

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010
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
(State of incorporation)

22-2372868
(I.R.S. Employer Identification No.)

685 Route 202/206, Bridgewater, New Jersey
(Address of principal executive offices)

08807
(Zip Code)

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes No

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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Shares of Common Stock outstanding as of August 4, 2010: 60,565,682.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<u>June 30, 2010</u>	<u>December 31, 2009*</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 399,180	\$ 50,440
Short-term investments	35,381	53,670
Accounts receivable, net	2,094	671
Other current assets	5,221	6,257
Current assets of discontinued operations	—	34,174
	<hr/>	<hr/>
Total current assets	441,876	145,212
Property and equipment, net of accumulated depreciation of \$36,168 at June 30, 2010 and \$35,712 at December 31, 2009	23,177	26,534
Marketable securities	69,426	95,636
Other assets	1,311	2,863
Noncurrent assets of discontinued operations	—	62,504
	<hr/>	<hr/>
Total assets	<u>\$ 535,790</u>	<u>\$ 332,749</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,335	\$ 1,390
Accrued expenses and other	20,566	10,338
Current liabilities of discontinued operations	—	13,269
	<hr/>	<hr/>
Total current liabilities	25,901	24,997
Notes payable	134,499	250,050
Other liabilities	4,190	4,419
	<hr/>	<hr/>
Total liabilities	164,590	279,466
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$.01 par value, authorized 3,000,000 shares; no shares issued and outstanding at June 30, 2010 and December 31, 2009	—	—
Common stock - \$.01 par value, authorized 170,000,000 shares; issued and outstanding 60,664,195 shares at June 30, 2010 and 45,317,702 shares at December 31, 2009	607	453
Additional paid-in capital	476,529	352,047
Accumulated other comprehensive income	1,424	2,328
Accumulated deficit	(107,360)	(301,545)
	<hr/>	<hr/>
Total stockholders' equity	371,200	53,283
	<hr/>	<hr/>
Total liabilities and stockholders' equity	<u>\$ 535,790</u>	<u>\$ 332,749</u>

* Condensed from audited financial statements.

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

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenues:				
Royalties	\$ 10,588	\$ 13,170	\$ 23,489	\$ 26,241
Sale of in-process research and development	—	—	40,900	—
Contract research and development	2,602	—	5,211	—
Miscellaneous revenue	527	—	2,277	—
Total revenues	13,717	13,170	71,877	26,241
Expenses:				
Research and development	10,131	11,805	21,646	22,894
Research and development – specialty and contracted services	1,759	9,390	4,818	15,083
General and administrative	5,772	10,087	15,611	19,633
General and administrative – contracted services	421	—	1,821	—
Restructuring charge	710	—	10,599	693
Total expenses	18,793	31,282	54,495	58,303
Operating (loss) income	(5,076)	(18,112)	17,382	(32,062)
Other income (expense):				
Investment income, net	811	1,152	1,782	2,119
Interest expense	(1,480)	(2,751)	(4,156)	(6,013)
Other, net	(31)	54	(30)	4,883
Total other income (expense)	(700)	(1,545)	(2,404)	989
(Loss) income from continuing operations, before income tax benefit	(5,776)	(19,657)	14,978	(31,073)
Income tax benefit	(205)	—	(205)	—
(Loss) income from continuing operations	(5,571)	(19,657)	15,183	(31,073)
(Loss) income and gain from discontinued operations, net of income tax	(51)	14,591	179,002	32,187
Net (loss) income	\$ (5,622)	\$ (5,066)	\$ 194,185	\$ 1,114
(Loss) earnings per common share - continuing operations				
Basic	\$ (0.09)	\$ (0.43)	\$ 0.27	\$ (0.69)
Diluted	\$ (0.09)	\$ (0.43)	\$ 0.23	\$ (0.69)
(Loss) earnings per common share – discontinued operations				
Basic	—	\$ 0.32	\$ 3.16	\$ 0.71
Diluted	—	\$ 0.32	\$ 2.38	\$ 0.71
(Loss) earnings per common share – net (loss) income				
Basic	\$ (0.09)	\$ (0.11)	\$ 3.43	\$ 0.02
Diluted	\$ (0.09)	\$ (0.11)	\$ 2.61	\$ 0.02
Weighted average shares – basic	60,849	45,187	56,640	45,036
Weighted average shares - diluted	60,849	45,187	75,209	45,036

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



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

	Six months ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 194,185	\$ 1,114
Income from discontinued operations	179,002	32,187
	<u>15,183</u>	<u>(31,073)</u>
Income (loss) from continuing operations		
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) operating activities:		
Depreciation	3,047	2,930
Write-down of property and equipment	895	—
Share-based compensation	5,314	4,064
Amortization and write-off of debt issuance costs	1,851	863
(Gain) loss on sale of marketable securities	(128)	157
Gain on redemption of notes payable	—	(4,848)
Amortization of debt securities premium/discount	1,232	(1,268)
Changes in operating assets and liabilities	13,063	23,256
	<u>40,457</u>	<u>(5,919)</u>
Net cash provided by (used in) operating activities of continuing operations		
Net cash provided by operating activities of discontinued operations	—	5,958
	<u>40,457</u>	<u>39</u>
Cash flows from investing activities:		
Proceeds from sale of business, net	262,608	—
Purchase of property and equipment	(502)	(737)
Proceeds from sale of marketable securities	9,238	23,805
Purchase of marketable securities	(1,544)	(60,160)
Maturities of marketable securities	34,796	26,032
	<u>304,596</u>	<u>(11,060)</u>
Net cash provided by (used in) investing activities of continuing operations		
Net cash used in investing activities of discontinued operations	—	(5,958)
	<u>304,596</u>	<u>(17,018)</u>
Cash flows from financing activities:		
Redemption of notes payable	—	(15,602)
Proceeds from issuance of common stock	25,289	476
Repurchase of common stock	(18,136)	—
Withholding taxes – share based compensation	(3,328)	(618)
Redemptions from employee stock purchase plan	(138)	(143)
	<u>3,687</u>	<u>(15,887)</u>
Net cash provided by (used in) financing activities of continuing operations		
Net cash provided by (used in) financing activities	3,687	(15,887)
	<u>348,740</u>	<u>(32,866)</u>
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	50,440	79,711
	<u>\$ 399,180</u>	<u>\$ 46,845</u>

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

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

(1) Organization and Basis of Presentation

On January 29, 2010, Enzon Pharmaceuticals, Inc. and its subsidiaries (Enzon or the Company) consummated the sale of its specialty pharmaceutical business comprised principally of the Company's products and contract manufacturing segments. These divested components are reflected in these condensed consolidated financial statements as discontinued operations and historical information related to the divested components has been reclassified accordingly. The Company also divested of an in-process research and development component of the specialty pharmaceutical business which is reported in revenue from continuing operations. Refer to Note 13, Discontinued Operations, for more information regarding the sale.

Following the sale of the specialty pharmaceutical business, Enzon is a biopharmaceutical company dedicated to the research and development of innovative medicines for patients with cancer. The Company operates in one business segment, that of discovering and developing innovative medicines for the treatment of cancer. The Company's Principal Executive Officer (chief operating decision maker) reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating unit.

The accompanying unaudited condensed consolidated financial statements have been prepared from the books and records of the Company in accordance with United States generally accepted accounting principles (GAAP) for interim financial information and Rule 10-01 of the U.S. Securities and Exchange Commission Regulation S-X. Accordingly, these financial statements do not include all of the information and footnotes required for complete annual financial statements. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the valuation of certain investments, long-lived assets, legal and contractual contingencies and assumptions used in the calculation of share-based compensation and income taxes. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience, the current economic environment and other factors that management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Moreover, interim results are not necessarily indicative of the results that may be expected for the year. Changes in estimates will be reflected in the financial statements in future periods. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) considered necessary for a fair presentation have been included in these financial statements. Certain prior-year amounts have been reclassified to conform to the current period presentation. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

Cash payments for withholding taxes on the exercise of share-based awards had previously been netted against share-based compensation expense within cash provided by operating activities in the Company's statements of cash flows and reflected as a cash outflow from operating activities. The proper classification of these amounts is in cash flows from financing activities. In the preparation of the June 30, 2010 statement of cash flows, amounts that had previously been reported in the Company's March 31, 2010, March 31, 2009 and June 30, 2009 Forms 10-Q were revised to correct this immaterial error. The corrected amounts of withholding taxes for these periods, which in each case is deemed to be immaterial, are \$1.9 million for the three months ended March 31, 2010 (included in the year-to-date total withholding of \$3.3 million as of June 30, 2010) and \$0.6 million for the six months ended June 30, 2009 (\$0.1 million for the three months ended March 31, 2009 and \$0.5 million for the three months ended June 30, 2009).

Subsequent to the Company's issuance on August 3, 2010 of a press release reporting its financial results for the second quarter of 2010, a reclassification adjustment was made in the amount of \$128,000 between continuing and discontinued operations. The change, reflected in this report on Form 10-Q for the quarterly period ended June 30, 2010, increased the amount of expense reported for research and development related to specialty and contracted services and, in turn, increased the loss from continuing operations for the quarter by \$128,000 and decreased the income from continuing operations for the year-to-date period by \$128,000. The offsetting effect of the change was to decrease the reported loss from discontinued operations for the second quarter of 2010 and increase the six-month income and gain from discontinued operations from those amounts as reflected in the August 3, 2010 earnings release. There was no effect on reported per-share amounts.

(2) New Accounting Standards

Enhanced Disclosures about Fair Value – In January 2010, new disclosures became effective relating to fair value measurements. These enhanced disclosures have been fully adopted by the Company and are reflected in Note 3 – Investments and Marketable Securities and Note 4 – Notes Payable. The adoption of these disclosure rules had no effect on the Company's financial position, results of operations or cash flows.

Revenue Recognition – Multiple-Deliverable Revenue Arrangements – In October 2009, the Financial Accounting Standards Board (FASB) amended the Accounting Standards Codification to provide guidance for measuring and allocating consideration received among the separate units of accounting in revenue arrangements with multiple deliverables. The new standard establishes a hierarchy of evidence for determining each unit's selling price which includes vendor-specific objective evidence, third-party evidence or the vendor's best estimate in the absence of the other alternatives. The Company adopted the new standard on a prospective basis effective January 1, 2010, as permitted, in advance of the normal effective date of January 1, 2011. The new standard was employed in

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

the measurement of the sale of in-process research and development that was a component of the sale of the Company's divestiture of its specialty pharmaceutical business. See Note 8 – Sale of In-Process Research and Development.

Milestone Method of Revenue Recognition – Pursuant to a final consensus of the Emerging Issues Task Force of the Financial Accounting Standards Board ratified on March 31, 2010, guidance is provided for determining when milestone payments received in conjunction with research and development efforts performed may be recognized. The guidance is effective no later than the third quarter of 2010 with early adoption permitted. The Company is evaluating the new guidance which is to be implemented prospectively and has preliminarily concluded that it does not believe adoption of the guidance will have a material effect on its financial position, results of operations or cash flows.

(3) Investments and Marketable Securities

The amortized cost, gross unrealized holding gains or losses, and fair value of the Company's investments by major security type at June 30, 2010 were as follows (in thousands):

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value*
Corporate debt	\$ 76,352	\$ 1,021	\$ (564)	\$ 76,809
U.S. government-sponsored entities debt	15,296	47	—	15,343
Non-U.S. government debt	7,893	104	—	7,997
Auction rate security	892	—	(573)	319
Other	3,653	686	—	4,339
	<u>\$ 104,086</u>	<u>\$ 1,858</u>	<u>\$ (1,137)</u>	<u>\$ 104,807</u>

* Includes short-term investments of \$35,381 and marketable securities of \$69,426 at June 30, 2010.

The amortized cost, gross unrealized holding gains or losses, and fair value of the Company's investments by major security type at December 31, 2009 were as follows (in thousands):

	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value*
Corporate debt	\$ 114,118	\$ 1,362	\$ (17)	\$ 115,463
U.S. government-sponsored entities debt	5,713	73	—	5,786
Non-U.S. government debt	23,298	12	(94)	23,216
Auction rate security	877	—	(558)	319
Other	3,714	810	(2)	4,522
	<u>\$ 147,720</u>	<u>\$ 2,257</u>	<u>\$ (671)</u>	<u>\$ 149,306</u>

* Includes short-term investments of \$53,670 and marketable securities of \$95,636 at December 31, 2009.

All corporate, U.S. government-sponsored entity and non-U.S. government debt investments are classified as available for sale. The auction rate security, also available for sale, is classified as a long-term investment due to its perpetual term and the Company's intent to hold. Other securities include investments of participants in the Company's Executive Deferred Compensation Plan (predominantly mutual fund shares) totaling \$3.7 million of fair value as of June 30, 2010 and \$3.8 million as of December 31, 2009. There is a non-current liability that offsets the aggregate deferred compensation plan assets. In addition, other securities included \$0.6 million and \$0.7 million of fair value of corporate equity securities as of June 30, 2010 and December 31, 2009, respectively.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

Fair value of the Company's investments is determined in accordance with GAAP as it relates to fair value measurements and disclosures. The relevant guidance establishes a hierarchy of preferred measures based upon the level of market observability used in determining the investment's fair value. The preferred level is that which is derived from readily available quoted prices in active markets (Level 1). As the table below indicates, the majority of the Company's investments and marketable securities are valued based on Level 1 inputs. Failed auctions for the auction rate security have resulted in the need for the Company to seek alternative measures of fair value which the Company deems to be Level 2. The model used to value the auction rate security considers listed quotes of bonds with comparable maturities, the underlying collateral of the security and the issuer's credit worthiness.

