability and exclusions of damages: (a) are a fundamental element of the basis of the bargain between the Parties and this Agreement would not be entered into without such limitations and exclusions; and (b) shall apply notwithstanding any failure of essential purpose of any limited remedy herein.

## 9. MISCELLANEOUS

**9.1 Rights in Bankruptcy.** All rights and licenses granted under or pursuant to this Agreement by Micromet or Enzon are, and will otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the United States Bankruptcy Code except as may otherwise be required by any provision under German insolvency laws. The Parties agree that the Parties, as licensees of such rights under this Agreement, will retain and may fully exercise all of their rights and elections under the United States Bankruptcy Code to the extent not otherwise mandatorily provided for under German insolvency laws. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the United States Bankruptcy Code, or the German Insolvency Act (*Insolvenzordnung*), as the case may be, the Party hereto that is not a Party to such proceeding will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject Party's possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon the non-subject Party's written request therefore, unless the Party subject to such proceeding continues to perform all of its obligations under this Agreement or (b) if not delivered under clause (a) above, following the rejection of this Agreement by or on behalf of the Party subject to such proceeding upon written request therefore by the non-subject Party.

**9.2 Assignment** Without the prior written consent of the other Party hereto (which such consent may be granted, withheld or conditioned at the other Party's sole and absolute discretion), neither Party will sell, transfer, assign, delegate, pledge or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; provided, however, that either Party hereto may assign or transfer this Agreement or any of its rights or obligations hereunder without the consent of the other Party (a) to any Affiliate of such Party; or (b) to any Third Party with which it merges or consolidates, or to which it transfers all or substantially all of its assets to which this Agreement relates and provided, further, in either case that such assignment may occur only together with a permitted assignment of both the Collaboration Agreement (if then in force) and the Cross-License Agreement (if then in force) to such assignee. The assigning Party (except if it is not the surviving entity) will remain jointly and severally liable with the relevant Affiliate or Third Party assignee under this Agreement, and the relevant Affiliate assignee, Third Party assignee or surviving entity will assume in writing all of the assigning Party's obligations under this Agreement. Any purported assignment or transfer in violation of this section will be void *ab initio* and of no force or effect.

**9.3 Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and reasonably acceptable to the Parties herein. To the fullest extent permitted by applicable law, each Party hereby waives any provision of law that would render any provision prohibited or unenforceable in any respect.

**9.4 Governing Law; Dispute Resolution.**

**9.4.1** This Agreement, its interpretation and construction, and any controversy, claim or dispute between the Parties related to or arising out of this Agreement or the Original Marketing Agreement (each a **"Dispute"**), including any Dispute relating to the Parties' relationship created hereby, the negotiations for and entry into this Agreement or the Original Marketing Agreement, its conclusion, binding effect, amendment, coverage, or termination, or the performance or alleged non-performance of a Party of its obligations under this Agreement or the Original Marketing Agreement, will be governed by the laws of the State of New York applicable to contracts made and wholly performed within such jurisdiction by residents of such jurisdiction and without reference to its choice of law principles.

**9.4.2** The Parties will try to settle any Dispute amicably between themselves. In the event of a Dispute, a Party may notify the other Party in writing of such Dispute. If the Parties are unable to resolve the Dispute within 20 days of receipt of the written notice by the other Party, such dispute will be referred to the Chief Executive Officers of each of the Parties (or their respective designees) who will use their good faith efforts to resolve the Dispute within 30 days after it was referred to the Chief Executive Officers.

**9.4.3** If a Dispute is not resolved by such officers pursuant to section 9.4.2, either Party may bring an action in the federal courts or State courts located in New York County, State of New York, which will have exclusive jurisdiction (without prejudice to the right to seek removal to federal courts) over any such Disputes. The Parties submit to the personal jurisdiction of such courts for any such action, agree that such courts provide a convenient forum for any such action, and waive any objections or challenges to venue.

