



May 15, 2013

## **Emisphere Technologies, Inc. Announces Financial Results for Quarter Ended March 31, 2013**

### **Conference Call/Webcast to be Held 8:30 AM ET, Wednesday, May 15, 2013**

ROSELAND, N.J., May 15, 2013 (GLOBE NEWSWIRE) -- Emisphere Technologies, Inc. (OTCBB:EMIS) ("Emisphere" or the "Company") today announced its financial results for the quarter ended March 31, 2013. The Company will host a conference call this morning at 8:30 AM ET to discuss these results.

The live webcast of the conference call can be accessed through the Company's web site at: [www.emisphere.com](http://www.emisphere.com). The live conference call dial-in number is 1 (877) 303-9483 (United States and Canada) or 1 (760) 666-3584 (International). In addition, an archive of the webcast can be accessed through the same link and an audio replay of the call will be available beginning at 1:00 PM ET today through midnight on May 29, 2013 by calling 1 (855) 859-2056 (United States and Canada) or 1 (404) 537-3406 (International). The conference replay PIN is 70998738.

### **FIRST QUARTER 2013 FINANCIAL RESULTS**

Emisphere reported a net loss of \$2.4 million, or \$0.04 per basic and diluted share for the quarter ended March 31, 2013, compared to a net loss of \$0.7 million, or \$0.01 per basic and diluted share for the quarter ended March 31, 2012.

The Company reported an operating loss of \$1.7 million, compared to an operating loss of \$1.8 million for the same period in 2012.

Total operating expenses were \$1.7 million for the first quarter 2013, a decrease of \$0.1 million, or 3%, compared to the same period in 2012. Total operating expenses include research and development costs of \$0.2 million, a decrease of \$0.2 million, or 43%, compared to the same period in 2012, and general and administrative expenses of \$1.5 million, an increase of \$0.1 million, or 9%, compared to the same period in 2012. Other expense for the first quarter of 2013 was \$0.7 million compared to \$0.5 million for the first quarter of 2012, an increase of \$0.2 million, due primarily to a \$0.8 million decrease in fair value of derivative instruments, offset partially by a \$0.5 million decrease in interest expense.

### **LIQUIDITY**

As of March 31, 2013, we had approximately \$0.06 million cash, a net decrease of \$1.4 million from December 31, 2012, a working capital deficit of approximately \$2.2 million, a stockholders' deficit of \$68.4 million and accumulated deficit of approximately \$470.2 million.

We have limited capital resources and operations to date have been funded with the proceeds from collaborative research agreements, public and private equity and debt financings and income earned on investments. On April 12, 2013, \$0.2 million of previously restricted cash which was held as a security deposit on our former offices was released to the Company.

On April 26, 2013, the Company entered into an Amendment No. 2 (the "Amendment") to the Development and License Agreement, dated June 21, 2008, between Novo Nordisk A/S ("Novo Nordisk") and the Company (as amended to date, the "Development Agreement"). Under the terms of the Amendment, Novo Nordisk paid \$10 million to the Company as a prepayment of certain development milestone payments that would have otherwise become payable to the Company under the Development Agreement upon the initiation of Phase II and Phase III testing of an oral GLP-1 product by Novo Nordisk, in exchange for a reduction in the rate of potential future royalty payments arising from future sales of such products developed under the Development Agreement.

Also on April 26, 2013, the Company entered into a restructuring agreement (the "Restructuring Agreement") with various funds affiliated with MHR Fund Management LLC (collectively, "MHR") regarding the restructuring of the terms of the Company's obligations under certain promissory notes previously issued to MHR (collectively, the "MHR Notes"). As of the date of the Restructuring Agreement, the Company owed MHR approximately \$35.2 million under the terms of MHR Notes, all of which was either past due, as disclosed in the Company's Current Report on Form 8-K filed on September 26, 2012, or payable on demand. Pursuant to the transactions contemplated by the Restructuring Agreement, MHR agreed, among other things, to extend the maturity dates of the MHR Notes in exchange for certain amended terms of the MHR Notes, the re-pricing of warrants previously issued to MHR to purchase approximately 12,000,000 shares of the Company's common stock (the "Common

Stock"), and the issuance of new warrants to MHR to purchase approximately 10,000,000 shares of Common Stock. The Company and MHR consummated the transactions contemplated by the Restructuring Agreement on May 7, 2013.

