

PEI PRESS RELEASE

PharmaEngine, Inc. and Merrimack Pharmaceuticals, Inc. Enter into a Licensing and Collaboration Agreement on PEP02 (MM-398), Nanoliposomal Irinotecan

PharmaEngine eligible for US\$220 million in upfront and milestone payments plus royalties

Taipei, Taiwan, May 9, 2011 -- (PR Newswire) -- PharmaEngine, Inc. and Merrimack Pharmaceuticals, Inc. announced today the execution of an agreement under which PharmaEngine grants back to Merrimack the rights to develop, manufacture, and commercialize PEP02 (known under the designation of MM-398 by Merrimack) in Asia and Europe, with the exception of Taiwan.

Under the agreement, PharmaEngine will receive an upfront payment of US\$10 million, and is eligible to receive up to an additional US\$210 million of milestone payments, as well as tiered royalties on net sales in Asia and Europe. Merrimack is responsible for all product development costs in the licensed territories, while PharmaEngine retains the exclusive development and commercialization rights in Taiwan, and plays a role in clinical and regulatory activities pursuant to an integrated global development plan.

“We are thrilled to collaborate with Merrimack to advance the development of PEP02 (MM-398). Drug development is like a relay race; PharmaEngine has developed this drug candidate from preclinical to phase II stages, and we believe that Merrimack is well-positioned to take the baton and accelerate development of this product through global commercialization,” said C. Grace Yeh, Ph.D., President and Chief Executive Officer of PharmaEngine. “Today’s announcement signifies the commitment of both companies to develop an innovative nanoparticle therapy that addresses significant unmet medical needs for cancer patients who are refractory to available treatments.”

About PEP02 (MM-398)

PEP02 is a novel and highly stable nanoliposomal formulation of irinotecan. PharmaEngine has tested PEP02 in several human clinical studies to date, including four phase I studies and two phase II studies in gastric and pancreatic cancers. Both phase II studies met their primary endpoints of response rate and 3-month survival. Data from both studies were recently presented at the 2011 Gastrointestinal Cancers Symposium of the American Society of Clinical Oncology (ASCO) in San Francisco, CA, USA.

PEP02 was originally invented by Hermes BioSciences, Inc. In 2003, PharmaEngine licensed the exclusive rights to develop and commercialize PEP02 in Asia from Hermes, and subsequently expanded the territory to Europe in 2005. Hermes retained the rights in North America and all other territories. Hermes BioSciences, Inc. was acquired by Merrimack in 2009.

About PharmaEngine

PharmaEngine, Inc. is a biopharmaceutical company established in Taipei, Taiwan in 2003. PharmaEngine adopts the business model of “no research, development only” and focuses on the development of new drugs for the treatment of cancer and Asian prevalent diseases. For further information, please visit the Company’s website at <http://www.pharmaengine.com>.

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About Merrimack

Merrimack Pharmaceuticals, Inc. is a biopharmaceutical company dedicated to the discovery and development of novel medicines for the treatment of cancer. Merrimack has five oncology candidates in clinical development or expected to enter clinical development this year. Merrimack is a privately-held



company based in Cambridge, MA, USA. For additional information, please visit Merrimack's website at <http://www.merrimackpharma.com>.