**9.5 Notices**. All notices or other communications that are required or permitted hereunder will be in writing and delivered personally, sent by facsimile (and promptly confirmed by personal delivery or overnight courier as provided herein), or sent by internationally- recognized overnight courier addressed as follows:

If to Enzon, to:

Enzon Pharmaceuticals, Inc.
685 Route 202/206
Bridgewater, New Jersey 08807
USA
Attention: Chief Executive Officer
Facsimile: (908) 575-1843

with a copy to:

Enzon Pharmaceuticals, Inc.
685 Route 202/206
Bridgewater, NJ 08807
Attention: General Counsel
Facsimile: (908) 541-8838

and

Kenyon & Kenyon
One Broadway
New York, NY 10004-1050
Attention: Charles A. Weiss, Esq.
Facsimile: (212) 425-5288

If to Micromet, to:

Micromet AG
Staffelseestrasse 2
81477 Munich
Germany
Attention: Chief Executive Officer
Facsimile: ++49 89 895 277 285

with a copy to:

Cooley Godward LLP
One Freedom Square
Reston Town Center
11951 Freedom Drive
Reston, Virginia 20190-5656
Attention: Matthias Alder, Esq,
Facsimile: (703) 456-8100

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith- Any such communication will be deemed to have been given (i) when delivered, if personally delivered or sent by facsimile on a business day, and (ii) on the second business day after dispatch, if sent by internationally-recognized overnight courier. It is understood and agreed that this section 9.5 is not intended to govern the day-to-day business communications necessary between the Parties in performing their duties, in due course, under the terms of this Agreement.

**9.6 Entire Agreement; Modifications.** This Agreement sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understanding, promises and representations, whether written or oral, with respect thereto, including without limitation, the Original Marketing Agreement, are superseded hereby. Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth herein. No amendment or modification of this Agreement will be binding upon the Parties unless made in writing and duly executed by authorized representatives of both Parties,

**9.7 Relationship of the Parties.** It is expressly agreed that the Parties' relationship under this Agreement is strictly that of licensor-licensee, and that this Agreement does not create or constitute a partnership, joint venture or agency. Neither Party will have the authority to make any statements, representations or commitments of any kind, or to take any action, which will be binding on the other. All persons employed by a Party will be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment will be for the account and expense of such Party.

**9.8 Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver will be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of claims based on the failure to perform or a breach by the other Party will not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

**9.9 Counterparts.** This Agreement may be executed in 2 or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument**.**

**9.10 No Benefit to Third Parties.** The representations, warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and they will not be construed as conferring any rights on any other parties.

**9.11 Further Assurance.** Each Party will duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

**9.12 English Language.** This Agreement has been written and executed in the English language. Any translation into any other language will not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version will control.

**9.13 Construction.** Except where the context otherwise requires, wherever used, the singular will include the plural, the plural the singular, the use of any gender will be applicable to all genders and the word "or" is used in the inclusive sense (and/or). The captions of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including" as used herein means including, without limiting the generality of any description preceding such term. The language of this Agreement will be deemed to be the language mutually chosen by the Parties and no rule of strict construction will be applied against either Party hereto.

**[Remainder of Page Intentionally Left Blank]**

**In Witness Whereof,** the Parties have caused this Agreement to be executed by their respective authorized representatives as of the Amendment Date.

**Micromet AG**

By: /s/ Christian Itin
Name: Christian Itin
Title: CEO

By: /s/ Patrick Baeuerle
Name: Patrick Baeuerle
Title: CSO

**Enzon Pharmaceuticals, Inc.**

By: /s/ Kenneth J. Zuerblis
Name: Kenneth J. Zuerblis
Title: Vice President, Finance,
Chief Financial Officer and Corporate Secretary

**[Signature Page to the Amended and Restated Exclusive IP Marketing Agreement]**

**AMENDMENT**
**TO**
**AMENDED AND RESTATED EXCLUSIVE IP MARKETING AGREEMENT**

**This Amendment** (the **"Amendment"**) is made and entered into as of November 21, 2005, by and between Micromet AG, having its principal offices at Staffelseestrasse 2, 81477 Munich, Germany (**"Micromet"**), and Enzon Pharmaceuticals, Inc., having its principal offices at 685 Route 202/206, Bridgewater, New Jersey 08807, USA (**"Enzon"**). Micromet and Enzon each may be referred to herein individually as a **"Party,"** or collectively as the **"Parties."**