The terms of the Amendment and the Restructuring Agreement, and the transactions contemplated thereby, are more fully described in the Company's Current Report on Form 8-K filed on April 30, 2013 and the Company's Current Report on Form 8-K filed on May 9, 2013.

"These two transactions are pivotal for the Company," said Mr. Alan L. Rubino, Emisphere's President and Chief Executive Officer. "The cash Emisphere received from Novo Nordisk, combined with MHR's continued support and confidence, are critical components to the Company's plan to pursue its strategic objectives, implement its business plan, and create greater value for all shareholders," added Mr. Rubino.

The Company estimates that the \$10 million received from Novo Nordisk under the terms of the Amendment is sufficient to allow the Company to prepare for the launch of Eligen<sup>®</sup> Oral B12 in the U.S. market, explore global markets opportunities for Eligen<sup>®</sup> Oral B12, and otherwise continue operations for approximately one year. However, the Company will not have sufficient resources to fully support the launch of Eligen<sup>®</sup> Oral B12 in the U.S. market or to develop fully any new products or technologies unless it is able to raise additional financing on acceptable terms or secure funds from new or existing partners. The Company cannot assure that financing will be available on favorable terms or at all. Additionally, these conditions may increase the cost to raise capital. If additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities would result in dilution to our existing stockholders.

While our plan is to raise capital and/or to pursue partnering opportunities, we cannot be sure that our plans will be successful. Furthermore, even in the event that the Company is adequately funded, there is no guarantee that any of the Company's products or product candidates will perform as hoped or that such products can be successfully commercialized. The Company is currently pursuing several courses of action to address its capital resources requirements including the global commercialization of B12, seeking new partnerships and leveraging existing partnerships.

## **PRODUCT DEVELOPMENTS**

The Company continues to reemphasize the commercialization of Oral Eligen<sup>®</sup> B12, seek new high-value partnerships, evaluate new prescription Medical Foods commercial opportunities, reprioritize the product pipeline, and promote new uses for the Eligen<sup>®</sup> Technology.

Emisphere's pipeline includes a broad range of product candidates in different stages of development.

- Novo Nordisk is using Emisphere's Eligen<sup>®</sup> Technology to develop and commercialize oral formulations of Novo Nordisk's insulins and GLP-1 receptor agonists, with a potential GLP-1 drug currently undergoing Phase I clinical trials. The first Phase I trial investigated the safety, tolerability and bioavailability in healthy volunteers and was completed in May 2010. Novo Nordisk also conducted a multiple-dose Phase I trial to investigate the safety, tolerability, pharmacokinetics and pharmacodynamics in healthy male subjects which was completed in July 2011.
- The Company has developed an oral formulation of Eligen<sup>®</sup> B12 (1000 mcg) for use by B12 deficient individuals. On August 5, 2011 we received notice from the U. S. Patent Office that the U.S. patent application directed to the oral Eligen<sup>®</sup> B12 formulation was allowed. This new patent provides intellectual property protection for Eligen<sup>®</sup> B12 in the U.S. through approximately 2029. Currently, we are evaluating the results of our clinical trials and market research and exploring alternative development and commercialization options with the purpose of maximizing the commercial and health benefits potential of our Eligen<sup>®</sup> B12 asset.

The Company is continuing with a number of pre-clinical programs in collaboration with other companies, as well as projects on its own, using the Eligen<sup>®</sup> Technology to improve the oral absorption of selected molecules.

## **About Emisphere Technologies, Inc.**

Emisphere is a biopharmaceutical company that focuses on developing and commercializing a unique and improved delivery of pharmaceutical compounds, medical foods and dietary supplements using its Eligen<sup>®</sup> Technology. These molecules and compounds could be currently available or in development. Such molecules are usually delivered by injection; in many cases, their benefits are limited due to poor bioavailability, slow on-set of action or variable absorption. The Eligen<sup>®</sup> Technology can be applied to the oral route of administration as well as other delivery pathways, such as buccal, rectal, inhalation, intra-vaginal or transdermal. The Company's strategy is to reemphasize the commercialization of Oral Eligen<sup>®</sup> B12, build new high-value partnerships, evaluate new Medical Foods commercial opportunities, and promote new uses for the Eligen<sup>®</sup> Technology. The

Company's website is: [www.emisphere.com](http://www.emisphere.com).

