



Merrimack Receives \$5 Million Milestone Payment from Ipsen; Declares \$6.7 Million Special Dividend

December 3, 2019

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Dec. 3, 2019-- Merrimack Pharmaceuticals, Inc. (Nasdaq: MACK) today announced that it received a \$5 million milestone payment from Ipsen, triggered by Ipsen's decision to progress the ongoing multi-part clinical trial evaluating ONIVYDE in patients with small-cell lung cancer into the second randomized portion of the trial focused on efficacy assessment. As a result of this milestone payment, Merrimack's Board of Directors has authorized and declared a special cash dividend of \$6.7 million on the Company's common stock (the "Special Dividend").

The Special Dividend is payable on December 23, 2019 to stockholders of record as of the close of business on December 16, 2019. The ex-dividend date for the Special Dividend will be December 13, 2019, the first business day preceding the record date. Stockholders of record on the record date who sell their shares prior to the ex-dividend date will not receive the Special Dividend. Based on the current number of shares outstanding, the Special Dividend will be approximately \$0.50 per common share; this amount may vary based on the number of outstanding shares as of the record date.

Merrimack currently estimates that, for U.S. federal tax purposes, 100% of the Special Dividend (or approximately \$0.50 per share) will likely be first treated as a return of capital to stockholders to the extent of their basis in Merrimack common stock, and then as capital gain.

The tax treatment of the Special Dividend will be based on Merrimack's current and accumulated earnings and profits for Merrimack's 2019 fiscal year ending December 31, 2019 ("FY19"). The process of determining current and accumulated earnings and profits requires a final determination of Merrimack's financial results for FY19 and a review of certain other factors. The determination will be based in part on factors that are outside of the control of Merrimack and which cannot be ascertained at this time. Merrimack does not expect the calculation of the portion that will be treated as a taxable dividend for federal tax purposes to be finalized until after the completion of FY19. Accordingly, the portion of the Special Dividend estimated to be a taxable dividend provided in this release is based upon currently available information and is subject to change.

The precise tax impact of the Special Dividend to specific stockholders depends upon the stockholder's individual tax situation. Stockholders are advised to consult with their personal tax advisors.

"The progress that we have made in streamlining our operating costs is reflected in the authorization of a special dividend higher than the amount of the milestone that we have received from Ipsen," said Gary Crocker, Chairman of Merrimack's Board of Directors. "Our remaining cash balance is anticipated to support operations into 2027, when we estimate the longest-term potential Ipsen milestone may be achieved."

About Merrimack

Merrimack Pharmaceuticals, Inc. is a biopharmaceutical company based in Cambridge, Massachusetts that is entitled to receive up to \$450.0 million in contingent milestone payments related to its sale of ONIVYDE® to Ipsen S.A. in April 2017 and up to \$54.5 million in contingent milestone payments related to its sale of anti-HER3 programs to 14ner Oncology, Inc. in July 2019. The Company is seeking potential acquirers for its remaining preclinical and clinical assets.

Forward Looking Statements

To the extent that statements contained in this press release are not descriptions of historical facts, they are forward-looking statements reflecting the current beliefs and expectations of management made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements include any statements about Merrimack's strategy, future operations, future financial position, future revenues and future expectations and plans and prospects for Merrimack, and any other statements containing the words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue" and similar expressions. In this press release, Merrimack's forward-looking statements include, among others, statements about the declared special cash dividend and the sufficiency of Merrimack's cash resources. Such forward-looking statements involve substantial risks and uncertainties that could cause Merrimack's future results, performance or achievements to differ significantly from those expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, expectations for achievement of contractual milestones and the availability of funding sufficient for Merrimack's foreseeable and unforeseeable operating expenses and capital expenditure requirements. Merrimack undertakes no obligation to update or revise any forward-looking statements. Forward-looking statements should not be relied upon as representing Merrimack's views as of any date subsequent to the date hereof. For a further description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to Merrimack's business in general, see the "Risk Factors" section of Merrimack's Quarterly Report on Form 10-Q filed with the SEC on November 12, 2019 and the other reports Merrimack files with the Securities and Exchange Commission.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20191203005193/en/>

Source: Merrimack Pharmaceuticals, Inc.

Tim Surgenor
ir@merrimac.com