Idera Pharmaceuticals Reports Financial Results for the Three and Six Months Ended June 30, 2007

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CAMBRIDGE, Mass.--(BUSINESS WIRE)--Aug. 1, 2007--Idera Pharmaceuticals (AMEX: IDP) today reported financial results for the three and six months ended June 30, 2007.

"Our financial results for the second quarter reflect continued execution of our business strategy to advance our development programs with our lead candidates, IMO-2055 and IMO-2125, to evaluate novel Toll-Like Receptor (TLR) antagonists and TLR7, 8 and 9 agonists in preclinical models, and to support our collaborations with Novartis and Merck & Co., Inc.," said Sudhir Agrawal, D. Phil., Chief Executive Officer and Chief Scientific Officer of Idera.

Update on Clinical Programs

Oncology program: IMO-2055

-- Idera intends to initiate clinical trials to investigate IMO-2055 in combination with Tarceva(R), and in triple combination with Tarceva(R) and Avastin(R), in patients with non-small cell lung cancer as second-line therapy. The Company is preparing to initiate a phase 1b trial in the third quarter of this year to assess the safety of the combinations with multiple doses of IMO-2055. The Company plans to conduct a four-arm, randomized, placebo controlled phase 2 trial of the combinations following analysis of the results of the phase 1b trial.

-- The Company also plans to initiate clinical trials to investigate IMO-2055 in combination with Erbitux(R) and Camptosar(R) in patients with colorectal cancer as second-line therapy. The Company expects to initiate a phase 1b trial in the fourth quarter of this year to assess the safety of this combination with multiple doses of IMO-2055. The Company plans to conduct a randomized, placebo controlled phase 2 trial of the combination following analysis of the results of the phase 1b trial.

-- In Idera's phase 2, Stage A, clinical evaluation of IMO-2055 monotherapy in patients with renal cell carcinoma (RCC), the Company completed enrollment of the planned 46 treatment-naive patients and enrolled 45 of the intended 46 second-line patients before closing enrollment of patients on June 29, 2007. The Company expects that when final data are available, it will report the results at an appropriate scientific meeting and decide on the next steps for evaluation of IMO-2055 in RCC.

-- In Idera's phase 1/2 clinical trial with IMO-2055 in combination with the chemotherapy agents Gemzar(R) and carboplatin in patients with refractory solid tumors, the Company enrolled 22 patients before closing enrollment. In the trial, the Company is investigating three doses and three treatment schedules of IMO-2055. The Company expects to report initial results from this trial at an appropriate scientific meeting by the end of 2007.

Hepatitis C program: IMO-2125

-- In May 2007, Idera submitted an Investigational New Drug (IND) application to the U.S. Food and Drug Administration (FDA) for IMO-2125, the second lead candidate discovered by the Company. Idera received a "safe to proceed" acknowledgement from the FDA and expects to initiate a phase 1 trial of IMO-2125 in patients with hepatitis C virus infection during the third quarter of 2007.

Second Quarter and Six Month 2007 Results

The Company reported a net loss of $3.0 million or $0.14 per share for the three months ended June 30, 2007, compared to a net loss of $4.3 million, or $0.26 per share for the same period in 2006. For the six-month period, the Company's net loss was $5.5 million or $0.26 per share compared to a net loss of $8.0 million, or $0.52 per share for the same period in 2006.

Total revenues for the three months ended June 30, 2007 were $1.9 million compared to $0.6 million for the same period in 2006. For the six-month period, revenues totaled $3.8 million compared to $1.3 million for the same period in 2006. The increase in revenue in both periods is primarily due to license fees recognized under the Company's collaboration agreement with Merck & Co., Inc. signed in December 2006, offset, in part, by lower license fees recognized under our collaboration agreement with Novartis.

Research and Development expenses for the three months ended June 30, 2007 totaled $3.0 million compared to $3.7 million for the same period in 2006. For the six-month period, R&D expenses totaled $5.8 million compared to $6.7 million for the same period in 2006. The decrease in R&D expense in both periods is primarily due to the completion in 2006 of IND-enabling safety studies of IMO-2125, a decrease in manufacturing costs of IMO-2125 in the 2007 periods and a decrease of clinical and non-clinical costs associated with IMO-2055, which decreases were offset, in part, by start-up costs related to the clinical trials of IMO-2125, higher payroll costs associated with the hiring of additional employees, and increased stock-based compensation.

General and Administrative expenses for the three months ended June 30, 2007 were $2.4 million compared to $1.3 million for the same period in 2006. For the six-month period, G&A expenses totaled $4.3 million compared to $2.6 million for the same period in 2006. The increase in G&A in both periods reflect increased payroll expenses associated with a higher number of non-research employees, higher compensation expense related to employee and consultant stock options, Sarbanes-Oxley compliance expenses, and costs accrued in anticipation of payments to be made to the Company's Chief Financial Officer under the transition agreement entered into in May 2007.

Cash, cash equivalents and short-term investments on June 30, 2007 totaled approximately $32.0 million compared to $38.2 million at December 31, 2006. The decrease reflects the $6.6 million cash used in operations during the six months ended June 30, 2007 and $1.2 million of equipment purchases which were partially offset by $1.3 million in net proceeds from the sale of a note.

