



FOR IMMEDIATE RELEASE

**Merrimack Pharmaceuticals Acquires European and Asian Rights to
MM-398, nanoliposomal irinotecan**

Reuniting the worldwide rights allows for a broad, global development program for MM-398

CAMBRIDGE, Mass., May 9, 2011 – Merrimack Pharmaceuticals, Inc. and PharmaEngine, Inc. (Taipei, Taiwan) today announced the signing of an agreement under which Merrimack has acquired the rights to develop and commercialize MM-398 (aka PEP02) in Europe and Asia.

MM-398, originally developed by Hermes BioSciences which was acquired by Merrimack in 2009, is a highly stable nanoliposomal formulation of irinotecan. Previously, the development and commercialization rights to MM-398 in Europe and Asia had been licensed to PharmaEngine. Merrimack held the rights to the product in North America and all other territories around the world. Through this agreement, the worldwide rights to MM-398 have been reunited, with Merrimack now having the right to develop and commercialize MM-398 in all territories of the world with the exception of Taiwan, where PharmaEngine will retain its rights to develop and commercialize MM-398. Under the terms of the agreement, Merrimack and PharmaEngine will collaborate on the development of MM-398. PharmaEngine will receive a \$10 million upfront payment and is eligible to receive up to an additional \$210 million upon achievement of certain development, regulatory and sales milestones as well as tiered royalties on sales of MM-398 in Europe and Asia.

"We believe that unifying the development strategy of MM-398 is critical as we plan to move the program forward into late stage clinical trials in indications like gemcitabine-refractory pancreatic cancer where patients have very limited options," said Robert Mulroy, President and Chief Executive Officer of Merrimack. "The PharmaEngine team has laid a great foundation for phase 3 development and commercialization by conducting clinical trials across multiple indications and we look forward to working aggressively with them to bring this product to market."

To date, PharmaEngine has tested MM-398 (under the designation of PEP02) in several human clinical studies including Phase 1 safety studies and a randomized Phase 2 trial in gastric cancer patients. A Phase 2 study in pancreatic cancer patients and a Phase 1 study in colorectal cancer patients are currently ongoing. Final data from the Phase 2 gastric cancer trial and interim data on the Phase 2 pancreatic cancer trial were presented at the 2011 Gastrointestinal Cancers Symposium in January. MM-398 is also being evaluated in a Phase 1 glioma trial under an investigator-sponsored IND at the University of California, San Francisco.

About PharmaEngine, Inc.

PharmaEngine, Inc. is a biopharmaceutical company established in Taipei, Taiwan in 2003. The company focuses on the development of new drugs to treat cancer and Asian prevalent diseases. For further information on PharmaEngine, Inc., please visit the Company's website at <http://www.pharmaengine.com>.

**About Merrimack**

Merrimack Pharmaceuticals, Inc. is a biopharmaceutical company dedicated to the discovery and development of novel medicines for the treatment of cancer. Merrimack is advancing a pipeline of engineered therapeutics paired with molecular diagnostics. In addition to several pre-clinical and research stage programs, Merrimack has five oncology candidates in clinical development or expected to enter clinical development this year: MM-398 in Phase 2 testing in partnership with PharmaEngine, Inc., MM-121 in Phase 2 testing in partnership with sanofi-aventis, MM-111 in Phase 1/2 testing and MM-302 and MM-151 which are both expected to enter Phase 1 clinical development this year. MM-398, MM-121, MM-111, MM-302 and MM-151 are investigational drugs and have not been approved by the U.S. Food and Drug Administration or any international regulatory agency. Merrimack uses its proprietary Network Biology discovery platform, developed with the help of leading scientists from MIT and Harvard, to integrate the fields of engineering, biology and computing to enable mechanism-based model driven discovery and development of both therapeutics and diagnostics. Merrimack is a privately-held company based in Cambridge, Massachusetts. For additional information, please visit <http://www.merrimackpharma.com>.

Contact: Kathleen Petrozzelli, Corporate Communications, 617-441-1043,
kpetrozzelli@merrimackpharma.com, <http://www.merrimackpharma.com>
Betsy Stevenson, RaymondStevenson Healthcare, 860-984-1424,
betsy@raymondstevenson.com

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