The table below indicates the fair value measurements employed as of June 30, 2010 (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Corporate debt	\$ 76,809	\$ —	\$ 76,809
U.S. government-sponsored entities debt	15,343	—	15,343
Non-U.S. government debt	7,997	—	7,997
Auction rate security	—	319	319
Other	4,339	—	4,339
	<u>\$ 104,488</u>	<u>\$ 319</u>	<u>\$ 104,807</u>

There were no transfers between Level 1 and Level 2 investments during the six months ended June 30, 2010.

Maturities of marketable debt securities, excluding securities related to the Company's Executive Deferred Compensation Plan, at June 30, 2010 were as follows (in thousands):

Twelve-Month Periods Ending June 30,	Amortized Cost	Fair Value
2011	\$ 34,515	\$ 34,746
2012	57,825	58,176
2013	7,201	7,227
After 2014	892	319
	<u>\$ 100,433</u>	<u>\$ 100,468</u>

The Company realized a net loss of \$16,000 during the quarter ended June 30, 2010 from the sale of investments of the deferred compensation plan. The cost of securities is based on the specific-identification method.

The following table shows the gross unrealized losses and fair values of the Company's available-for-sale securities (both short-term and long-term) aggregated by investment category and length of time that individual securities have been in a continuous loss position at June 30, 2010 (in thousands):

	Less Than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate debt *	\$ 7,045	\$ (564)	\$ —	\$ —
Auction rate security	—	—	319	(573)
	<u>\$ 7,045</u>	<u>\$ (564)</u>	<u>\$ 319</u>	<u>\$ (573)</u>

* The Company invests in bonds and notes that are rated A or better, as dictated by its investment policy.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

Impairment assessments are made at the individual security level each reporting period. When the fair value of an investment is less than its cost at the balance sheet date, a determination is made as to whether the impairment is other than temporary and, if it is other than temporary, an impairment loss is recognized in earnings equal to the difference between the investment's amortized or adjusted cost and fair value at such date.

As of June 30, 2010, the fair value of the Company's holdings of corporate debt securities exceeded amortized cost basis on a net basis by approximately \$0.5 million. The net unrealized holding loss was reflective of current market conditions related primarily to one issuer which is being monitored by the Company. The changes in the market value of corporate investments are generally due to changes in interest rates and not the credit quality of the issuer. As of June 30, 2010, the Company does not intend to dispose of these securities before recovery of their cost basis nor is it more likely than not that the Company will be required to do so. Accordingly, the Company does not consider any of its investments in corporate debt to be other-than-temporarily impaired at June 30, 2010 and there has been no recognition of an unrealized loss in earnings.

The Company has one investment in an auction rate security at risk with an original cost basis of \$1.5 million that is being carried at an estimated fair value of \$0.3 million. An estimated credit loss of \$0.6 million was previously recorded in earnings based upon an estimate of the present value of expected cash flows from this investment. The Company does not intend to dispose of this security before recovery of its cost basis nor is it more likely than not that the Company will be required to do so. There have been no additions or adjustments to the estimated amount of the credit loss associated with the Company's holding of the auction rate security other than accretion of estimated future cash flows expected to be received upon settlement. The balance of the amount related to credit losses on this auction rate security as of June 30, 2010 was \$0.6 million. As of June 30, 2010, there is a \$0.6 million unrealized loss related to this auction rate security, measured from the book basis, which is included as part of accumulated other comprehensive income. The Company will continue to monitor this instrument and the expected cash flows to be derived from it. It is reasonably possible that the Company's estimate of expected cash flows to be received could change based on the financial condition of the issuer or macroeconomic conditions and some or all of the amount currently reported in accumulated other comprehensive income could be recognized in earnings at some future date.

(4) Notes Payable

The 4% convertible senior notes mature on June 1, 2013 unless earlier redeemed, repurchased or converted. The 4% notes are senior unsecured obligations and rank equal to other senior unsecured debt of the Company and all future senior unsecured debt of the Company. The 4% notes are convertible at the option of the holders into the Company's common stock at a conversion price of \$9.55 per share. If the closing price of the Company's common stock for at least 20 trading days in the 30-consecutive-trading-day period ending on the date one day prior to the date of a notice of redemption is greater than 140 percent of the applicable conversion price on the date of such notice, the Company, at its option, may redeem the 4% notes in whole or in part, at a redemption price in cash equal to 100 percent of the principal amount of the 4% notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date.

The January 2010 sale of the specialty pharmaceutical business constituted a fundamental change as that term is defined in the indenture for the Company's 4% convertible senior notes. Pursuant to the terms and conditions of the indenture, the Company made an offer in February 2010 to repurchase any or all of the outstanding notes at a price equal to 100% of the principal amount plus accrued and unpaid interest. No notes were tendered pursuant to the offer which expired on March 5, 2010. The fundamental change also triggered a change in the conversion rate for the notes. For the period extending from January 29, 2010 to March 4, 2010, holders of the notes had the opportunity to convert their notes into shares of common stock of the Company at an enhanced conversion rate of 116.535 shares per \$1,000 principal amount (from the original conversion rate of 104.712 shares per \$1,000 principal amount). The increased conversion rate was based on the average of the closing sale price per share of the Company's common stock in the five trading-day period prior to the

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

transaction constituting the fundamental change. During the enhanced conversion period, \$115.6 million principal amount of notes were converted into approximately 13.5 million shares of common stock of the Company, reducing the principal balance of the notes outstanding as of June 30, 2010 to \$134.5 million from the \$250.1 million outstanding as of December 31, 2009. The note conversion triggered the write-off of \$1.5 million of debt issuance costs. Also, note holders who elected to convert their holdings into shares of common stock of the Company waived payment of interest accumulated from the last interest payment date of December 1, 2009 to the date of conversion. This had a favorable effect on earnings of approximately \$0.8 million. Subsequent to the March 4, 2010 enhanced conversion period, the original conversion rate of 104.712 shares per \$1,000 principal amount of notes is again in effect.

During the first quarter of 2009, the Company repurchased \$20.5 million principal amount of its 4% notes at a discount to par resulting in a net gain of approximately \$4.5 million net of the write-off of \$0.3 million of debt issuance costs. No such purchases were made during the second quarter of 2009.

Interest on the 4% notes is payable on June 1 and December 1 of each year. Accrued interest amounted to \$0.4 million and \$0.8 million as of June 30, 2010 and December 31, 2009, respectively.

The fair value of the 4% Convertible Senior Notes payable as of June 30, 2010 is \$156.9 million. Fair value of the Company's note is based on quoted market prices.

(5) Stockholders' Equity

On December 3, 2009, the Company announced a share repurchase program, under which the Company may purchase up to \$50.0 million of the Company's outstanding common shares. During the three months ended June 30, 2010, the Company repurchased approximately 1,189,000 shares at a cost of \$12.4 million or approximately \$10.41 average cost per share. This brings cumulative purchases under this program – December 2009 through June 30, 2010 - to approximately 1,943,000 shares at a total cost of \$20.2 million. The plan continues in effect.

(6) Comprehensive (Loss) Income

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net (loss) income	\$ (5,622)	\$ (5,066)	\$ 194,185	\$ 1,114
Other comprehensive income (loss):				
Unrealized gain (loss) on securities that arose during the period *	(1,053)	1,846	(737)	2,215
Currency translation adjustment *	(226)	309	(39)	202
Reclassification adjustments for (gain) loss on sale of securities included in net income*:	(16)	4	(128)	157
Total other comprehensive income (loss)	(1,295)	2,159	(904)	2,574
Comprehensive (loss) income	\$ (6,917)	\$ (2,907)	\$ 193,281	\$ 3,688

* Information has not been tax-effected due to an estimated annual effective tax rate of zero.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
(Unaudited)

(7) Supplemental Cash Flow Information

The Company considers all highly liquid investment securities with original maturities of three months or less to be cash equivalents. During the six-month period ended June 30, 2010, there were payments of interest related to the Company's 4% notes in the amount of \$2.7 million. During the six months ended June 30, 2010, the Company had a noncash conversion of \$115.6 million principal amount of the 4% notes into approximately 13.5 million shares of its common stock. The first-quarter conversion of notes resulted in a waiver of accumulated interest which amounted to approximately \$0.8 million in interest savings for the Company. In the first six months of 2009, there was a payment of interest on the Company's 4% notes payable of \$5.2 million. Income tax payments were \$0.1 million for each of the six month periods ended June 30, 2010 and 2009.

(8) Sale of In-Process Research and Development

When the Company sold its specialty pharmaceutical business, it retained its research and development organization. Enzon is now a biopharmaceutical company engaged in the research and development of medicines for patients with cancer and the commercialization of those efforts. The Company had been engaged in studies oriented towards the next-generation formulations of Oncaspar and Adagen, two products that were among those sold as part of the specialty pharmaceutical business. As the Company's first sales transaction, the in-process research and development related to Oncaspar and Adagen was sold to the purchaser of the specialty pharmaceutical business and \$40.9 million was recognized as revenue.

In arriving at the selling price of the in-process research and development, management made its best estimate of its standalone fair value based on the stage of development and future milestone payment consideration. This, in turn, was used to determine the relative selling prices of the various components (i.e. allocate the total proceeds received from the sale of the specialty pharmaceutical business between the manufacturing and marketing of approved products and the in-process research and development).

Constituting a second deliverable to the sale of the in-process research and development, a transition services agreement entered into with the purchaser commits the Company to provide certain research and consulting services for a period of up to three years following the sale. Enzon is compensated for these services at actual cost plus a mark-up per the terms of the transition services agreement. These services are a convenience to the purchaser, but are not of such a nature that the work could not be performed by the purchaser or third-parties without the Company's involvement. All necessary technology and know-how was transferred to the purchaser at the time of the sale and the purchaser could resell the in-process research and development asset. The activities necessary to complete the work on the Oncaspar and Adagen next-generation formulations could be performed by others. The in-process research and development has standalone value.

(9) Earnings Per Common Share

Basic earnings per common share is computed by dividing the income available to common stockholders 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 vesting period has been satisfied. 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, shares issuable under the employee stock purchase plan (ESPP) and the number of shares issuable upon conversion of the Company's convertible notes payable. In the case of notes payable, the diluted earnings per share calculation is further affected by an add-back of interest to the numerator under the assumption that the interest would not have been incurred if the notes payable were converted into common stock. If the Company incurs a loss from continuing operations in a reporting period, all diluted earnings per share computations for that period exclude potential dilutive shares.

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Notes to Condensed Consolidated Financial Statements – (Continued)
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	Three months ended June 30,		Six months June 30,	
	2010	2009	2010	2009
(Loss) Earnings Per Common Share – Basic:				
(Loss) income from continuing operations	\$ (5,571)	\$ (19,657)	\$ 15,183	\$ (31,073)
Discontinued operations	\$ (51)	\$ 14,591	\$ 179,002	\$ 32,187
Net (loss) income	\$ (5,622)	\$ (5,066)	\$ 194,185	\$ 1,114
Weighted average common shares outstanding	60,849	45,187	56,640	45,036
Basic (loss) earnings per share:				
Continuing operations	\$ (0.09)	\$ (0.43)	\$ 0.27	\$ (0.69)
Discontinued operations	\$ —	\$ 0.32	\$ 3.16	\$ 0.71
Net (loss) income	\$ (0.09)	\$ (0.11)	\$ 3.43	\$ 0.02
(Loss) Earnings Per Common Share – Diluted:				
(Loss) income from continuing operations	\$ (5,571)	\$ (19,657)	\$ 15,183	\$ (31,073)
Add back interest expense on 4% convertible notes, net of tax	— ⁽¹⁾	— ⁽¹⁾	2,305	— ⁽¹⁾
Adjusted (loss) income from continuing operations	\$ (5,571)	\$ (19,657)	\$ 17,488	\$ (31,073)
Discontinued operations	\$ (51)	\$ 14,591	\$ 179,002	\$ 32,187
Adjusted net (loss) income	\$ (5,622)	\$ (5,066)	\$ 196,490	\$ 1,114
Weighted average common shares outstanding	60,849	45,187	56,640	45,036
Weighted-average incremental shares related to assumed exercise of stock options and vesting of nonvested awards	— ⁽¹⁾	— ⁽¹⁾	1,416	— ⁽¹⁾
Weighted-average incremental shares assuming conversion of 4% notes ⁽²⁾	— ⁽¹⁾	— ⁽¹⁾	17,153	— ⁽¹⁾
Weighted-average number of common shares outstanding and common share equivalents	60,849	45,187	75,209	45,036
Diluted (loss) earnings per share:				
Continuing operations	\$ (0.09)	\$ (0.43)	\$ 0.23	\$ (0.69)
Discontinued operations	\$ —	\$ 0.32	\$ 2.38	\$ 0.71
Net (loss) income	\$ (0.09)	\$ (0.11)	\$ 2.61	\$ 0.02

(1) Because the continuing operations for the three months ended June 30, 2010 and the three months and six months ended June 30, 2009 resulted in losses, there is no adjustment of the numerator or denominator to calculate diluted loss per share for those periods. To do so would be antidilutive. Also, a loss at the continuing operations level requires that all other computations of per-share amounts for the indicated periods must be made exclusive of potential dilutive shares. Accordingly, diluted earnings per share for income from discontinued operations for the three months and six months ended June 30, 2009 and net income for the six months ended June 30, 2009 exclude potentially dilutive shares. In each of these instances, diluted earnings per share are the same as basic earnings per share.

