Idera Pharmaceuticals Reports Financial Results for the Three and Nine Months Ended September 30, 2007

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CAMBRIDGE, Mass.--(BUSINESS WIRE)--Nov. 13, 2007--Idera Pharmaceuticals (AMEX: IDP) today reported financial results for the three and nine months ended September 30, 2007.

"Idera expanded its scientific leadership in Toll-like Receptor (TLR) research during the third quarter. We reported encouraging preclinical findings with TLR agonists and antagonists, prepared to initiate combination studies with IMO-2055 in oncology, and initiated a phase 1 trial evaluating IMO-2125, our second TLR9 agonist, in hepatitis C. In addition, we continued to strengthen our intellectual property portfolio with the issuance of two key patents for immune stimulatory oligonucleotides and provided support in our ongoing 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

- The Company intends to initiate clinical trials to investigate IMO-2055, the Company's most advanced drug candidate, 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 fourth quarter of this year to assess the safety of the combinations with multiple doses of IMO-2055. Investigational sites for this phase 1b trial have been initiated and screening of patients is underway. Following an analysis of the results of this trial, the Company plans to conduct a four-arm, randomized, placebo controlled phase 2 trial of the combinations.
- 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 first quarter of 2008 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.
- The Company's phase 2, Stage A, clinical evaluation of IMO-2055 monotherapy in patients with renal cell carcinoma (RCC) is closed to enrollment. The Company will not be able to obtain a complete set of data from the trial until all patients have ceased to receive treatment in the trial. At present, one patient continues to receive treatment in this phase 2 trial. The Company expects that final data from the trial will be available in the second or third quarter of 2008.
- In the Company'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 investigated three doses and three treatment schedules of IMO-2055. Initial results from this trial were reported at the 12th World Conference on Lung Cancer in September 2007.

Hepatitis C program: IMO-2125

- In September 2007, the Company initiated a phase 1 clinical evaluation of IMO-2125 for the treatment of patients with hepatitis C virus (HCV) infection. IMO-2125, the Company's second lead candidate, is a novel agonist of TLR9. The Company expects the trial will be conducted at five or more U.S. sites. The lead investigator of this trial is John McHutchison, M.D., Associate Director, Duke Clinical Research Institute and Director, GI/Hepatology Research Program and

Professor of Medicine, Division of Gastroenterology, Duke University School of Medicine.

Third Quarter and Nine Month 2007 Results

The Company reported a net loss of $3.2 million, or $0.15 per share, for the three months ended September 30, 2007, compared to a net loss of $3.8 million, or $0.22 per share, for the same period in 2006. For the nine-month period ended September 30, 2007, the Company's net loss was $8.7 million, or $0.41 per share, compared to a net loss of $11.8 million, or $0.74 per share, for the same period in 2006.

Total revenues for the three months ended September 30, 2007 were $2.0 million compared to $0.6 million for the same period in 2006. For the nine-month period, revenues totaled $5.7 million compared to $1.8 million for the same period in 2006. The increase in revenue in both periods is primarily due to license fees recognized during the 2007 periods under the Company's collaboration agreement with Merck & Co., Inc. signed in December 2006, which were offset, in part, by lower license fees, which are amortized over the expected research term, recognized under our extended collaboration agreement with Novartis.

Research and Development expenses for the three months ended September 30, 2007 totaled $3.5 million compared to $3.0 million for the same period in 2006. For the nine-month period, R&D expenses totaled $9.3 million compared to $9.7 million for the same period in 2006. The increase in R&D expense in the three month period is primarily due to increases in IMO-2125 clinical development costs incurred in preparation of the launch of the phase 1 trial, discovery employee costs associated with the Merck collaboration, which are reimbursed, payroll costs associated with the hiring of additional employees, stock-based compensation, and allocated rent expense resulting from the Company's move to a new laboratory and office facility. These increases were offset, in part, by decreases in costs incurred for IMO-2125 pharmacology studies, manufacturing costs and IMO-2055 non-clinical development costs.

General and Administrative expenses for the three months ended September 30, 2007 were $2.0 million compared to $1.4 million for the same period in 2006. For the nine-month period, G&A expenses totaled $6.4 million compared to $4.0 million for the same period in 2006. The increase in G&A in both periods reflect increased employee costs, stock-based compensation expense for employees and consultants, implementation costs for Sarbanes-Oxley Section 404, costs associated with the Company's move to a new facility and costs accrued in anticipation of payments to be made to the Company's former Chief Financial Officer under the transition agreement entered into with him in May 2007. The Company expects costs relating to the facility move, the transition agreement and certain costs associated with Sarbanes-Oxley compliance to be one time costs.

Cash, cash equivalents and short-term investments on September 30, 2007 totaled approximately $28.0 million compared to $38.2 million at December 31, 2006. The decrease reflects $10.5 million cash used in operations during the nine months ended September 30, 2007.