*Safe Harbor Statement Regarding Forward-looking Statements*

*The statements in this release relating to matters that are not historical facts (including without limitation those regarding the timing, performance or potential outcomes of research collaborations or clinical trials, any market that might develop for any of Emisphere's product candidates, the sufficiency of Emisphere's cash and other capital resources and its ability to obtain additional financing to meet its capital needs) are forward-looking statements that involve risks and uncertainties, including, but not limited to, the likelihood that future research will prove successful, the likelihood that any product in the research pipeline will receive regulatory approval in the United States or abroad, the ability of Emisphere and/or its partners to develop, manufacture and commercialize products using Emisphere's drug delivery technology, Emisphere's ability to fund such efforts with or without partners, and other risks and uncertainties detailed in Emisphere's filings with the Securities and Exchange Commission, including those factors discussed under the caption "Risk Factors" in Emisphere's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed on March 28, 2013, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, to be filed on or about the date hereof.*

**EMISPHERE TECHNOLOGIES, INC.**

**CONDENSED STATEMENT OF OPERATIONS**

For the three months ended March 31, 2013 and 2012

(in thousands, except share and per share data)

(unaudited)

	For the three months ended	
	March 31,	
	2013	2012
Net Sales	<u>\$ —</u>	<u>\$ —</u>
Costs and expenses:		
Research and development	234	412
General and administrative	1,466	1,346
Depreciation and amortization	2	7
Gain/loss on fixed assets disposal	<u>10</u>	<u>—</u>
Total costs and expenses	<u>1,712</u>	<u>1,765</u>
Operating loss	<u>(1,712)</u>	<u>(1,765)</u>
Other non-operating income (expense):		
Other income	64	29
Change in fair value of derivative instruments		
Related party	273	1,859
Other	67	(748)
Interest expense	<u>(1,116)</u>	<u>(1,638)</u>
Total other non-operating income (expense)	<u>(712)</u>	<u>(498)</u>
Loss before income tax benefit	(2,424)	(2,263)
Income tax benefit	<u>—</u>	<u>1,527</u>
Net loss	<u><u>\$ (2,424)</u></u>	<u><u>\$ (736)</u></u>

Net loss per share, basic and diluted	\$ (0.04)	\$ (0.01)
Weighted average shares outstanding, basic and diluted	60,687,478	60,687,478

**EMISPHERE TECHNOLOGIES, INC.**  
**CONDENSED BALANCE SHEETS**  
**March 31, 2013 and December 31, 2012**  
(in thousands, except share and per share data)

	<u>March 31,</u>	<u>December 31,</u>
	<u>2013</u>	<u>2012</u>
	(unaudited)	
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 63	\$ 1,484
Restricted cash	247	—
Accounts receivable, net	2	1
Inventories	249	249
Prepaid expenses and other current assets	160	149
Total current assets	721	1,883
Equipment and leasehold improvements, net	32	12
Restricted cash	—	247
Other assets	34	34
Total assets	<u>\$ 787</u>	<u>\$ 2,176</u>
<b>Liabilities and Stockholders' Deficit:</b>		
Current liabilities		
Notes payable related party, including accrued interest	\$ —	\$ 33,607
Accounts payable and accrued expenses	1,136	923
Derivative instruments:		
Related party	1,218	1,491
Others	530	598
Other current liabilities	—	9
Total current liabilities	2,884	36,628
Deferred lease liability	20	—
Notes payable related party, including accrued interest	34,722	—
Deferred revenue	31,616	31,614
Total liabilities	<u>69,242</u>	<u>68,242</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$.01 par value; authorized 2,000,000 shares; none issued and outstanding	—	—
Common stock, \$.01 par value; authorized 200,000,000 shares; issued 60,977,210 shares (60,687,478 outstanding) as of March 31, 2013 and December 31, 2012	610	610
Additional paid-in-capital	405,131	405,096
Accumulated deficit	(470,244)	(467,820)

Common stock held in treasury, at cost; 289,732 shares	<u>(3,952)</u>	<u>(3,952)</u>
Total stockholders' deficit	<u>(68,455)</u>	<u>(66,066)</u>
Total liabilities and stockholders' deficit	<u>\$ 787</u>	<u>\$ 2,176</u>

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