(2) Assumes conversion at the rate of 104.712 shares per \$1,000 principal amount of notes.

For the three months ended June 30, 2010, approximately 16.0 million potentially dilutive shares were anti-dilutive and were excluded from the

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
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computation of earnings per share. For the three months and six months ended June 30, 2009, approximately 26.6 million and 36.7 million potentially dilutive shares, respectively, were anti-dilutive and were excluded from the computation of earnings per share.

(10) Restructuring

During the second quarter of 2010, the Company wrote off certain leasehold improvements and furnishings located at its corporate headquarters in Bridgewater, New Jersey that were determined to be excess and without future value as a result of the termination and relocation of several employees. The noncash charge related to this write off was approximately \$0.9 million. During the first quarter of 2010, the Company undertook a reduction in workforce involving the termination of 64 employees resulting in an expense of \$6.1 million for severance and related benefits for the affected employees. This related primarily to the sale of the specialty pharmaceutical business. Several employees who were previously engaged in activities related to the divested business but who did not transfer to the employment of the purchaser were provided with separation benefits after certain transition periods during which they assisted with an orderly transfer of activities and information to the purchaser. In addition, the Company reassessed its staffing requirements subsequent to the sale of the specialty pharmaceutical business in light of the lessened demands on many of its general and administrative functions. As of June 30, 2010, \$4.0 million remains as an accrued liability which is expected to be fully paid out by the third quarter of 2011. Also, effective February 22, 2010, Jeffrey Buchalter, the Company's then President and Chief Executive Officer, resigned from the Company for "good reason" (as defined in his employment agreement with the Company). For the quarter ended March 31, 2010, the Company expensed \$3.8 million for severance payments and benefits that were payable to Mr. Buchalter. This amount was reduced during the quarter ended June 30, 2010 by approximately \$0.2 million once the termination agreement with Mr. Buchalter was executed. Payment of amounts due to Mr. Buchalter is scheduled to be made during the third quarter of 2010.

In the first quarter of 2009, the Company implemented a restructuring plan involving a reduction in workforce in the areas of general and administrative and research and development. Costs of severance and related benefits for employees affected by the 2009 workforce reduction amounted to \$0.7 million during the first quarter of 2009. The amounts accrued in the first quarter of 2009 were fully paid out by the end of October 2009. A portion of the severance payments related to a third-quarter 2009 workforce reduction related to the Company's contract manufacturing operations had not been fully paid out as of December 31, 2009. Of the approximately \$0.4 million of severance payments that remained payable as of December 31, 2009, nearly \$0.3 million was paid out during the first six months of 2010. The remaining balance is expected to be paid out prior to September 30, 2010.

The Company incurred the following costs in connection with its restructuring programs during the three months and six months ended June 30, 2010 and 2009, respectively, (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Employee termination costs - 2010 program	\$ (153)	\$ —	\$ 9,736	\$ —
Employee termination costs - 2009 program	—	—	—	693
Write-down of leasehold improvements and furnishings	863	—	863	—
	<u>\$ 710</u>	<u>\$ —</u>	<u>\$ 10,599</u>	<u>\$ 693</u>

(11) Share-Based Compensation

Stock Option and Nonvested Share Awards

During the three-month periods ended June 30, 2010 and 2009, the Company recognized share-based compensation expense of \$0.8 million and \$2.1 million, respectively, relating to stock option and nonvested share awards. During the six-month periods ended June 30, 2010 and 2009, the Company

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recognized share-based compensation expense of \$5.3 million and \$4.1 million, respectively, for these plans. The weighted average grant price of the options granted was \$4.41 per share and fair values ranged from \$4.24 to \$4.47 per share. The fair value of the options granted during the six months ended June 30, 2010 was \$0.7 million. The nonvested shares granted during the six months had a weighted average grant-date fair value of \$9.96 per share for an aggregate fair value of \$1.0 million. The Company uses historical data to estimate forfeiture rates. Activity in options and nonvested shares during the six-months ended June 30, 2010 and related balances outstanding as of that date are reflected below (in thousands).

	Options	Nonvested Shares
Outstanding at January 1, 2010	8,369	1,069
Granted	153	103
Exercised and vested	(3,248)	(879)
Expired and forfeited	(114)	(2)
Outstanding at June 30, 2010	<u>5,160</u>	<u>291</u>
Options vested and expected to vest at June 30, 2010	<u>5,047</u>	
Options exercisable at June 30, 2010	<u>4,722</u>	

As of June 30, 2010, there was \$1.0 million of unrecognized compensation cost related to unvested options that the Company expects to recognize over a weighted-average period of 13 months and \$1.3 million of unrecognized compensation cost related to nonvested shares expected to be recognized over a weighted-average period of 10 months.

In the second quarter of 2010, withholding of income taxes on exercise of options amounted to \$1.4 million which exceeded the \$0.8 million of expense resulting in a net decrease to additional paid-in capital of \$0.6 million. In the second quarter of 2009, withholding was \$0.5 million, which partially offset expense and resulted in a net increase in additional paid-in capital of \$1.6 million. Withholding amounted to \$3.3 million and \$0.6 million in each respective six-month period resulting in net increases to additional paid-in capital of \$2.0 million and \$3.5 million, respectively.

(12) Income Taxes

During the three months and six months ended June 30, 2010, the Company recorded a net income tax benefit of \$0.2 million consisting principally of a Canadian transfer pricing refund. During the three months and six months ended June 30, 2009, the Company recorded no income tax expense. The Company did not recognize a U.S. Federal income tax provision for the first half of 2010 or 2009 as the estimated annual effective tax rate was zero. As of June 30, 2010, the Company continues to provide a valuation allowance against its net deferred tax assets since the Company believes it is more likely than not its deferred tax assets will not be realized.

(13) Discontinued Operations

On January 29, 2010, the Company consummated the sale of the specialty pharmaceutical business comprised principally of its Products and Contract Manufacturing segments in addition to certain in-process research and development. The Products and Contract Manufacturing segments constituted components of Enzon and the sale qualified for treatment as discontinued operations during the first quarter of 2010 upon receipt of shareholder approval at a special meeting of shareholders on January 27, 2010. The sale of in-process research and development associated with marketed products also was a component of Enzon but has been treated as an asset sale in continuing operations due to the Company's continuing involvement in research and development efforts related to marketed products subsequent to the sale.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
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Reported amounts

Summary results of operations of the specialty pharmaceutical business through January 29, 2010 and for the three months and six months ended June 30, 2010 and 2009, respectively, and components of the net gain on the transaction were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues	\$ —	\$ 34,024	\$ 8,720	\$ 69,591
Income before income tax	\$ —	\$ 14,591	\$ 3,620	\$ 32,205
Income tax provision	—	—	—	(18)
(Loss) gain on sale of discontinued operations, net of income tax	(51)	—	175,382	—
(Loss) income and gain from discontinued operations, net of income tax	\$ (51)	\$ 14,591	\$ 179,002	\$ 32,187

The cash proceeds received from the purchaser, the sigma-tau Group, including the second-quarter 2010 working capital adjustment amounted to approximately \$308.0 million. Transaction costs amounted to approximately \$5.0 million reducing net proceeds to approximately \$303.0 million. Of this amount, \$40.9 million was allocated to the sale of in-process research and development. The net proceeds then attributable to discontinued operations amounted to \$262.6 million and this amount less the book basis in the respective assets and liabilities (see below) yielded the gain from discontinued operations of \$175.4 million.

The sale is a taxable transaction for federal income tax purposes. The Company does not anticipate that it will incur significant tax liabilities as a result of the transaction due to the tax basis it has in the disposed of assets and the projected 2010 tax loss from operations. The potential receipt of milestone and/or royalty payments will also be taxable events, but the tax consequences of these payments cannot be estimated at this time.

There have been no allocations of corporate interest or general and administrative expenses to discontinued operations.

The carrying amounts of major classes of assets and liabilities of the specialty pharmaceutical business as adjusted were as follows (in thousands):

	January 29, 2010	December 31, 2009
Trade accounts receivable, net	\$ 11,886	\$ 15,026
Inventories	19,516	17,734
Other current assets	693	1,414
Current assets of discontinued operations	\$ 32,095	\$ 34,174
Property and equipment, net	\$ 12,621	\$ 12,703
Amortizable intangible assets, net	48,896	49,801
Non-current assets of discontinued operations	\$ 61,517	\$ 62,504
Trade accounts payable	\$ 700	\$ 2,875
Accrued expenses	5,763	10,394
Current liabilities of discontinued operations	\$ 6,463	\$ 13,269

Transition Services Agreement

Pursuant to a transition services agreement with the sigma-tau Group, Enzon began performing product-support research and development and various general and administrative functions for the purchasing parties during the first quarter of 2010. The research and development work is intended to facilitate the

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements – (Continued)
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transfer of certain technologies associated with Oncaspar and Adagen to the purchaser but is not of such a nature that the work could not be performed by the purchaser or third-parties without the Company's involvement. The Company will provide such transfer services for a period of up to three years following the closing. For a period of up to twelve months following the closing, the Company will provide the purchaser with certain general, administrative services.

Enzon is being compensated for the research and development and general and administrative services outlined above at actual costs plus a mark-up per the terms of the transition services agreement. These revenues and the corresponding expenses are being reflected in the Company's continuing operating results. None of these services confers upon the Company the ability to influence the operating and/or financial policies of our former specialty pharmaceutical business under its new ownership.

(14) Commitments and Contingent Liabilities

In December 2004, the Company entered into an employment agreement with Jeffrey H. Buchalter, the Company's former President and Chief Executive Officer. The agreement, as amended, provided that in the event Mr. Buchalter's employment were to be terminated for "good reason" (as defined therein), Mr. Buchalter would be entitled to receive: (i) any unpaid base salary through the date of termination plus any earned but unpaid bonus for the fiscal year, (ii) a lump sum cash payment equal to four times his annual base salary, (iii) a pro rata portion of his target bonus for the year in which the termination occurs and (iv) continuation of certain fringe benefits. In addition, Mr. Buchalter would continue to be entitled to any deferred compensation and any other unpaid amounts and benefits earned and vested prior to or as a result of his termination. Moreover, in the event of a termination of his employment for good reason, full vesting of all of Mr. Buchalter's unvested equity awards as of the termination date might also be triggered. The agreement stipulates that the Company would reimburse Mr. Buchalter for his reasonable attorneys' fees incurred in connection with any dispute arising from the employment agreement in which Mr. Buchalter proceeded in good faith.

On February 19, 2010, Jeffrey Buchalter resigned as President and Chief Executive Officer and as a director of the Company for "good reason" (as defined in the employment agreement), effective as of February 22, 2010. For the six months ended June 30, 2010, the Company expensed \$3.6 million for severance payments and benefits. This amount is scheduled to be paid to Mr. Buchalter in the third quarter of 2010 in accordance with the terms of his termination agreement entered into during the second quarter of 2010.

Litigation has been initiated against the Company in connection with the contract manufacturing operations it owned through January 29, 2010. The suit relates to the manufacture of the injectable vitamin, MVI. The customer claims breach of contract among other damages. The case is scheduled for a mediation proceeding on August 12, 2010. The Company is not able to estimate what, if any, loss it may experience or the extent to which the claim may be covered by insurance. Ultimate liability resulting from this litigation, if any, would remain the responsibility of Enzon and would not pass to the sigma-tau Group.

Item 2. Managements Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a biopharmaceutical company dedicated to the research and development of innovative medicines for patients with cancer. Our drug development programs utilize several cutting-edge approaches, including our industry-leading Customized Linker Technology and messenger RNA (mRNA) antagonists using the Locked Nucleic Acid (LNA) technology. We currently have three compounds in human clinical development; PEG-SN38, the HIF-1 alpha antagonist and the Survivin antagonist. We receive royalty revenues from licensing arrangements with other companies related to sales of products developed using our proprietary PEGylation technology.

We operate in one business segment, that of developing and commercializing innovative medicines for the treatment of cancer. Our Principal Executive Officer reviews our operating results on an aggregate basis and manages the operations as a single operating unit.

On January 29, 2010, we consummated the sale of our specialty pharmaceutical business. The cash purchase price, including certain customary working capital adjustments, was \$308.0 million. Transaction costs amounted to approximately \$5.0 million, reducing net proceeds to approximately \$303.0 million. An additional amount of up to \$27.0 million may be received based on certain success milestones. In addition, through 2014 we may receive royalties of five to ten percent on incremental net sales above the baseline 2009 amount from the four marketed specialty pharmaceutical products that were sold. Pursuant to a transition services agreement, we will perform product-support research and development as requested by the purchaser for a period of up to three years after the sale. We also have been providing various general and administrative functions for the purchasing parties subsequent to the close of the transaction. Our involvement in the general administrative activities is expected to end during 2010. In consideration for our efforts related to the transition services agreement, we are being compensated at actual cost plus a mark-up per the terms of the transition services agreement.

The transaction to sell our specialty pharmaceutical business comprised our Products and Contract Manufacturing segments as well as in-process research and development related to enhanced next-generation formulations of Oncaspar and Adagen. The Products and Contract Manufacturing segments are reflected as discontinued operations beginning in the first quarter of 2010. The sale of the in-process research and development has been reported as an asset sale in continuing operations in the first quarter of 2010 and not as part of discontinued operations due to our continuing involvement with the purchaser's research efforts.

