Idera Pharmaceuticals Reports First Quarter 2008 Financial Results

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CAMBRIDGE, Mass., May 12, 2008 (BUSINESS WIRE) -- Idera Pharmaceuticals, Inc. (Nasdaq: IDRA), a biopharmaceutical company focused on developing therapeutics targeting Toll-Like Receptors (TLR), today reported financial results for the quarter ended March 31, 2008.

"Development of our novel agonist candidates of TLR9 is ongoing in multiple applications including hepatitis C, asthma and allergies, cancer, and for use as vaccine adjuvants through proprietary programs and partnered programs," said Sudhir Agrawal, D. Phil., Chief Executive Officer and Chief Scientific Officer. "We also are conducting preclinical studies for advancement our novel antagonist candidates of TLRs for certain autoimmune diseases and agonist candidates of TLR7 and TLR8 for cancer treatment with a goal of expanding our pipeline of drug candidates."

"We ended the first quarter with $61.8 million in cash, cash equivalents and investments following the receipt of approximately $40.0 million in an upfront payment from Merck KGaA under our collaboration for cancer treatment. These resources allow us to continue to advance our TLR-targeted technology in broad applications," commented Lou Arcudi, Chief Financial Officer.

First Quarter Results

The Company reported a net loss of $2.2 million or $0.10 per share for the three months ended March 31, 2008, compared to a net loss of $2.5 million, or $0.12 per share for the same period in 2007.

Total revenues for the three months ended March 31, 2008 were $4.8 million compared to $1.8 million for the same period in 2007. The increase in revenue primarily reflects license fees recognized under the Company's collaboration agreement with Merck KGaA that became effective February 4, 2008.

Research and development expenses for the three months ended March 31, 2008 totaled $4.5 million compared to $2.8 million for the same period in 2007. The increase in research and development expenses was primarily due to increased non-clinical safety studies and clinical costs associated with IMO-2125, increased clinical costs associated with IMO-2055, a portion of which are reimbursed under the Company's agreement with Merck KGaA, and increased research expenses under the Company's agreement with Merck & Co., Inc., which also are reimbursed.

General and administrative expenses for the three months ended March 31, 2008 were $2.4 million compared to $2.0 million for the same period in 2007. The increase in general and administrative expenses primarily reflects higher compensation expense related to employee stock options and increased allocated overhead expenses, offset, in part, by lower professional fees associated with marketing research.

As of March 31, 2008, cash, cash equivalents and short-term investments totaled approximately $61.8 million compared to $23.7 million at December 31, 2007. The Company expects that based upon its current business plan, its current capital resources will be sufficient to fund operations through at least March 31, 2010.

Recent Highlights

Idera's Programs

Infectious diseases: IMO-2125 in Chronic Hepatitis C Virus Infection

The Company's phase 1 trial evaluating IMO-2125, a TLR9 agonist, for the treatment of patients with chronic hepatitis C virus infection is ongoing. The Company expects to have interim data from this trial during the first half of 2009.

Autoimmune diseases: TLR antagonists

Using its chemistry-based drug discovery platform, the Company has designed and created novel DNA-based compounds to act as antagonists of TLR7 and TLR9.

In April 2008, the Company made a presentation entitled "Studies of Oligonucleotide-Based Antagonists of TLR9 in a Mouse Model of Experimental Autoimmune Encephalomyelitis" (Abstract 2049) at the 60th Annual Meeting of the American Academy of Neurology. In the study, a TLR antagonist candidate was evaluated in a preclinical model of multiple sclerosis. The data showed that treatment with the antagonist candidate resulted in reductions of disease symptoms, including leg weakness and inflammatory cell infiltration in and demyelination of the spinal cord.