**Recitals**

**A.** The Parties have entered into that certain Amended and Restated Exclusive IP Marketing Agreement, dated as of June 28, 2004 (the **"Agreement"**), pursuant to which the Parties have granted certain rights relating to the marketing of certain intellectual property rights by Micromet on behalf of both Parties, Capitalized terms used herein without definition shall have the meanings given to such terms in the Agreement.

**B.** The Parties have entered into that certain Termination Agreement dated as of the date of this Amendment (the **"Termination Agreement"**) pursuant to which the Parties have terminated the research collaboration under that certain Amended and Restated Collaboration Agreement, dated as of June 28, 2004 (the **"Collaboration Agreement"**). The Parties desire to amend the Agreement to reflect certain changes relating to such termination of the Collaboration Agreement.

**Agreement**

**Now, Therefore,** for and in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Amendment to Section 3.1.1.** The Parties hereby agree to amend and restate Section 3.1.1 of the Agreement, in its entirety, as follows: "Each Party will be entitled to an equal 50% share of all Licensing Revenue received by Micromet on or after October 1, 2005. With respect to Licensing Revenue received and held by Micromet on or before September 30, 2005, Micromet will have the right to retain and dispose of such Licensing Revenue as provided in Section 2.2.1 of that certain Termination Agreement between the Parties, dated as of November 21, 2005."

2. **Amendment to Section 3.1.2.** The Parties hereby agree to amend Section 3.1.2 of the Agreement by appending the following sentence at the end of such section; "Micromet will accompany each such report with a payment equal to Enzon's 50% share of such Licensing Revenue, as may be adjusted in accordance with the terms of this Section 3. Without limiting the foregoing, in order to permit Enzon to meet its financial reporting obligations, Micromet agrees to provide Enzon with written notice of each Third Party License Agreement and the amount of Licensing Revenue received or to be received by Micromet under such Third Party License Agreement, within five (5) business days after the final execution thereof."

3. **Amendment to Section 6.4.** The Parties hereby agree to amend Section 6.4 of the Agreement by replacing the first sentence of such section with the following: "If this Agreement is still in effect on September 30, 2007, then, at any time after such date, either Party may terminate this Agreement, for any reason or no reason at all, on written notice to the other Party, such written notice to be effective 30 days after service of notice upon the other Party."

4. **Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. **Effectiveness.** This Amendment shall become effective upon the execution hereof by both Parties.

6. **Continuing Effect.** Other than as set forth in this Amendment, all of the terms and conditions of the Agreement shall continue in full force and effect.

**In Witness Whereof,** the parties have executed this Amendment to Amended and Restated Exclusive IP Marketing Agreement as of the date first written above.

**Micromet AG**

By: /s/ Christian Itin
Name: Christian Itin
Title: CEO

By: /s/ G.K. Miron
Name: G.K. Miron
Title: CFO/COO

**Enzon Pharmaceuticals, Inc.**

By: /s/ Jeffrey H. Buchalter
Title: Jeffrey H. Buchalter
Title: Chairman, Pres & CEO

**Exhibit 10.29**

**[SERVIER IP UK LIMITED LETTERHEAD]**

January 30, 2019

Enzon Pharmaceuticals, Inc.
685 Route 202/206
Bridgewater, NJ 08807
Attn: Legal Department
Fax: (908) 541-8838

Ladies and Gentlemen:

Reference is made to that certain Asset Purchase Agreement, dated as of November 9, 2009, by and between Klee Pharmaceuticals, Inc. ("Klee"), Defiante Farmaceutica, S.A. ("Defiante"), and Sigma-Tan Finanziaria S.p.A. (solely for the purpose of Section 6.4, Section 7.8(a), Section 7.8(e) and Section 12.17 thereof), on the one hand, and Enzon Pharmaceuticals, Inc. ("Enzon"), on the other hand (the "APA"). Capitalized terms used in this letter agreement without definition shall have the meanings given to them in the APA.