Prior-year information has been reclassified to reflect the operations of our specialty pharmaceutical business. Percentage changes throughout the following Management's Discussion and Analysis are based on amounts stated in thousands of dollars and not the rounded millions of dollars reflected in this section.

Results of Operations

Revenues:

Royalties

(millions of dollars)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	% Change	2009	2010	% Change	2009
Royalty revenue	\$ 10.6	(20)	\$ 13.2	\$ 23.5	(10)	\$ 26.2

We receive income from royalties on sales of products by other companies that use our proprietary PEGylation technology, including PEGINTRON, marketed by Merck & Co., Inc., Macugen, marketed by OSI Pharmaceuticals, Inc. and Pfizer, Inc. and CIMZIA, marketed by UCB Pharma. Royalty revenue for the three months ended June 30, 2010 decreased 20 percent to \$10.6 million from \$13.2 million for the three months ended June 30, 2009. On a six-month year-to-date basis, royalty revenues declined 10 percent to \$23.5 million from \$26.2 million. Effective in October 2009, we no longer receive royalties from the

sale of Pegasys. Both the three-month and six-month periods ended June 30, 2009 included Pegasys royalties. The absence of these royalties in 2010 comprised approximately thirty percent of the total declines in each period. The remainder of the reduction in royalties from the prior-year comparative periods was due primarily to lower sales of PEGINTRON. We continue to evaluate the possible sale of our PEGINTRON royalty stream.

During the three months ended June 30, 2010, we had royalties on export sales of \$9.0 million, of which \$3.4 million were in Europe. This compares to \$11.3 million of export sales in the comparable three-month period of 2009, of which \$4.5 million were in Europe. On a six-month basis, we had royalties on export sales in 2010 of \$19.7 million, of which \$6.8 million were in Europe and \$22.0 million of royalties on export sales in 2009, of which \$8.4 million were in Europe.

Sale of in-process research and development

When we sold our specialty pharmaceutical business, we retained our research and development organization. We are now a biopharmaceutical company engaged in the research and development of medicines for patients with cancer and the commercialization of those efforts. We had been engaged in studies oriented towards the next-generation formulations of Oncaspar and Adagen, two products that were among those sold as part of the specialty pharmaceutical business. As our first sales transaction, the in-process research and development related to Oncaspar and Adagen was sold to the purchaser of the specialty pharmaceutical business, the sigma-tau Group, and \$40.9 million was recognized as revenue in connection with the sale in the first quarter of 2010. The selling price of the in-process research and development represents management's best estimate of its standalone fair value based on the stage of development and future milestone payment consideration. All necessary technology and know-how was transferred to the purchaser at the time of the sale and the purchaser could resell the in-process research and development asset. The activities necessary to complete the work on the Oncaspar and Adagen next-generation formulations could be performed by the sigma-tau Group or others.

Contract Research and Development

Pursuant to a transition services agreement entered into at the time of the sale of the specialty pharmaceutical business, we began performing product-support research and development, consulting and technology transfer functions for the sigma-tau Group effective with the close of the sale transaction on January 29, 2010. The transition services associated with product-support research and development are being reported in continuing operations due to our continuing involvement in the research and development related to the divested products. We are being compensated for this work at actual cost plus a mark-up per the terms of the transition services agreement. In each of the three-month periods ended March 31, 2010 and June 30, 2010, \$2.6 million of revenue was generated from these services. Our contractual obligation is to assist with these transition services for a period of up to three years subsequent to the date of the sale.

Miscellaneous Revenue

Also as part of the transition services agreement referred to above, we will be reimbursed by the sigma-tau Group for various general and administrative expenses incurred on their behalf for a period of up to one year following the closing of the sale. Such services include financial, human resources, manufacturing, medical affairs, customer services and information technology. We are being compensated for this work including reimbursement of costs incurred plus a mark-up defined in the transition services agreement. Through June 30, 2010, approximately \$2.3 million has been earned for these services of which \$0.5 million was generated during the second quarter of 2010 reflecting our diminishing level of involvement in general and administrative matters

Research and development

(millions of dollars)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	% Change	2009	2010	% Change	2009
Research and development	\$ 10.1	(13)	\$ 11.8	\$ 21.6	(5)	\$ 22.9
Research and development – specialty and contracted services	\$ 1.7	n.m.	\$ 9.4	\$ 4.8	n.m.	\$ 15.1

n.m. – not meaningful

Research and development. The Company's overall research and development expenses were \$11.8 million for the three months ended June 30, 2010, as compared to \$21.2 million for the three months ended June 30, 2009. On a six-month year-to-date basis, research and development expenses totaled \$26.4 million in 2010 compared to \$38.0 million in 2009. The January 2010 divestiture of the specialty pharmaceutical business and resultant restructuring and change in our research and development focus related thereto had a very significant effect on these year-over-year comparisons.

Our pipeline consists of the following programs: PEG-SN38, HIF-1 alpha antagonist, survivin antagonist, and an additional six mRNA antagonists utilizing the LNA technology. The total amount of expense related to Enzon's pipeline programs was \$10.1 million in the second quarter of 2010, compared to \$11.8 million in the second quarter of 2009. For the six months ended June 30, 2010, pipeline expenses were \$21.6 million compared to \$22.9 million in the prior year. The second quarter and first half of 2009 expense was higher due to the costs associated with the purchase of materials and manufacturing of HIF-1 alpha and survivin antagonist drug supply for Phase I clinical trials. Partially offsetting this was a \$1.0 milestone expense related to HER3 RNA antagonist in the second quarter of 2010 and a \$1.0 million milestone payment related to the beta-catenin antagonist in the first quarter of 2010.

Enzon continues to enroll patients in its ongoing PEG-SN38 studies. Enrollment is ongoing in the Phase II colorectal cancer study, as well as the Phase II metastatic breast cancer and the Phase I pediatric cancer studies, both of which were initiated in early 2010. The amount incurred on our PEG-SN38 program for the second quarter of 2010 was \$4.4 million, as compared to \$3.0 million in the three months ended June 30, 2009. For the six-month periods, we incurred \$8.6 million of expense in 2010 on PEG-SN38 and \$6.8 million in 2009.

The cost associated with the preclinical and clinical activities for the mRNA antagonists using the LNA technology was \$4.7 million in the second quarter of 2010, which included the \$1.0 million milestone payment for the HER3 antagonist and \$11.1 million on a six-month basis, including \$2.0 million of milestone payments. In the three months ended June 30, 2009, Enzon incurred \$8.0 million for the mRNA antagonist programs and \$14.2 million through six months of 2009. During the second quarter of 2009, the Company purchased raw materials used in the manufacturing process of the LNA compounds and manufactured additional clinical drug supply for the ongoing Phase I studies for the HIF-1 alpha and survivin antagonists. Enrollment in the Phase I clinical trials for the HIF-1 alpha and survivin antagonists is ongoing and Enzon is continuing preclinical development for the additional six mRNA antagonist-directed oncology targets which are known to play an important role in cancer cell growth. Data from three of our mRNA antagonist programs were presented at the April 2010 American Association for Cancer Research meeting in Washington, DC.

The Company is also working on the identification of additional compounds that may benefit from Enzon's proprietary Customized Linker Technology which is associated with the PEGylation platform. This effort resulted in an investment of \$1.0 million for the second quarter of 2010, compared to \$0.8 million spent on these efforts in the second quarter of 2009. For six months ended June 30, 2010 and 2009, these expenses totaled \$1.9 million.

Research and development – specialty and contracted services. As a result of the sale of our specialty pharmaceutical business in January 2010, the activities related to the specialty pharmaceutical products became the responsibility of the purchaser at the close of the transaction. We continue to provide assistance in the development of the next-generation Adagen and Oncaspar programs through a transition services arrangement. Spending related to the products acquired by the sigma-tau Group totaled \$1.7 million in the three months and \$4.8 million for the six months ended June 30, 2010. Of the six-month amount, approximately \$1.7 million had been incurred in January 2010, prior to the sale. Expenses incurred during the three months ended June 30, 2009 in support of the product pipeline totaled \$9.4 million and for the first six months of 2009, totaled \$15.1 million.

General and administrative

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	% Change	2009	2010	% Change	2009
General and administrative	\$ 5.8	(43)	\$ 10.1	\$ 15.6	(20)	\$ 19.6
General and administrative –contracted services	\$ 0.4	n.m.	\$ —	\$ 1.8	n.m.	\$ —

n.m. – not meaningful

General and administrative.

During the second quarter of 2010, general and administrative expense decreased 43 percent to \$5.8 million from \$10.1 million in the second quarter of 2009. A significant portion of the decrease is related to compensation. Because of the accelerated vesting of share-based awards effected in the fourth quarter of 2009 and first quarter of 2010, the second-quarter charges related to the vesting of these awards for all but certain senior management and board members was effectively eliminated. Also, the restructuring program implemented during the first quarter of 2010 and the resulting reduction in employees is being reflected in lower payroll costs in the second quarter. Other expenses were also down in the second quarter of 2010 from the preceding year comparison as a result of conscious cost containment and the contraction of corporate services and overhead costs associated with the sale of the specialty pharmaceutical business in the first quarter.

For the six months ended June 30, 2010, general and administrative expenses were \$15.6 million, down 20 percent from the prior year. On a year-to-date basis, the favorable effects observed during the second quarter were mitigated by a number of unique expenses incurred during the first quarter. The cost of accelerated vesting of share-based awards, a noncash charge to first-quarter 2010 earnings of approximately \$2.4 million, is reflected in the year-to-date 2010 amount. First-quarter 2010 costs include the salary and benefits of those general and administrative employees who were a part of the first-quarter 2010 restructuring. During the six months ended June 30, 2009, certain general and administrative expenses were elevated, including legal costs related to proposed shareholder consent solicitation and the post-implementation costs of an enterprise resource planning computer software system.

The Company has made significant progress in reducing expenses and will continue to identify and implement efficiencies that could potentially further reduce general and administrative costs. However, the rate of improvement experienced during the second quarter of 2010 is not expected to continue. We may experience additional charges associated with the South Plainfield lease or its termination prior to its contractual expiration in October 2012.

General and administrative – contracted services.

General and administrative expenses representing transitional services to the sigma-tau Group amounted to \$0.4 million during the three months ended June 30, 2010 and \$1.8 million through the six months then ended. Included in this amount are the direct costs of the hours expended by the individuals in support of sigma-tau, other expenses directly identifiable with the specialty pharmaceutical business and a proportionate allocation of overall general and administrative expense. Our involvement with sigma-tau administrative matters is expected to continue to decline throughout the remainder of the year.

Restructuring

During the quarter ended June 30, 2010, we wrote off the carrying value of certain furnishings and leasehold improvements located at our corporate headquarters in Bridgewater, New Jersey amounting to approximately \$0.9 million. This is a noncash expense resulting from the relocation of several employees to our research facility in Piscataway, New Jersey. In addition, we reduced amounts owing to Mr. Buchalter upon the finalization of his termination agreement during the second quarter by approximately \$0.2 million.

On a year-to-date basis, restructuring charges totaled \$10.6 million through six months of 2010. During the first quarter of 2010, we initiated a reduction in force as a result of the contraction of corporate-level activities subsequent to the sale of our specialty pharmaceutical business. Employees who had been directly connected with the divested business, but who did not become employees of the sigma-tau Group, were retained for varying periods of time subsequent to the sale to assist with transition. Other employees involved with general and administrative activities were identified for separation due to the reduction in volume of those activities resulting from the sale, such as human resources, information technology and accounting services. Restructuring charges for these employees, comprised of separation payments and related benefits, totaled \$6.1 million during the first quarter of 2010. In addition, effective February 22, 2010,

Jeffrey Buchalter, the Company's then President and Chief Executive Officer, resigned for "good reason" (as defined in his employment agreement). We expensed \$3.8 million related to Mr. Buchalter's separation in the first quarter of 2010 and modified it slightly during the second quarter of 2010, as noted above, to \$3.6 million. The total amount owing to Mr. Buchalter will be paid per the terms of his employment agreement in the third quarter of 2010.

Corporate restructuring costs associated with the 2009 workforce reduction amounted to \$0.7 million during the first quarter of 2009. This represents severance and costs related to terminated employees in general and administrative areas as well as research and development.

Other (income) expense

(millions of dollars)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2010	% Change	2009	2010	% Change	2009
Other (income) expense:						
Investment income, net	\$ (0.8)	(30)	\$ (1.2)	\$ (1.8)	(16)	\$ (2.1)
Interest expense	1.5	(46)	2.8	4.2	(31)	6.0
Other, net	—	n.m.	(0.1)	—	n.m.	(4.9)
	<u>\$ 0.7</u>	<u>(55)</u>	<u>\$ 1.5</u>	<u>\$ 2.4</u>	<u>n.m.</u>	<u>\$ (1.0)</u>

n.m. – not meaningful

Other (income) expense. Other (income) expense for the three months ended June 30, 2010 was net expense of \$0.7 million, as compared to net expense of \$1.5 million for the three months ended June 30, 2009. On a year-to-date basis, 2010 resulted in net expense of \$2.4 million, compared to \$1.0 million of net income in the first half of 2009. Other (income) expense includes: net investment income, interest expense and other income or expense.

Net investment income was \$0.8 million for the quarter ended June 30, 2010 compared to \$1.2 million for the second quarter of 2009, down 30 percent. On a year-to-date basis, net investment income declined 16 percent to \$1.8 million. Our current investments are more heavily weighted towards short maturities and reduced risk.

