



## **Idera Pharmaceuticals and Merck KGaA to Collaborate on Development of TLR9 Agonists for Treatment of Cancer**

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CAMBRIDGE, Mass.--(BUSINESS WIRE)--Dec. 19, 2007--Idera Pharmaceuticals, Inc. (Nasdaq: IDRA) announced today that it has entered into a worldwide licensing and collaboration agreement with Merck KGaA of Darmstadt, Germany, for the research, development and commercialization of Idera's Toll-like Receptor 9 (TLR9) agonists for the treatment of cancer.

Under the agreement, Idera has agreed to exclusively license the therapeutic oncology applications, excluding cancer vaccines, of its lead TLR9 agonists, IMO-2055 and IMO-2125. In addition, Idera and Merck KGaA have agreed to engage in a research collaboration to identify a specified number of novel, follow-on TLR9 agonists, which will be derived using Idera's chemistry-based approach and for which Merck will have the exclusive right to use in oncology applications other than cancer vaccines.

"Merck is committed to the development of innovative approaches to cancer therapy on a global basis and we expect that this collaboration with Idera will help us move toward that goal," said Vincent Aurentz, Executive Board Member and Head of Portfolio Management and Business Development for the Merck Serono division. "We believe that TLR9 agonists represent a novel mechanism of action with great potential and we look forward to advancing their development for various oncology indications."

Under the terms of the agreement, Merck KGaA has agreed to pay an upfront license fee of \$40 million (about EUR 28 million based on current exchange rates) to Idera. In addition, Idera is eligible to receive milestone payments of up to \$381 million, based on current exchange rates, (EUR 264 million), depending on success in achieving clinical development and commercialization, as well as royalties on sales of any products developed and commercialized by Merck KGaA using IMO-2055, IMO-2125 or the follow-on TLR9 agonists. The contract will take effect and the upfront fee will be paid following, and subject to, regulatory clearance under the Hart-Scott-Rodino Antitrust Improvements Act.

"Idera has chosen to collaborate with Merck KGaA for the application of our TLR9 agonists in oncology because of its proven capabilities and success in developing novel therapies for cancer and their commitment to global research, development and commercialization in this area," said Sudhir Agrawal, D. Phil., Chief Executive Officer and Chief Scientific Officer of Idera. "This collaboration adds Merck KGaA's experience and resources to the development of our TLR9 agonists in oncology and provides us with additional capital to advance our internal TLR-targeted drug discovery and development programs. We look forward to working closely with Merck KGaA to realize the potential of TLR9 agonists in cancer therapy."

### **About IMO-2055**

IMO-2055 is a novel DNA-based agonist of TLR9. IMO-2055 has been evaluated at multiple-dose levels for safety and immunological activity in Phase 1 trials involving healthy volunteers and patients with refractory solid tumors. IMO-2055 is currently in a Phase 1b trial in combination with Tarceva(R) and Avastin(R) in patients with advanced non-small cell lung cancer and is being evaluated at two dose levels in a Phase 2a trial in patients with renal cell carcinoma. IMO-2055 also is being evaluated in combination with chemotherapy agents in a Phase 1 trial in patients with refractory solid tumors.

### **About IMO-2125**

IMO-2125 is a second DNA-based TLR9 agonist and is of a class designed to induce high levels of interferon-alpha and other cytokines and chemokines. IMO-2125 presently is being evaluated in a Phase I trial in patients with chronic hepatitis C virus infection who have not responded to standard treatment. This indication is not included in the agreement with Merck KGaA.

### **About TLRs**

Toll-like Receptors (TLRs) function in human immune cells as the sensors of pathogens. They recognize different microbial products present in pathogens such as bacteria, viruses and parasites, and mount an appropriate immune response against the foreign invaders. TLRs have also been shown to recognize endogenous ligands in autoimmune diseases. TLRs have become attractive targets for developing immune modulators to treat a number of diseases, including cancers and infectious, respiratory and autoimmune diseases, and for use as vaccine adjuvants.

### **About Merck KGaA**

Merck of Darmstadt, Germany, is a global pharmaceutical and chemical company with sales of EUR 6.3 billion in 2006, a history that began in 1668, and a future shaped by 30,962 employees in 61 countries. Its success is characterized by innovations from entrepreneurial employees. Merck's operating activities come under the umbrella of Merck KGaA, in which the Merck family holds an approximately 70% interest and free shareholders own the remaining approximately 30%. In 1917 the U.S. subsidiary Merck & Co. was expropriated and has been an independent company ever since.

### **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 specific TLRs, which are a family of immune system receptors. Idera's pioneering DNA chemistry expertise enables it to identify drug candidates for internal development and creates opportunities for multiple collaborative alliances. Internal programs include IMO-2125, a lead candidate for treating infectious diseases, and discovery-stage compounds for autoimmune diseases. Idera has identified DNA-based compounds which have been shown to act as antagonists to TLRs 7 and 9 in preclinical studies and are being evaluated in preclinical disease models of lupus, collagen-induced arthritis and multiple sclerosis. 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 & Co.'s therapeutic and prophylactic vaccines in the areas of oncology, infectious diseases, and Alzheimer's disease. Merck & Co. of the U.S. is not related to Merck KGaA of Germany. For more information, visit [www.iderapharma.com](http://www.iderapharma.com).

### **Idera 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 the collaboration with Merck KGaA will be successful and whether the Company will receive any of the milestone payments provided for under the collaboration; 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, 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 & Co. will be successful; whether Idera's cash resources will be sufficient to fund the Company's operations, including 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 November 13, 2007, which important factors are incorporated herein by reference. Idera disclaims any intention or obligation to update any forward-looking statements.

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