1. Satisfaction of Milestone Payment. Pursuant to Section 3.3(a)(ii) of the APA, Enzon is entitled to and Servier IP UK shall pay to Enzon US$7,000,000. This payment shall be made by Servier IP UK by wire transfer within three (3) business days of the date of the reception by Servier IP UK of a copy of the required and completed claim form sent by Enzon in order to benefit from the provisions of the Double Tax Treaty between the United States and the United Kingdom regarding the limitation of withholding tax. More precisely for this purpose, the parties of this letter agreement must follow the following procedure:

a) Enzon completes the Her Majesty's Revenue and Customs (HRMC) claim form available on the following link: https://www.gov.uk/government/publications/international-tax-uk-usa-double-taxation convention-form-us-company;
b) Enzon sends the completed HMRC claim form together with a copy of the license agreement with the US form 8802 to the Internal Revenue Service (IRS);
c) The claim form is signed/stamped by the IRS which sends it to HMRC together with a US Form 6166 issued by the IRS;
d) Enzon sends a copy of the claim form duly signed/stamped by the IRS to Servier IP UK;
e) Servier IP UK pays the Milestone to Enzon within three (3) business days of the reception of the claim form duly signed and completed as indicated above.

The following provisions of this letter agreement shall take effect once such payment is made.

2. Waiver. Pursuant to Section 7.24(a) of the APA, Servier IP UK Limited, as successor-in-interest to Defiante ("Servier IP UK"), must use, and must cause its Affiliates to use, Applicable Efforts to (a) pursue, in a reasonably timely manner, the development and approval of SS Oncaspar and SC Oncaspar and (b) implement and conduct all research, development and clinical manufacturing activities for, and regulatory activities with respect to, SS Oncaspar and SC Oncaspar that are components of or directly related to or required for the achievement of the milestone payments contemplated by Section 3.3 of the APA. Servier IP UK and Enzon have agreed that Servier IP UK shall not be required to pursue the development of SC Oncaspar in Europe. As a result, Enzon hereby waives compliance by Servier IP UK with its obligations under Section 7.24(a) of the APA to use Applicable Efforts to (i) pursue the development of SC Oncaspar in Europe and the approval of SC Oncaspar by the EMEA and (ii) implement and conduct all research, development and clinical manufacturing activities for, and regulatory activities with respect to, SC Oncaspar that are components of or directly related to or required for the achievement of the milestone payments contemplated by Section 3.3(a)(iii) of the APA. Nothing in this paragraph shall be deemed a waiver by Enzon of Servier IP UK's compliance with its obligations under Section 3.3(a)(iii) of the APA.

3. Consent to Acquisition. Pursuant to Section 3.3(c) of the APA, until the last payment contemplated by Section 3.3 of the APA has been made to Enzon, Defiante, Klee and their Affiliates shall not sell, assign, transfer, dispose of or convey any of the Products, including Oncaspar® (and any successor product thereof) or the Business (including the manufacture, marketing and sale of Oncsapar®) to a third party unless such third party has agreed, in manner reasonably satisfactory to Enzon, to be bound by the terms and conditions of Section 3.3 of the APA and to assume all of the obligations of Defiante and Klee contemplated by the APA. The Servier group acquired Shire's oncology business, including Oncaspar®, on August 31, 2018 (the "Acquisition"). In connection with the Acquisition, the Servier group acquired 100% of the equity of Servier IP UK (known at the time of the Acquisition as Sigma-Tau Pharma Limited). Servier IP UK retained all of its rights and obligations under the APA and remained bound by the terms and conditions of Section 3.3 of the APA. Enzon hereby (a) consents to the Acquisition, (b) acknowledges and agrees that the Acquisition does not constitute a breach of, default under or violation of the APA, and (c) waives any rights of prior approval of the Acquisition pursuant to Section 3.3(c) of the APA.