Interest expense, which includes amortization of deferred debt issue costs, was \$1.5 million and \$4.2 million for the three-month and six-month periods ended June 30, 2010 and \$2.8 million and \$6.0 million for the three-month and six-month periods ended June 30, 2009, respectively. The reduction in interest expense resulted from the declining balance of our 4% Convertible Senior Notes due in 2013.

During the first quarter of 2009, we repurchased \$20.5 million principal amount of our 4% notes at a discount to par yielding a gain of \$4.8 million (reflected in Other, net) exclusive of the write-off of related deferred debt offering costs of \$0.3 million (reflected in interest expense).

Income taxes

During the three months and six months ended June 30, 2010, we recorded a net income tax benefit of approximately \$0.2 million which primarily represents a Canadian transfer pricing refund. During the three months and six months ended June 30, 2009, we recorded no tax expense. No federal income tax provision was recorded for the three months and six months ended June 30, 2010 as the estimated annual effective tax rate is zero.

Discontinued operations

The amount reported as discontinued operations for the six months ended June 30, 2010 is comprised of the results of operations of the specialty pharmaceutical business for the period January 1 through January 29, 2010 of \$3.6 million plus the gain realized on the sale of the specialty pharmaceutical business of \$175.4 million. The cash purchase price was \$300.0 million, working capital adjustments were approximately \$8.0 million, and transaction costs

amounted to \$5.0 million. We allocated \$40.9 million of the total purchase price to the sale of in-process research and development. The net proceeds attributable to discontinued operations of \$262.6 million, less the net carrying value of assets sold of \$87.2 million, yielded the \$175.4 million gain. In addition to the initial cash received in the transaction, we may receive an amount of up to \$27.0 million based on certain success milestones. Furthermore, we may receive royalties of five to ten percent on incremental net sales above the baseline 2009 amount from the marketed specialty pharmaceutical products through 2014.

Liquidity and Capital Resources

Total cash reserves, which include cash, cash equivalents, short-term investments and marketable securities, were \$504.0 million as of June 30, 2010, as compared to \$199.7 million as of December 31, 2009. The increase was primarily attributable to the receipt of proceeds from the sale of our specialty pharmaceutical business in January 2010.

For the six months ended June 30, 2010, cash provided by operating activities was \$40.5 million. Income from continuing operations in the first six months of 2010, adjusted for noncash and non-operating items, constituted approximately \$27.4 million of positive cash flow. Changes in various working capital accounts comprised the remainder.

Investing activities generated approximately \$304.6 million of cash in the first six months of 2010 compared to cash used in investing activities of \$17.0 million during the first six months of 2009. The net proceeds from the sale of the specialty pharmaceutical business of \$262.6 million (exclusive of the amount apportioned to the sale of in-process research and development reported in operating revenue) represented the largest source of cash. Maturities of, and net proceeds from, sales of investments accounted for the remainder.

Net cash provided by financing activities was \$3.7 million in the first six months of 2010 compared to net cash used in financing activities of \$15.9 million in the first six months of 2009. Proceeds from the exercise of employee stock options generated approximately \$25.3 million of cash inflow during the first six months of 2010. This inflow was offset, in part, by \$18.1 million of expenditures to repurchase shares of the Company's common stock on the open market as part of the share repurchase program initiated in December of 2009. In the first quarter of 2009, \$15.6 million of cash was expended to repurchase \$20.5 million principal amount of our 4% notes.

As of June 30, 2010, we had outstanding \$134.5 million of convertible senior notes that bear interest at an annual rate of 4%. The sale of our specialty pharmaceutical business constituted a fundamental change under the indenture for the notes, which triggered a change in the conversion rate from 104.712 shares per \$1,000 principal amount of notes to 116.535 shares per \$1,000 principal amount of notes during the period January 29, 2010 to March 4, 2010. During this period, \$115.6 million principal amount of the notes were converted into approximately 13.5 million shares of our common stock. Subsequent to March 4, 2010, the original conversion rate of 104.712 shares per \$1,000 principal amount is again in effect. Interest is payable on June 1 and December 1 for the 4% notes. Accrued interest on the notes was \$0.4 million and \$0.8 million, respectively, as of June 30, 2010 and December 31, 2009.

Our current sources of liquidity are our cash reserves; interest earned on such cash reserves and royalties earned - primarily related to sales of PEGINTRON. Net proceeds from the sale of our specialty pharmaceutical business was approximately \$303.0 million. Our board of directors is in the process of determining the funding needs for the continuing operation of our business and evaluating various options to return value derived from the sale of our specialty pharmaceutical business to our stockholders. Based upon our current planned research and development activities and related costs and our current sources of liquidity, we anticipate our current cash reserves and expected cash flow from operations will be sufficient to meet our capital and operational requirements for the near future. While we believe that our current sources of liquidity will be adequate to satisfy our capital and operational needs for the near future, we will likely need to obtain additional capital before any of our product candidates that are currently under development are approved for marketing. We may seek such additional funding through agreements with potential collaborators or by accessing the capital markets. We cannot assure you, however, that we will be able to obtain additional funds on acceptable terms, if at all.

We continue to evaluate the possible sale of our PEGINTRON royalty stream.

Off-Balance Sheet Arrangements

As part of our ongoing business, 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 (SPE), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow limited purposes. As of June 30, 2010, we were not involved in any SPE transactions.

Our 4% notes payable are convertible into shares of our common stock at a conversion price of \$9.55 per share and pose a reasonable likelihood of potential significant dilution. The maximum potential dilutive effect of conversion of the 4% notes at the current conversion price is 14.1 million shares. Notes payable are discussed in greater detail in Liquidity and Capital Resources above and in the notes to our condensed consolidated financial statements.

In addition, stock options to purchase 5.2 million shares of our common stock at a weighted average exercise price of \$12.60 per share and 0.3 million restricted stock units were outstanding at June 30, 2010 that represent additional potential dilution.

Contractual Obligations

Our major outstanding contractual obligations relate to our operating leases, convertible debt and license agreements with collaborative partners.

During the first quarter of 2010, \$115.6 million principal amount of our 4% notes were converted into shares of the Company's common stock.

Other than the note conversion, there have been no material changes with respect to our contractual obligations as disclosed under Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations in our Annual Report on Form 10-K for the year ended December 31, 2009.

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 condensed consolidated financial statements are presented in accordance with accounting principles that are generally accepted in the United States. All professional accounting standards effective as of June 30, 2010 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 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 are recognized when reasonably determinable and earned through the sale of the product by the licensee net of future credits, chargebacks, sales discount rebates and refunds 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 is generally received from the licensees in the quarter subsequent to the period in which the sales occur.

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 is provided for when it is more likely than not some portion or all of the deferred tax assets will not be realized. As of June 30, 2010, we believe, based on future projections, that it is more likely than not that our net deferred tax assets, 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 we will be able to sustain our position.

Share-Based Payment

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 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 date of grant or modification. Fair value of share-based payments is determined using the Black-Scholes valuation model which employs weighted average assumptions for expected volatility of our stock, 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.

Recently Issued Accounting Standards, Not Adopted as of June 30, 2010

Milestone Method of Revenue Recognition – Pursuant to a final consensus of the Emerging Issues Task Force of the Financial Accounting Standards Board ratified on March 31, 2010, guidance is provided for determining when milestone payments received in conjunction with research and development efforts performed may be recognized. The guidance is effective no later than the third quarter of 2010 with early adoption permitted. We are evaluating the new guidance which is to be implemented prospectively and do not believe that adoption of the guidance will have a material effect on our results of operations, financial position or cash flows.

Factors That May Affect Future Results

There are forward-looking statements contained herein, which can be identified by the use of forward-looking terminology such as the words “believes,” “expects,” “may,” “will,” “should”, “potential,” “anticipates,” “plans” or “intends” and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from the future results, events or developments indicated in such forward-looking statements. Such factors include, but are not limited to:

- The risk that we will not achieve success in our research and development efforts, including clinical trials conducted by us or our collaborative partners.
- The risk that we will experience operating losses for the next several years.
- The risk that there will be a decline in sales of one or more of the products sold by others from which we derive royalty revenues.
- Decisions by regulatory authorities regarding whether and when to approve our regulatory applications.
- The risk that we will fail to obtain adequate financing to meet our future capital and financing needs.
- The risk that key personnel will leave our company.

A more detailed discussion of these and other factors that could affect our results is contained below and in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2009. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. No assurance can be given that the future results covered by the forward-looking statements will be achieved. All information contained herein is as of the date of this report and we do not intend to update this information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The majority of our holdings of financial instruments consists of corporate debt securities classified as securities available-for-sale. Apart from custodial accounts related to our Executive Deferred Compensation Plan, we do not invest in portfolio equity securities. We do not invest in commodities or use financial derivatives for trading purposes. Our debt security portfolio represents funds held temporarily pending use in our business and operations. We manage these funds accordingly. We seek reasonable assuredness of the safety of principal and market liquidity by investing in rated fixed income securities while at the same time seeking to achieve a favorable rate of return. Our market risk exposure consists principally of exposure to changes in interest rates. Our holdings are also exposed to the risks of changes in the credit quality of issuers the majority of which are rated A or better. We typically invest the majority of our investments in the shorter-end of the maturity spectrum.

The table below presents the principal amounts or adjusted cost basis and related weighted average interest rates of our marketable debt securities, excluding those related to our Executive Deferred Compensation Plan, by year of maturity (twelve-month intervals ending June 30 of the year indicated) as of June 30, 2010 (in thousands):

	2011	2012	2013	After 2014	Total	Fair Value
Fixed Rate	\$ 34,515	\$ 57,825	\$ 7,202	\$ —	\$ 99,542	\$ 100,149
Average Interest Rate	5.8%	4.28%	1.95%		4.64%	
Variable Rate	—	—	—	891	891	319
Average Interest Rate				2.35%	2.35%	
	\$ 34,515	\$ 57,825	\$ 7,202	\$ 891	\$ 100,433	\$ 100,468

Our convertible notes payable outstanding have fixed interest rates. Accordingly, the fair values of the respective issues will fluctuate as market rates of interest rise or fall. Fair values are also affected by changes in the price of our common stock. Our 4% Convertible Senior Notes in the principal amount of \$134.5 million are due June 1, 2013 and have a fair value of \$156.9 million at June 30, 2010.

Item 4. Controls and Procedures

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 June 30, 2010. Based on the evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2010.

Changes in Internal Controls

There were no changes in our internal controls over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

As reported in a Current Report on Form 8-K filed by us on July 8, 2010, Craig A. Tooman our Executive Vice President of Finance and Chief Financial Officer tendered his resignation from our company effective July 23, 2010. On July 8, 2010, Mark L. Ogden, a financial consultant to Enzon since 2005, was appointed as acting Vice President of Finance and Principal Financial Officer. As of the date of the filing of this Quarterly Report on Form 10-Q, we do not believe that this change has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Part II OTHER INFORMATION

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009.

We depend on key personnel and may not be able to retain these employees or recruit additional qualified personnel, which would harm our business; our chief executive officer and chief financial officer recently resigned and we currently do not have a chief executive officer or chief financial officer.

Because of the specialized scientific nature of our business, we are highly dependent upon qualified research and development scientists, technical and managerial personnel, including our President of Research and Development. There is intense competition for qualified personnel in the pharmaceutical field. Therefore, we may not be able to attract and retain the qualified personnel necessary for the development of our business. Although we have an employment agreement with our President of Research and Development, our ability to continue to retain him, as well as other senior executives or key managers is not assured.

Effective February 22, 2010, Jeffrey Buchalter resigned as our President and Chief Executive Officer. Our board of directors established an executive committee to serve as a search committee for a new Chief Executive Officer. On February 22, 2010, the executive committee appointed Ralph del Campo as our Chief Operating Officer and designated him as Principal Executive Officer and Dr. Ivan Horak as President of Research and Development. Mr. del Campo had been serving as our Executive Vice President, Technical Operations and Dr. Horak had been serving as our Executive Vice President, Research and Development and Chief Scientific Officer. However, we currently do not have a Chief Executive Officer.

Effective July 23, 2010, Craig A. Tooman resigned as our Executive Vice President of Finance and Chief Financial Officer. On July 8, 2010, Mark L. Ogden, a financial consultant to Enzon since 2005, was appointed as acting Vice President of Finance and Principal Financial Officer following Mr. Tooman's departure. Our executive committee will conduct a search for a permanent Chief Financial Officer.

The loss of the services of one or a combination of our senior executives, particularly our President of Research and Development, as well as the failure to recruit additional key research and development scientists, technical and managerial personnel, particularly a new chief executive officer and chief financial officer, in a timely manner, could have an adverse effect on our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Common Stock

In the second quarter of 2010, we repurchased shares of our Common Stock as set forth in the following table:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 – April 30, 2010	563,665	\$ 10.47	563,665	\$ 36,244,000
May 1 – May 31, 2010	445,452	10.29	445,452	31,661,000
June 1 – June 30, 2010	179,911	10.50	179,911	29,771,000
Total	1,189,028	\$ 10.41	1,189,028	\$ 29,771,000

- (1) Share repurchase program announced December 3, 2009 whereby Enzon's board of directors authorized the repurchase of up to \$50.0 million of its outstanding shares of common stock. Through June 30, 2010, the Company had repurchased 1,943,234 shares at an average cost of \$10.41 per share for a total expenditure of \$20,229,000.

Item 4. (Removed and Reserved)

Item 6. Exhibits

(a) Exhibits required by Item 601 of Regulation S-K.