Recent Accomplishments

- In November 2007, a poster presentation entitled "TLR9 agonists enhance the efficacy of cancer vaccines" was made at the 22nd Annual Meeting of the International Society for Biological Therapy of Cancer held in Boston, MA. The poster was co-authored by researchers from Istituto di Ricerche di Biologia Molecolare (IRBM) and Applied Computer Science and Mathematics (ACSM), both divisions of Merck Research Labs, and Idera.
- In November 2007, the Company published a paper describing data from a preclinical study evaluating chemical modifications of its novel and proprietary immune stimulatory oligonucleotide compounds which act as agonists of TLR 9. These results offer insight into specific chemical modifications of TLR9 agonists and their ability to stimulate immune responses. The paper entitled "Agonists of Toll-like Receptor 9 Containing Synthetic Dinucleotide Motifs" is published in the Journal of Medicinal Chemistry (online November 8, 2007).
- In October 2007, the U.S. Patent and Trademark Office (USPTO) issued to the Company US patent 7,276,489 for novel oligonucleotide compositions. The claims of this patent cover oligonucleotide compositions in which two oligonucleotides are attached together through their 3' ends and contain various synthetic immune stimulatory motifs. These claims provide additional protection for the Company's TLR9-targeted compounds, including its two lead product candidates, IMO-2055 and IMO-2125.
- In September 2007, the Company announced the election of Hans Mueller, Ph.D., to its Board of Directors. Dr. Mueller most recently served as Senior Vice President of Global Business Development at Wyeth Pharmaceuticals, where he played a key role in leading world-wide licensing, partnerships, collaborations, and divestitures. Since retiring from Wyeth in 2004, Dr. Mueller has consulted for a number of private life science companies.
- In September 2007, the Company made two preclinical presentations at the 47th Interscience Conference on Antimicrobial Agents and Chemotherapy (ICAAC). The first presentation reported that IMO-2125 induced dose-dependent induction of interferon-(alpha) and other cytokines and chemokines in human immune cell cultures in vitro and in non-human primates in vivo. In addition, supernatants from cell cultures and plasma from non-human primates

treated with IMO-2125 demonstrated potent antiviral activity in the HCV replicon assay, an in vitro system to measure the potency of antiviral compounds against HCV replication. In the second presentation, the Company assessed the abilities of one of its proprietary TLR9 agonists and two TLR9 agonists published by others to induce immune responses in human immune cells in vitro and in non-human primates in vivo. One of these TLR9 agonists forms intra-molecular secondary structures and two form inter-molecular secondary structures. The major observation from this study is that the TLR9 agonist that has the ability to form intra-molecular secondary structures had reduced ability to induce immune responses in vivo but not in vitro. The Company has taken these findings into consideration in designing IMO-2125.

- In August 2007, the USPTO issued to the Company US patent 7,262,286 for novel immunostimulatory oligonucleotide compositions. The claims of this patent cover oligonucleotide compounds comprising a synthetic immunostimulatory dinucleotide motif. The claimed dinucleotide motifs contain certain analogs of cytosine together with guanosine or certain analogs of guanosine.
- In August 2007, the Company published a paper describing preclinical data of its stabilized immune modulatory RNA (SIMRA) compounds that act as agonists of TLR7 and 8. In this publication, data were reported from preclinical studies in human cell-based assays and in vivo in non-human primates in which SIMRA compounds induced immune responses. In the reported data the agonistic activity for TLR7 and 8 was dependent on the chemical composition of the SIMRA compounds. The paper entitled "Stabilized immune modulatory RNA compounds as agonists of Toll-like receptors 7 and 8" is published in the Proceedings of National Academy of Sciences, U.S.A. (Vol. 104: 13750-13755, 2007).
- In July 2007, the Company and its collaborators published a paper describing preclinical data in which the Company'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, the Company made a presentation 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.

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. 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's second TLR9 agonist, IMO-2125, is currently in a Phase 1 trial for the treatment of 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 November 13, 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenues	$ 1,970	$ 572	$ 5,748	$ 1,829
Operating Expenses				
Research & Development	3,479	3,009	9,288	9,659
General & Administrative	2,033	1,395	6,369	3,975
Total Operating Expenses	5,512	4,404	15,657	13,634
Loss from Operations	(3,542)	(3,832)	(9,909)	(11,805)
Other, net	376	13	1,208	8
Net Loss	$(3,166)	$(3,819)	$(8,701)	$(11,797)
Basic & Diluted Net Loss Per Share	$ (0.15)	$ (0.22)	$ (0.41)	$ (0.74)
Shares Used In Computing Basic & Diluted Net Loss Per Share	21,346	17,223	21,132	16,043

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

	September 30, 2007	December 31, 2006
Cash, Cash Equivalents & Investments	$28,018	$38,187
Other Assets	3,635	2,354

Total Assets	$31,653	$40,541
Accounts Payable & Accrued Liabilities	$ 2,685	$ 2,029
Notes Payable	1,211	5,033
Deferred Revenue	17,394	21,242
Total Stockholders' Equity	10,363	12,237
Total Liabilities & Stockholders' Equity	$31,653	$40,541

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