4. Provision of Materials. As promptly as reasonably practicable after the date hereof, Enzon shall provide to Servier IP UK (a) copies of all material written communications between Enzon and Servier IP UK (or any predecessor-in-interest thereto) relating to the achievement of milestones or the assignment of obligations under the APA, that are reasonably available to Enzon, including notices, meeting minutes, and other correspondence, (b) copies of all material written communications between Enzon and Servier IP UK (or any predecessor-in-interest thereto) relating to the APA, that are reasonably available to Enzon, including notices, notices of breach, and meeting minutes, and (c) copies of all exhibits to the APA.

5. Effect of Waivers. The APA is and shall continue to be in full force and effect in accordance with its terms and, except as expressly set forth in this letter agreement, no other waiver under or modification of the APA is agreed to or implied.

6. Governing Law and Forum. This letter agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware. Section 12.8 of the APA shall also apply to this letter agreement.

7. Counterparts. This letter agreement may be executed in any number of counterparts (including by facsimile and .pdf file), each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. The parties to this letter agreement need not execute the same counterpart.

[Signature Page Follows]

If this letter agreement reflects Enzon's agreement and understanding, please acknowledge and sign on the next page.

Sincerely,

**SERVIER IP UK LIMITED**

By: /s/ Claude Bertrand
Name: Claude Bertrand
Title: Director

[Signature Page to Letter Agreement]

Acknowledged and agreed to as of the date first written above:

**ENZON PHARMACEUTICALS, INC.**

By: /s/ Andrew Rackear
Name: Andrew Rackear
Title: CEO

**EXHIBIT 21.1**

**ENZON PHARMACEUTICALS, INC.**

Subsidiaries of Registrant

| **Subsidiary** | **State or Other Jurisdiction of Incorporation** |
|---|---|
| SCA Ventures, Inc. | Delaware |

**EXHIBIT 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements of Enzon Pharmaceuticals, Inc. and Subsidiaries on Form S-3 (No. 333-137723) and Form S-8 (Nos. 333-174099, 333-140282,333-134453, 333-132467, 333-121468, 333-101898, 333-64110, and 333-18051) of our report dated February 21, 2019, on our audits of the consolidated financial statements as of December 31, 2018 and 2017 and for each of the years then ended, which report is included in this Annual Report on Form 10-K to be filed on or about February 21, 2019.

/s/ EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
February 21, 2019

**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO**
**SECTION 302 OF**
**THE SARBANES-OXLEY ACT OF 2002**

I, Andrew Rackear, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 of Enzon Pharmaceuticals, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 21, 2019

/s/ Andrew Rackear
Andrew Rackear
Chief Executive Officer and Secretary
(Principal Executive Officer)

**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO**
**SECTION 302 OF**
**THE SARBANES-OXLEY ACT OF 2002**

I, Richard L. Feinstein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 of Enzon Pharmaceuticals, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 21, 2019

/s/ Richard L. Feinstein
Richard L. Feinstein
Vice President - Finance and Chief Financial Officer
(Principal Financial Officer)

**EXHIBIT 32.1**

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

In connection with the Annual Report of Enzon Pharmaceuticals, Inc. (the Company) on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Andrew Rackear, Chief Executive Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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.

February 21, 2019

/s/ Andrew Rackear
Andrew Rackear
Chief Executive Officer and Secretary
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Enzon Pharmaceuticals, Inc. and will be furnished to the Securities Exchange Commission or its staff upon request.

**EXHIBIT 32.2**

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

In connection with the Annual Report of Enzon Pharmaceuticals, Inc. (the Company) on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Richard L. Feinstein, Vice President-Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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.

February 21, 2019

/s/ Richard L. Feinstein
Richard L. Feinstein
Vice President - Finance and Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Enzon Pharmaceuticals, Inc. and will be furnished to the Securities Exchange Commission or its staff upon request.