<u>Exhibit Number</u>	<u>Description</u>	<u>Reference No.</u>
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.	*
3.2	Amended and Restated By-laws effective July 13, 2010.	*
4.1	Rights Agreement dated May 17, 2002 between the Company and Continental Stock Transfer & Trust Company, as rights agent.	(1)
4.2	First Amendment to the Rights Agreement, dated as of February 19, 2003 between the Company and Continental Stock Transfer & Trust Company, as rights agent.	(2)
4.3	Second Amendment to the Rights Agreement, dated as of January 7, 2008 between the Company and Continental Stock Transfer & Trust Company, as rights agent.	(3)
10.1	Amendment No. 2 dated June 18, 2010 to Amended and Restated Severance Agreement with Ralph del Campo dated November 6, 2007.	(4)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*
31.2	Certification of Principal Accounting 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 Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*

* Filed herewith.

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) Form 8-A12G (File No. 000-12957) filed May 22, 2002.
- (2) Form 8-A12G/A (File No. 000-12957) filed February 20, 2003.
- (3) Current Report on Form 8-K filed January 8, 2008.
- (4) Current Report on Form 8-K filed June 18, 2010.

SIGNATURES

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

ENZON PHARMACEUTICALS, INC.
(Registrant)

Date: August 9, 2010

By: /s/Ralph del Campo

Ralph del Campo
Chief Operating Officer
(Principal Executive Officer)

Date: August 9, 2010

By: /s/Mark L. Ogden

Mark L. Ogden
Vice President, Finance
(Principal Financial Officer and
Principal Accounting Officer)

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ENZON PHARMACEUTICALS, INC.

The undersigned, Jeffrey H. Buchalter, being the President and Chief Executive Officer of Enzon Pharmaceuticals, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

FIRST: The present name of the corporation (hereinafter called the "Corporation") is Enzon Pharmaceuticals, Inc.

SECOND: The name under which the corporation was originally incorporated is Enzon, Inc. and the date of filing the original certificate of incorporation of the Corporation with the Secretary of State of the State of Delaware is May 11, 1983.

THIRD: This Amended and Restated Certificate of Incorporation has been duly adopted by the Corporation's Board of Directors and stockholders pursuant to the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware in the form set forth as follows:

1. NAME. The name of the corporation is Enzon Pharmaceuticals, Inc.

2. ADDRESS; REGISTERED AGENT. The Corporation's registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle and the name of its registered agent at such address is The Corporation Trust Company.

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

4. NUMBER OF SHARES. (A) The total number of shares of capital stock which the Corporation shall have authority to issue is 173,000,000 shares, of which 170,000,000 shares shall be Common Stock, par value \$.01 per share, and 3,000,000 shares shall be Preferred Stock, par value \$.01 per share.

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

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

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

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

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

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

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

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

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

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

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative.

Pursuant to the authority conferred by this Article Fourth upon the Board of Directors of the Corporation, the Board of Directors created a series of Preferred Stock designated as Series B Preferred Stock by filing a Certificate of Designations of the Corporation with the Secretary of State of the State of Delaware (the "Secretary of State") on May 22, 2002, and the voting powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the Corporation's Series B Preferred Stock are set forth in Appendix A hereto and are incorporated herein by reference.

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

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

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

8. COMPROMISES AND ARRANGEMENTS. Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of

creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

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

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

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

10. LIMITATION OF DIRECTORS' LIABILITY; INDEMNIFICATION. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General

Corporation Law. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification.

(SIGNATURE ON FOLLOWING PAGE)

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I, Jeffrey H. Buchalter, President and Chief Executive Officer of the Corporation, for the purpose of amending and restating the Corporation's Certificate of Incorporation pursuant to the Delaware General Corporation Law, do make this certificate, hereby declaring and certifying that the facts stated herein are true and this is my act and deed on behalf of the Corporation this 18th day of May, 2006.

/S/ JEFFREY H. BUCHALTER
By: Jeffrey H. Buchalter
Title: President and Chief Executive Officer

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Appendix A to Restated Certificate of Incorporation
CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF

SERIES B PREFERRED STOCK

OF

ENZON, INC.

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

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

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Certificate of Incorporation, as amended, a series of preferred stock of the Corporation is hereby created and the designation and amount of such series and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

- a) DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series B Preferred Stock" (the "SERIES B PREFERRED STOCK") and the number of shares constituting the Series B Preferred Stock shall be six hundred thousand (600,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series B Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series B Preferred Stock.
- b) DIVIDENDS AND DISTRIBUTIONS.
 - (i) Subject to the rights of the holders of any shares of any series

of preferred stock (or any similar stock) ranking prior and superior to the Series B Preferred Stock with respect to dividends, the holders of shares of Series B Preferred Stock, in preference to the holders of Common Stock, par value \$.01 (the "COMMON STOCK"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "QUARTERLY DIVIDEND PAYMENT DATE"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that

were outstanding immediately prior to such event.

- (ii) The Corporation shall declare a dividend or distribution on the Series B Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock or a subdivision of the outstanding Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Series B Preferred Stock shall nevertheless be payable, out of funds legally available for such purpose, on such subsequent Quarterly Dividend Payment Date.
- (iii) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not

more than 60 days prior to the date fixed for the payment thereof.

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c) VOTING RIGHTS. The holders of shares of Series B Preferred Stock shall have the following voting rights:

- (i) Subject to the provision for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.
- (ii) Except as otherwise provided herein, in any other Certificate of Designation creating a series of preferred stock or any similar stock, or by law, the holders of shares of Series B Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.
- (iii) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

d) CERTAIN RESTRICTIONS.

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

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- (1) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock;
- (2) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except dividends paid ratably on the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;
- (3) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of

the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series B Preferred Stock; or

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

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

- e) REACQUIRED SHARES. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, as amended, or in any other certificate of designation creating a series of preferred stock or any similar stock or as otherwise required by law.
- f) LIQUIDATION, DISSOLUTION OR WINDING UP. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as

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to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless, prior thereto, the holders of shares of Series B Preferred Stock shall have received the greater of (i) \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except distributions made ratably on the Series B Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after June 3, 2002, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (1)(ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

- g) CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series B Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to

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

- h) NO REDEMPTION. The shares of Series B Preferred Stock shall not be redeemable.

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- i) RANK. The Series B Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's preferred stock.
- j) FRACTIONAL SHARES. Series B Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Preferred Stock.
- k) AMENDMENT. The Certificate of Incorporation, as amended of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or rights of the Series B Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting together as a single class.

EXHIBIT 3.1

CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
ENZON PHARMACEUTICALS, INC.

Pursuant to Section 242 of the General
Corporation Law of the State of Delaware

Enzon Pharmaceuticals, Inc., a Delaware corporation
(hereinafter called the "CORPORATION"), does hereby certify as follows:

FIRST: Article 9, Paragraphs A and B of the Corporation's Amended and Restated Certificate of Incorporation are hereby amended to read in their entirety as set forth below:

9. NUMBER OF DIRECTORS. (A) The Board of Directors shall consist of not less than three nor more than fifteen directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the whole Board of Directors, and such exact number shall be four until otherwise determined by resolution adopted by affirmative vote of a majority of the whole Board of Directors. As used in this Article 9, the term

"whole Board" means the total number of directors, which the Corporation would have if there were no vacancies. The Board of Directors shall not be classified. From and after the 2010 Annual Meeting of Stockholders, directors shall be elected at each annual meeting of stockholders for a one-year term expiring at the next annual meeting of stockholders and until such director's successor is elected and qualified, subject to such director's earlier death, resignation, disqualification or removal; provided that no decrease in the number of directors shall affect the term of any director then in office. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the terms of the director or directors elected by such holders shall be governed by the terms of this Amended and Restated Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) applicable thereto.

(B) Unless otherwise required by law or this Amended and Restated Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock), vacancies on the Board of Directors, however caused, and newly created directorships shall be filled solely by a majority vote of the directors then in office, whether or not a quorum, and any director so chosen shall hold office until the next annual meeting of stockholders and until such director's successor is elected and qualified.

SECOND: The foregoing amendments were duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

[EXECUTION PAGE FOLLOWS.]

IN WITNESS WHEREOF, Enzon Pharmaceuticals, Inc. has caused this Certificate to be duly executed in its corporate name this 13th day of July, 2010.

ENZON PHARMACEUTICALS, INC.

By: /s/ Ralph del Campo

Name: Ralph del Campo
Title: Principal Executive Officer

[Signature Page to Certificate of Amendment]

AMENDED AND RESTATED
BY-LAWS
OF
ENZON PHARMACEUTICALS, INC.

(A Delaware corporation)

ARTICLE I

DEFINITION

As used in these By-laws as amended, unless the context otherwise requires, the term:

Section 1.1 "Assistant Secretary" means an Assistant Secretary of the Corporation.

Section 1.2 "Assistant Treasurer" means an Assistant Treasurer of the Corporation.

Section 1.3 "Board" means the Board of Directors of the Corporation.

Section 1.4 "By-laws" means the initial by-laws of the Corporation, as amended from time to time.

Section 1.5 "Certificate of Incorporation" means the initial certificate of incorporation of the Corporation, as amended, supplemented or restated from time to time.

Section 1.6 "Corporation" means Enzon Pharmaceuticals, Inc.

Section 1.7 "Directors" means directors of the Corporation.

Section 1.8 "General Corporation Law" means the General Corporation Law of the State of Delaware, as amended from time to time.

Section 1.9 "Office of the Corporation" means the executive office of the Corporation, anything in Section 131 of the General Corporation law to the contrary notwithstanding.

Section 1.10 "President" means the President of the Corporation.

Section 1.11 "Secretary" means the Secretary of the Corporation.

Section 1.12 "Stockholders" means stockholders of the Corporation.

Section 1.13 "Treasurer" means the Treasurer of the Corporation.

Section 1.14 "Vice President" means a Vice President of the Corporation.

ARTICLE II

STOCKHOLDERS

Section 2.1 Place of Meetings.

Every meeting of the Stockholders shall be held at the office of the Corporation or at such other place within or without the State of Delaware as shall be specified or fixed in the notice of such meeting or in the waiver of notice hereof.

Section 2.2 Annual Meeting.

A meeting of Stockholders shall be held annually for the election of directors or the transaction of other business at such hour and on such business day as may be determined by the Board and designated in the notice of meeting.

Section 2.3 Deferred Meeting for Election of Directors, Etc.

If the annual meeting of Stockholders for the election of directors and the transaction of other business is not held on the date fixed in Section 2.2, the Board shall call a meeting of Stockholders for the election of directors and the transaction of other business as soon thereafter as convenient.

Section 2.4 Other Special Meetings.

A special meeting of Stockholders (other than a special meeting for the election of directors), unless otherwise prescribed by statute, may be called at any time by the Board or by the President or by the Secretary. At any special meeting of Stockholders only such business may be transacted which is related to the purpose or purposes of such meeting set forth in the notice thereof given pursuant to Section 2.6 of the By-laws or in any waiver of notice thereof given pursuant to Section 2.7 of the By-laws.

Section 2.5 Fixing Record Date.

For the purpose of determining the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of determining Stockholders entitled to receive

payment of any dividend or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of Stockholders. Such date shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

Section 2.5.1 If no such record date is fixed, the record date for determining Stockholders entitled to notice of or to vote at a meeting of Stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

Section 2.5.2 Without limiting the foregoing, in order that the Corporation may determine the Stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the Resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. Any Stockholder of record seeking to have the Stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board to fix a record date. The Board shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten (10) days of the date on which such a request is received, the record date for determining Stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or any officer or agent of the Corporation having custody of the book in which proceedings of Stockholders meetings are recorded, to the attention of the Secretary of the Corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining Stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action.

Section 2.5.3 The record date for determining Stockholders for any purpose other than that specified in Sections 2.5.1 and 2.5.2 shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

When a determination of Stockholders entitled to notice of or to vote at any meeting of Stockholders has been made as provided in this Section 2.5 such determination shall apply to any adjournment thereof, unless the Board fixes a new record date for the adjourned meeting.

Section 2.6 Notice of Meeting of Stockholders.

Except as otherwise provided in Sections 2.5 and 2.7 of the By-laws, whenever under the General Corporation Law or the Certificate of Incorporation or the By-laws, stockholders are required or permitted to take any action at a meeting, written notice shall be given stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes

for which the meeting is called. A copy of the notice of any meeting shall be given, personally or by mail, not less than ten nor more than sixty days before the date of the meeting, to each Stockholder entitled to notice of or to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, and directed to the Stockholder at his address as it appears on the records of the corporation. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent of the Corporation that the notice required by this Section 2.6 has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted at the meeting as originally called. If, however, the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting.

Section 2.7 Waivers of Notice.

Whenever notice is required to be given to any Stockholder under any provision of the General Corporation Law or of the Certificate of Incorporation or the By-laws, a written waiver thereof, signed by the Stockholder entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Stockholder at a meeting shall constitute a waiver of notice of such meeting, except when the Stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Stockholders need be specified in any written waiver of notice.

Section 2.8 List of Stockholders.

The Secretary shall prepare and make, or cause to be prepared and made, at least ten days before every meeting of Stockholders, a complete list of the Stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. Such list shall be open to the examination of any Stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Stockholder who is present.

Section 2.9 Quorum of Stockholders: Adjournment.

The holders of one-third of the shares of stock entitled to vote at any meeting of Stockholders, present in person or represented by proxy, shall constitute a quorum for the transaction of any business at such meeting. When a quorum is once present to organize a meeting of Stockholders, it is not broken by the subsequent withdrawal of any Stockholders. The holders of a majority of the shares of stock present in person or represented by proxy at any

meeting of Stockholders, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place.