Recent Accomplishments

-- In July 2007, a paper was published describing preclinical data in which Idera's TLR9 agonist in combination with bevacizumab, the anti-vascular endothelial growth factor (VEGF) monoclonal antibody marketed as Avastin, resulted in co-operative anti-tumor activity in animal models of colon cancer. The paper entitled "Novel TLR9 agonist synergizes by different mechanisms with bevacizumab in sensitive and cetuximab-resistant colon cancer xenografts" was published in the Proceedings of National Academy of Sciences U.S.A. (Vol. 104: 12468-12473, 2007).

-- In July 2007, a presentation was made during the FASEB Summer Research Conference on Autoimmunity. Preclinical data using Idera's proprietary antagonists of TLRs 7 and 9 in mouse models of collagen-induced arthritis, a commonly used model for rheumatoid arthritis, suggest that antagonists of these TLRs may have a potential role in blocking Th1-type immune responses, thereby inhibiting the progression of diseases such as rheumatoid arthritis.

-- In April 2007, two preclinical presentations were made at the Annual Meeting of the American Association for Cancer Research. The first presentation was made by a third party contractor of the Company reporting on a preclinical study it conducted in which Idera's IMO-2055 in combination with Nexavar(R), a drug approved for RCC, showed enhanced antitumor activity compared to either agent alone in a mouse xenograft model. The second presentation was made by Idera reporting on a preclinical study it conducted in which an analog of IMO-2055 optimized for mice was administered by the intranasal route and showed potent antitumor activity in mouse models of lung metastases of colon carcinoma and melanoma.

About Idera Pharmaceuticals, Inc.

Idera Pharmaceuticals is a drug discovery and development company that is developing drug candidates to treat cancer and infectious, respiratory, and autoimmune diseases, and for use as vaccine adjuvants. Idera's proprietary drug candidates are designed to modulate TLRs, the body's first line of immune defense. Idera's pioneering DNA chemistry expertise enables it to identify drug candidates for internal development and creates opportunities for multiple collaborative alliances. Idera's most advanced clinical candidate, IMO-2055, is an agonist of TLR9 and is currently in a Phase 2 trial in oncology and in a Phase 1/2 chemotherapy combination trial in oncology. Idera has selected a second TLR9 agonist, IMO-2125, as a lead candidate for treating hepatitis C virus infection. Idera is collaborating with Novartis International Pharmaceutical, Ltd. for the discovery, development, and commercialization of TLR9 agonists for the treatment of asthma and allergy indications. Idera is also collaborating with Merck & Co., Inc. for the use of Idera's TLR7, 8 and 9 agonists in combination with Merck's therapeutic and prophylactic vaccines in the areas of oncology, infectious diseases, and Alzheimer's disease. For more information, visit www.iderapharma.com.

Forward Looking Statements

This press release contains forward-looking statements concerning Idera Pharmaceuticals, Inc. that involve a number of risks and uncertainties. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "estimates," "intends," "should," "could," "will," "may," and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause Idera's actual results to differ materially from those indicated by such forward-looking statements, including whether products based on Idera's technology will advance into or through the clinical trial process on a timely basis or at all and receive approval from the United States Food and Drug Administration or equivalent foreign regulatory agencies; whether the Company will complete enrollment of clinical trials or announce trial results in the time expected; whether, if the Company's products receive approval, they will be successfully distributed and marketed; whether the results of preclinical studies will be indicative of results that may be obtained in clinical trials; whether the Company's collaborations with Novartis and Merck will be successful; whether the patents and patent applications owned or licensed by Idera will protect the Company's technology and prevent others from infringing it; whether Idera's cash resources will be sufficient to fund product development and clinical trials; and such other important factors as are set forth under the caption "Risk Factors" in Idera's Quarterly Report on Form 10-Q filed on July 31, 2007, which important factors are incorporated herein by reference. Idera disclaims any intention or obligation to update any forward-looking statements.

Tarceva is a registered trademark of OSI Pharmaceuticals, Inc. Avastin is a registered trademark of Genentech, Inc. Erbitux is a registered trademark of ImClone Systems Incorporated. Camptosar is a registered trademark of Pfizer. Gemzar is a registered trademark of Eli Lilly and Company. Nexavar is a registered trademark of Bayer Pharmaceuticals Corporation.

Idera Pharmaceuticals, Inc.
Condensed Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended	Six Months Ended June 30,

	June 30,			
	2007	2006	2007	2006
Revenues	$ 1,949	$ 622	$ 3,778	$ 1,258
Operating Expenses				
Research & Development	2,990	3,665	5,809	6,651
General & Administrative	2,383	1,312	4,336	2,579
Total Operating Expenses	5,373	4,977	10,145	9,230
Loss from Operations	(3,424)	(4,355)	(6,367)	(7,972)
Other, net	416	28	832	(5)
Net Loss	$(3,008)	$(4,327)	$(5,535)	$(7,977)
Basic and Diluted Net Loss Per Share	$ (0.14)	$ (0.26)	$ (0.26)	$ (0.52)
Shares Used In Computing Basic and Diluted Net Loss Per Share	21,254	16,718	21,023	15,443

Idera Pharmaceuticals, Inc.
Balance Sheet Data
(Unaudited)
(In thousands)

	June 30, 2007	December 31, 2006
Cash, Cash Equivalents And Investments	$32,016	$38,187
Receivables & Other Assets	3,878	2,354
Total Assets	$35,894	$40,541
Accounts Payable and Accrued Liabilities	$ 3,006	$ 2,029
Deferred Revenue	18,892	21,242
Notes Payable	1,278	5,033
Total Stockholders' Equity	12,718	12,237
Total Liabilities & Stockholders' Equity	$35,894	$40,541

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