Section 2.10 Voting: Proxies.

Unless otherwise provided in the Certificate of Incorporation every Stockholder of record shall be entitled at every meeting of Stockholders to one vote for each share of capital stock standing in his name on the record of Stockholders determined in accordance with Section 2.5 of the By-laws. If the Certificate of Incorporation provides for more or less than one vote for any share, on any matter, every reference in the By-laws or the General Corporation Law to a majority or other proportion of stock shall refer to such majority or other proportion of the votes of such stock. The provisions of Sections 212 and 217 of the General Corporation Law shall apply in determining whether any shares of capital stock may be voted and the persons, if any, entitled to vote such shares; but the Corporation shall be protected in treating the persons in whose names shares of capital stock stand on the record of Stockholders as owners thereof for all purposes. At any meeting of Stockholders (at which a quorum was present to organize the meeting), all matters, except as otherwise provided by law or by the Certificate of Incorporation or by the By-laws, shall be decided by a majority of the votes cast at such meeting by the holders of shares present in person or represented by proxy and entitled to vote thereon, whether or not a quorum is present when the vote is taken. All elections of directors shall be by written ballot unless otherwise provided in the Certificate of Incorporation. In voting on any other question on which a vote by ballot is required by law or is demanded by any Stockholder entitled to vote, the voting shall be by ballot. Each ballot shall be signed by the Stockholder voting or by his proxy, and shall state the number of shares voted. On all other questions, the voting may be viva voce. Every Stockholder entitled to vote at a meeting of Stockholders or to express consent or dissent without a meeting may authorize another person or persons to act for him by proxy. The validity and enforceability of any proxy shall be determined in accordance with Section 212 of the General Corporation Law.

Section 2.11 Selection and Duties of Inspectors at Meetings of Stockholders.

The Board, in advance of any meeting of Stockholders, may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at such meeting may, and on the request of any Stockholder entitled to vote thereat shall, appoint one or more inspectors. In case any person appointed fails to appear or act, the vacancy may be filled by appointment made by the Board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspector or inspectors shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all Stockholders. On request of the person presiding at the meeting or any Stockholder entitled to vote thereat, the inspector or inspectors shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them. Any

report or certificate made by the inspector or inspectors shall be prima facie evidence of the facts stated and of the vote as certified by him or them.

Section 2.12 Organization.

At every meeting of Stockholders, the President, or in the absence of the President a Vice President, and in case more than one Vice President shall be present, that Vice President designated by the Board (or in the absence of any such designation, the most senior Vice President, based on age, present), shall act as chairman of the meeting. The Secretary, or in his absence one of the Assistant Secretaries, shall act as secretary of the meeting. In case none of the officers above designated to act as chairman or secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by a majority of the votes cast at such meeting by the holders of shares of capital stock present in person or represented by proxy and entitled to vote at the meeting.

Section 2.13 Order of Business.

The order of business at all meetings of Stockholders shall be as determined by the chairman of the meeting, but the order of business to be followed at any meeting at which a quorum is present may be changed by a majority of the votes cast at such meeting by the holders of shares of capital stock present in person or represented by proxy and entitled to vote at the meeting.

Section 2.14 Written Consent of Stockholders Without a Meeting.

Any action which could be taken at any annual or special meeting of Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall (a) be signed by the holders of outstanding stock entitled to vote thereon (as determined in accordance with subsection 2.5.2 hereof) having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and (b) be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the records of proceedings of meetings of Stockholders. Delivery made to the corporation's registered office shall be by hand or by certified mail or registered mail, return receipt requested. Every written consent shall bear the date of signature of each Stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless written consents signed by the holders of outstanding stock entitled to vote thereon (as determined in accordance with subsection 2.5.2 hereof) having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, are delivered to the Corporation, in the manner required by this Section, within sixty (60) days of the earliest dated consent delivered to the Corporation in the manner required by this Section 2.14. The validity of any consent executed by a proxy for a Stockholder pursuant to a telegram, cablegram or other means of electronic transmission transmitted to such proxy holder by or upon the authorization of the Stockholder shall be determined by or at the direction of the secretary. A written record of the information upon which the person making such determination relied shall be made and kept in

the records of the proceedings of the Stockholders. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of the Stockholders.

Section 2.15 Notifications of Nominations and Proposed Business.

No business may be transacted at an annual meeting of Stockholders (an "Annual Meeting"), other than business that is either (a) specified in the notice of such meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board (or any duly authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any Stockholder (i) who is a Stockholder of record on the date of the giving of the notice provided for in this Section 2.15 and on the record date for the determination of Stockholders entitled to notice of and to vote at such Annual Meeting, and (ii) who complies with the notice procedures set forth in this Section 2.15.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of Directors in certain circumstances. Nominations of persons for election as Directors may be made at any Annual Meeting, or at any special meeting of Stockholders (a "Special Meeting") called for the purpose of electing Directors, (a) by or at the direction of the Board (or any duly authorized committee thereof) or (b) by any Stockholder (i) who is a Stockholder of record on the date of the giving of the notice provided for in this Section 2.15 and on the record date for the determination of Stockholders entitled to notice of and to vote at such Annual Meeting or Special Meeting, and (ii) who complies with the notice procedures set forth in this Section 2.15.

In addition to any other applicable requirements, for (a) business to be properly brought before an Annual Meeting by a Stockholder or (b) a nomination to be made at any Annual Meeting or Special Meeting by a Stockholder, such Stockholder must have given timely notice thereof in proper written form to the Secretary.

To be timely, a Stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the Stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Annual Meeting was mailed or public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of nominations of persons for election as Directors at a Special Meeting called for the purpose of electing Directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs.

With respect to matters proposed to be brought before an Annual Meeting, to be in proper written form, a Stockholder's notice to the Secretary must set forth as to each matter (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of such Stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such Stockholder, (iv) a description of all arrangements or understandings between such Stockholder and any other person or persons (including their names) in connection with the proposal of such business by such Stockholder and any material interest of such Stockholder in such business and (v) a representation that such Stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

With respect to each person proposed to be nominated for election as a Director, to be in proper written form, a Stockholder's notice to the Secretary must set forth (a) as to each person, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the Stockholder giving the notice, (i) the name and record address of such Stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such Stockholder, (iii) a description of all arrangements or understandings between such Stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such Stockholder, (iv) a representation that such Stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) all other information relating to such Stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a Director if elected.

No business shall be conducted at any Annual Meeting except business brought before such Annual Meeting in accordance with the procedures set forth in this Section 2.15; provided, however, that, once business has been properly brought before such Annual Meeting in accordance with such procedures, nothing in this Section 2.15 shall be deemed to preclude discussion by any Stockholder of any such business. No person shall be eligible for election as a Director unless nominated in accordance with the procedures set forth in this Section 2.15. If (i) the chairman of any Annual Meeting determines that business was not properly brought before the Annual Meeting or (ii) the chairman of any Annual Meeting or Special Meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting or that the nomination was defective, as applicable, and such business shall not be transacted and such defective nomination shall be disregarded.

ARTICLE III

DIRECTORS

Section 3.1 General Powers.

Except as otherwise provided in the Certificate of Incorporation, the business and affairs of the corporation shall be managed by or under the direction of the Board. The Board may adopt such rules and regulations, not inconsistent with the Certificate of Incorporation or the By-laws or applicable laws, as it may deem proper for the conduct of its meetings and the management of the Corporation. In addition to the powers expressly conferred by the By-laws, the Board may exercise all powers and perform all acts which are not required, by the By-laws or the Certificate of Incorporation or by law, to be exercised and performed by the Stockholders.

Section 3.2 Number.

The Board shall consist of not less than three nor more than fifteen directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the whole Board and such exact number shall be four until otherwise determined by resolution adopted by affirmative vote of a majority of the whole Board. As used in this Article 3, the term "whole Board" means the total number of directors which the Corporation would have if there were no vacancies.

Section 3.3 No Classification of the Board.

The Board shall not be classified.

Section 3.4 Election.

Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the terms of the director or directors elected by such holders shall be governed by the terms of the Certificate of Incorporation (including any certificate of designation relating to any series of preferred stock) applicable thereto.

Section 3.5 Term.

From and after the 2010 Annual Meeting of Stockholders, directors shall be elected at each annual meeting of Stockholders for a one-year term expiring at the next annual meeting of Stockholders and until such director's successor is elected and qualified, subject to such director's earlier death, resignation, disqualification or removal; provided that no decrease in the number of directors shall affect the term of any director then in office.

Section 3.6 Vacancies.

Unless otherwise required by law or the Certificate of Incorporation (including any certificate of designation relating to any series of preferred stock), vacancies on the Board,

however caused, and newly created directorships shall be filled solely by a majority vote of the directors then in office, whether or not a quorum, and any director so chosen shall hold office until the next annual meeting of Stockholders and until such director's successor is elected and qualified.

Section 3.7 Resignations.

Any director may resign at any time by written notice to the Corporation. Such resignation shall take effect at the time therein specified, and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.8 Removal of Directors.

Except as otherwise provided by law, any or all of the directors may be removed only for cause, by vote of the holders of a majority of the shares then entitled to vote at an election of directors.

Section 3.9 Compensation.

Each director, in consideration of his service as such, shall be entitled to receive from the Corporation such amount per annum or such fees for attendance at directors' meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable expenses incurred by him in connection with the performance of his duties. Each director who shall serve as a member of any committee of directors in consideration of his serving as such shall be entitled to such additional amount per annum or such fees for attendance at committee meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable expenses incurred by him in the performance of his duties. Nothing in this Section 3.9 shall preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefore.

Section 3.10 Place and Time of Meetings of the Board.

Meetings of the Board, regular or special, may be held at any place within or without the State of Delaware. The times and places for holding meetings of the Board may be fixed from time to time by resolution of the Board or (unless contrary to resolution of the Board) in the notice of the meeting.

Section 3.11 Annual Meetings.

On the day when and at the place where the annual meeting of Stockholders for the election of directors is held, and as soon as practicable thereafter, the Board may hold its annual meeting without notice of such meeting, for the purpose of organization, the election of officers and the transaction of other business. The annual meeting of the Board may be held at any other time and place specified in a notice given as provided in Section 3.13 of the By-laws for special meetings of the Board or in a waiver of notice thereof.

Section 3.12 Regular Meetings.

Regular meetings of the Board may be held at such times and places as may be fixed from time to time by the Board. Unless otherwise required by the Board, regular meetings of the Board may be held without notice. If any day fixed for a regular meeting of the Board shall be a Saturday or Sunday or a legal holiday at the place where such meeting is to be held, then such meeting shall be held at the same hour at the same place on the first business day thereafter which is not a Saturday, Sunday or legal holiday.

Section 3.13 Special Meetings.

Special meetings of the Board shall be held whenever called by the President or the Secretary or by any two or more directors. Notice of each special meeting of the Board shall, if mailed, be addressed to each director at the address designated by him for that purpose or, if none is designated, at his last known address at least two days before the date on which the meeting is to be held; or such notice shall be sent to each director at such address by telegraph cable or wireless, or be delivered to him personally, not later than the day before the date on which such meeting is to be held. Every such notice shall state the time and place of the meeting but need not state the purposes of the meeting, except to the extent required by law. If mailed, each notice shall be deemed given when deposited with postage thereon prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service. Such mailing shall be by first class mail.

Section 3.14 Adjourned Meetings.

A majority of the directors present at any meeting of the Board, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place. Notice of any adjourned meeting of the Board need not be given to any director whether or not present at the time of the adjournment. Any business may be transacted at any adjourned meeting that might have been transacted at the meeting as originally called.

Section 3.15 Waiver of Notice.

Whenever notice is required to be given to any director or member of a committee of directors under any provision of the General Corporation Law or of the Certificate of Incorporation or By-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice.

Section 3.16 Organization.

At each meeting of the Board, the President of the Corporation, or in the absence of the president, a chairman chosen by the majority of the directors present, shall preside. The Secretary shall act as secretary at each meeting of the Board. In case the Secretary shall be absent from any meeting of the Board, an Assistant Secretary shall perform the duties of secretary at

such meeting; and in the absence from any such meeting of the Secretary and Assistant Secretaries, the person presiding at the meeting may appoint any person to act as secretary of the meeting.

Section 3.17 Quorum of Directors.

One-third of the directors then in office shall constitute a quorum for the transaction of business or of any specified item of business at any meeting of the Board.

Section 3.18 Action by the Board.

All corporate action taken by the Board or any committee thereof shall be taken at a meeting of the Board, or of such committee, as the case may be, except that any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or Committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee. Members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.18 shall constitute presence in person at such meeting. Except as otherwise provided by the Certificate of Incorporation or by law, the vote of a majority of the directors present (including those who participate by means of conference telephone or similar communications equipment) at the time of the vote, if a quorum is present at such time, shall be the act of the Board.

ARTICLE IV

COMMITTEES OF THE BOARD

The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the Stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the Stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-laws of the Corporation; and, unless the resolution designating it expressly so provides, no such Committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

ARTICLE V

OFFICERS

Section 5.1 Officers.

The Board shall elect a President, a Secretary and a Treasurer, and may elect or appoint one or more Vice Presidents and such other officers as it may determine. The Board may designate one or more Vice Presidents as Executive Vice President and may use descriptive words or phrases to designate the standing, seniority or area of special competence of the vice Presidents elected or appointed by it. Each officer shall hold his office until his successor is elected and qualified or until his earlier death, resignation or removal in the manner provided in Section 5.2 of the By-laws. Any two or more offices may be held by the same person. The Board may require any officer to give a bond or other security for the faithful performance of his duties, in such amount and with such sureties as the Board may determine. All officers as between themselves and the Corporation shall have such authority and perform such duties in the management of the Corporation as may be provided in the By-laws or as the Board may from time to time determine.

Section 5.2 Removal of Officers.

Any officers elected or appointed by the Board may be removed by the Board with or without cause. The removal of an officer without cause shall be without prejudice to his contract rights, if any. The election or appointment of an officer shall not of itself create contract rights.

Section 5.3 Resignations.

Any officer may resign at any time in writing by notifying the Board or the President or the Secretary. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. The resignation of an officer shall be without prejudice to the contract rights of the Corporation, if any.

Section 5.4 Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term in the manner prescribed in the By-laws for the regular election or appointment to such office.

Section 5.5 Compensation.

Salaries or other compensation of the officers may be fixed from time to time by the Board. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that he is also a director.

Section 5.6 President.

The President shall be the chief executive officer of the Corporation and shall have general supervision over the business of the Corporation, subject, however, to the control of the Board and of any duly authorized committee of directors. The President shall, if present, preside at all meetings of the Stockholders and at all meetings of the Board. He may, with the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, sign certificates for shares of capital stock of the Corporation. He may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by the By-laws to some other officer or agent of the Corporation, or shall be required by law otherwise to be signed or executed; and, in general, he shall perform all duties incident to the Office of President and such other duties as from time to time may be assigned to him by the Board.

Section 5.7 Vice Presidents.

At the request of the President, or in his absence, at the request of the Board, the vice Presidents shall (in such order as may be designated by the Board or in the absence of any such designation in order of seniority based on age) perform all of the duties of the President and so acting shall have all the powers of and be subject to all restrictions upon the President. Any Vice President may also, with the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, sign certificates for shares of capital stock of the Corporation; may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments authorized by the Board, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by the By-laws to some other officer or agent of the Corporation, or shall be required by law otherwise to be signed or executed; and shall perform such other duties as from time to time may be assigned to him by the Board or by the President.

Section 5.8 Secretary.

The Secretary, if present, shall act as secretary of all meetings of the Stockholders and of the Board, and shall keep the minutes thereof in the proper book or books to be provided for that purpose; he shall see that all notices required to be given by the Corporation are duly given and served; he may, with the President or a Vice President, sign certificates for shares of capital stock of the Corporation; he shall be custodian of the seal of the Corporation and may seal with the seal of the Corporation, or a facsimile thereof, all certificates for shares of capital stock of the Corporation and all documents the execution of which on behalf of the corporation under its corporate seal is authorized in accordance with the provisions of the By-laws; he shall have charge of the stock ledger and also of the other books, records and papers of the Corporation relating to its organization and management as a Corporation, and shall see that the reports, statements and other documents required by law are properly kept and filed; and shall, in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board or by the President.

Section 5.9 Treasurer.

The Treasurer shall have charge and custody of, and be responsible for, all funds, securities and notes of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any sources whatsoever; deposit all such moneys in the name of the

Corporation in such banks, trust companies or other depositaries as shall be selected in accordance with these By-laws; against proper vouchers, cause such funds to be disbursed by checks or drafts on the authorized depositaries of the Corporation signed in such manner as shall be determined in accordance with any provisions of the By-laws, and be responsible for the accuracy of the amounts of all moneys so disbursed; regularly enter or cause to be entered in books to be kept by him or under his direction full and adequate account of all moneys received or paid by him for the account of the Corporation; have the right to require, from time to time reports or statements giving such information as he may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same; render to the President or the Board, whenever the President or the Board, respectively, shall require him so to do, an account of the financial condition of the Corporation and of all his transactions as Treasurer; exhibit at all reasonable times his books of account and other records to any of the directors upon application at the office of the Corporation where such books and records are kept; and in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board or by the President; and he may sign with the President or a Vice President certificates for shares of capital stock of the Corporation.

Section 5.10 Assistant Secretaries and Assistant Treasurers.

Assistant Secretaries and Assistant Treasurers shall perform such duties as shall be assigned to them by the Secretary or by the Treasurer, respectively, or by the Board or by the President. Assistant Secretaries and Assistant Treasurers may, with the President or a Vice President, sign certificates for shares of capital stock of the Corporation.

ARTICLE VI

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

Section 6.1 Execution of Contracts.

The Board may authorize any officer, employee or agent, in the name and on behalf of the Corporation, to enter into any contract or execute and satisfy any instrument, and any such authority may be general or confined to specific instances, or otherwise limited.

Section 6.2 Loans.

The President or any other officer, employee or agent authorized by the By-laws or by the Board may effect loans and advances at any time for the Corporation from any bank, trust company or other institutions or from any firm, corporation or individual and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, and when authorized so to do may pledge and hypothecate or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority conferred by the Board may be general or confined to specific instances or otherwise limited.

Section 6.3 Checks, Drafts, Etc.

All checks, drafts and other orders for the payment of money out of the funds of the Corporation and all notes or other evidences of indebtedness of the corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board.

Section 6.4 Deposits.

The funds of the Corporation not otherwise employed shall be deposited from time to time to the order of the Corporation in such banks, trust companies or other depositories as the Board may select or as may be selected by an officer, employee, or agent of the Corporation to whom such power may from time to time be delegated by the Board.

ARTICLE VII

STOCK AND DIVIDENDS

Section 7.1 Shares of Stock.

The shares of capital stock of the Corporation shall be represented by a certificate, unless and until the Board of Directors of the Corporation adopts a resolution permitting shares to be uncertificated. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of capital stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the Corporation signed by, or in the name of the Corporation by, (a) the Chairman of the Board, the Chief Executive Officer, the President or any Executive Vice President, and (b) the Chief Financial Officer, the Secretary or an Assistant Secretary, certifying the number of shares owned by such stockholder in the Corporation.

Section 7.2 Transfer of Shares of Stock.

Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these By-laws. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 7.3 Transfer and Registry Agents.

The Corporation may from time to time maintain one or more transfer offices or agent and registry offices or agents at such place of places as may be determined from time to time by the Board.

Section 7.4 Lost, Destroyed, Stolen and Mutilated Certificates.

The holder of any shares of capital stock of the Corporation shall immediately notify the Corporation of any loss, destruction, theft or mutilation of the certificate representing such shares, and the Corporation may issue a new certificate to replace the certificate alleged to have been lost, destroyed, stolen or mutilated. The Board may, in its discretion, as a condition to the issue of any such new certificate, require the owner of the lost, destroyed, stolen or mutilated certificate, or his legal representatives, to make proof satisfactory to the Board of such loss, destruction, theft or mutilation and to advertise such fact in such manner as the Board may require, and to give the corporation and its transfer agents and registrars, or such of them as the Board may require, a bond in such form, in such sum and with such surety or sureties as the Board may direct, to indemnify the Corporation and its transfer agents and registrars against any claim that may be made against any of them on account of the continued existence of any such certificate so alleged to have been lost, destroyed, stolen or mutilated and against any expense in connection with such claim.

Section 7.5 Regulations.

The Board may make such rules and regulations as it may deem expedient, not inconsistent with the By-laws or with the Certificate of Incorporation, concerning the issue, transfer and registration of certificates representing shares of its capital stock.

Section 7.6 Restriction on Transfer of Stock.

A written restriction on the transfer or registration of transfer of capital stock of the Corporation, if permitted by Section 202 of the General Corporation Law and noted conspicuously on the certificate representing such capital stock, may be enforced against the holder of the restricted capital stock or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate representing such capital stock, a restriction, even though permitted by Section 202 of the General Corporation Law, shall be ineffective except against a person with actual knowledge of the restriction. A restriction on the transfer or registration of transfer of capital stock of the Corporation may be imposed either by the Certificate of Incorporation or by an agreement among any number of Stockholders or among such Stockholders and the Corporation. No restriction so imposed shall be binding with respect to capital stock issued prior to the adoption of the restriction unless the holders of such capital stock are parties to an agreement or voted in favor of the restriction.

Section 7.7 Dividends, Surplus, Etc.

Subject to the provisions of the Certificate of Incorporation and of law, the Board:

Section 7.7.1 May declare and pay dividends or make other distributions on the outstanding shares of capital stock in such amounts and at such time or times as, in its discretion, the condition of the affairs of the Corporation shall render advisable;

Section 7.7.2 May use and apply, in its discretion, any of the surplus of the Corporation in purchasing or acquiring any shares of capital stock of the Corporation, or purchase warrants therefore, in accordance with law, or any of its bonds, debentures, notes, scrip or other securities or evidences of indebtedness; and

Section 7.7.3 May set aside from time to time out of such surplus or net profits such sum or sums as, in its discretion, it may think proper, as a reserve fund to meet contingencies, or for equalizing dividends or for the purpose of maintaining or increasing the property or business of the Corporation, or for any purpose it may think conducive to the best interests of the Corporation.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Indemnification of Officers and Directors.

The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or an officer of the Corporation, against expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the fullest extent and in the manner set forth in and permitted by the General Corporation Law, and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled apart from the foregoing provisions. The foregoing provisions of this Section 8.1 shall be deemed to be a contract between the Corporation and each director and officer who serves in such capacity at any time while this Article 8 and the relevant provisions of the General corporation Law and other applicable law, if any, are in effect and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

Section 8.2 Indemnification of Other Persons.

The Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding to the extent and in the manner set forth in and permitted by the General Corporation

Law, and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which any such person may be entitled apart from the foregoing provisions.

Section 8.3 Insurance.

The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation or a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Sections 8.1 and 8.2 of the By-laws or under Section 145 of the General Corporation Law or any other provision of Law.

ARTICLE IX

BOOKS AND RECORDS

Section 9.1 Books and Records.

The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the Stockholders, the Board and any committee of the Board. The Corporation shall keep at the office designated in the Certificate of Incorporation or at the office of the transfer agent or registrar of the Corporation in Delaware, a record containing the names and addresses of all Stockholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof.

Section 9.2 Form of Records.

Any records maintained by the Corporation in the regular course of its business including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible written form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 9.3 Inspection of Books and Records.

Except as otherwise provided by law, the Board shall determine from time to time whether, and, if allowed, when and under what conditions and regulations the accounts, books, minutes and other records of the Corporation, shall be open to the inspection of any Stockholder or director.

ARTICLE X

SEAL

The Board may adopt a corporate seal which shall be in the form of a circle and shall bear the full name of the corporation, the year of its incorporation and the word "Delaware."

ARTICLE XI

FISCAL YEAR

The fiscal year of the Corporation shall be determined, and may be changed, by resolution of the Board.

ARTICLE XII

VOTING OF SHARES HELD

Unless otherwise provided by resolution of the Board, the President may, from time to time, appoint one or more attorneys or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as a Stockholder or otherwise in any other corporation, any of whose shares or securities may be held by the Corporation, at meetings of the holders of stock or other securities of such other corporation, or to consent in writing to any action by any such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, consents, waivers or other instruments as he may deem necessary or proper in the premises; or the President may himself attend any meeting of the holders of the stock or other securities of any such other corporation and thereat vote or exercise any or all other powers of the Corporation as the holder of such stock or other securities of such other corporation.

ARTICLE XIII

AMENDMENTS

The By-laws may be altered, amended, supplemented or repealed, or new By-laws may be adopted, by vote of the holders of the shares entitled to vote in the election of directors, provided that Articles 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8 may only be amended by the affirmative vote of the holders of not less than two-thirds of the outstanding voting shares of capital stock of the Corporation entitled to vote generally in the election of directors; provided, however, that such two-thirds vote shall not be required for, any amendment, alteration, change, repeal or adoption of any inconsistent provision declared advisable by the Board by the affirmative vote of two-thirds of the Board and submitted to Stockholders for their consideration, but only if a majority of the members of the Board acting upon such matter shall be Continuing Directors. The term "Continuing Director" shall mean a director who was a member of the Board as of October 1, 1986. With the exception of Articles 3.2, 3.3, 3.4, 3.5, 3.6, 3.7 and 3.8, the By-laws

may also be altered, amended, supplemented, repealed, or new By-laws may be adopted, by the Board. Any By-laws adopted, altered, amended, or supplemented by the Board may be altered, amended, or supplemented or repealed by the Stockholders entitled to vote thereon in accordance with the provisions hereof.

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

I, Ralph del Campo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 of Enzon Pharmaceuticals, Inc. (the registrant);
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.
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.

August 9, 2010

/s/ Ralph del
Campo

Ralph del Campo
Chief Operating Officer
(Principal Executive Officer)

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

I, Mark L. Ogden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 of Enzon Pharmaceuticals, Inc. (the registrant);
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.
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.

August 9, 2010

By: /s/ Mark L.
Ogden

Mark L. Ogden
Vice President, Finance
(Principal Financial Officer)

**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 Quarterly Report on Form 10-Q of Enzon Pharmaceuticals, Inc. (the Company) for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Ralph del Campo, Chief Operating 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.

August 9, 2010

By: /s/ Ralph del Campo

Ralph del Campo
Chief Operating Officer
(Principal Executive Officer)

**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 Quarterly Report on Form 10-Q of Enzon Pharmaceuticals, Inc. (the Company) for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Mark L. Ogden, Vice President, Finance 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.

August 9, 2010

By: /s/ Mark L. Ogden

Mark L. Ogden
Vice President, Finance
(Principal Financial Officer)