In addition, the Company is forming an Autoimmune Disease Scientific Advisory Board (ADSAB) with expert clinicians and researchers with extensive experience in the field of autoimmune diseases and biomarkers. With the assistance of the ADSAB, the Company expects to define a clinical development strategy for its TLR antagonists in autoimmune diseases. In 2008, the Company anticipates selecting a lead antagonist compound and initiating studies to support the filing of an Investigational New Drug application.

Oncology: TLR7 and TLR8 agonists

Using its chemistry-based drug discovery platform, the Company has designed and created RNA-based compounds that act as agonists of TLR7 and TLR8.

In April 2008, the Company made a presentation entitled "Preclinical antitumor studies of RNA-based agonists of TLR7 and 8" (Abstract 2094) at the 2008 Annual Meeting of the American Association for Cancer Research (AACR). In the preclinical tumor studies, results showed inhibition of tumor growth evaluating a TLR7 and TLR8 agonist. In 2008, the Company intends to continue preclinical evaluation of these compounds and to outline a development strategy in cancer treatment.

Partnered Programs

Cancer Treatment: In collaboration with Merck KGaA

In December 2007, the Company entered into a worldwide licensing and collaboration agreement with Merck KGaA of Darmstadt, Germany, for the research, development, and commercialization of Idera's TLR9 agonists for the treatment of cancer, excluding cancer vaccines.

In February 2008, the agreement with Merck KGaA received clearance under the Hart-Scott-Rodino (HSR) Antitrust Improvements Act. With the grant of HSR clearance, the agreement became effective, and the Company received an upfront licensing fee of approximately $40.0 million from Merck KGaA.

Vaccine Adjuvants: In collaboration with Merck & Co., Inc.

In December 2006, the Company and Merck & Co. entered into an exclusive license and research collaboration agreement to research, develop and commercialize vaccine products containing the Company's agonist compounds targeting TLRs 7, 8, and 9 in the fields of oncology, infectious diseases and Alzheimer's disease.

In April 2008, researchers from Merck & Co. presented preclinical data in an oral presentation entitled "TLR9 agonists enhance the efficacy of cancer vaccines" (Abstract 4994) during the Developmental Immunotherapy Session at AACR.

In May 2008, the Company announced that, under this collaboration, a preclinical milestone was achieved with one of its novel TLR9 agonists used as an adjuvant in cancer vaccines. As a result, the Company is eligible to receive a milestone payment from Merck & Co.

Asthma and Allergies: In collaboration with Novartis

In June 2005, the Company and Novartis announced they had entered into research collaboration and license agreements involving the application of TLR9 agonists to treat asthma and allergies.

In March 2008, the Company agreed to extend the research collaboration until December 31, 2008. The extension is anticipated to allow for the advancement of QAX935, a novel agonist of TLR9 identified in the collaboration, into human clinical trials prior to the end of the research collaboration term.

Intellectual Property

Several patents were recently issued to the Company:

- US 7,354,907, entitled "Short Immunomodulatory Oligonucleotides"
- US 7,329,648, entitled "Modulation of Oligonucleotide CpG-mediated Immune Stimulation by Positional Modification of Nucleosides"
- EP 1322656, entitled "Modulation of Immunostimulatory Activity of Immunostimulatory Oligonucleotide Analogs by Positional Chemical Changes"
- EP 1252307, entitled "Modulation of Oligonucleotide CpG-mediated Immune Stimulation by Positional Modification of Nucleosides"
- AU 2005218065, entitled "Modulation of Oligonucleotide CpG-mediated Immune Stimulation by Positional Modification of Nucleosides"

Presently, the Company holds more than 230 patents and patent applications world-wide covering novel agonists and antagonists of TLRs 7, 8, and 9.

About Idera Pharmaceuticals, Inc.

Idera Pharmaceuticals develops drug candidates to treat infectious diseases, autoimmune diseases, cancer, and respiratory diseases, and for use as vaccine adjuvants. Our proprietary drug candidates are designed to modulate specific Toll-like Receptors, which are a family of immune system receptors that direct immune system responses. Our pioneering DNA and RNA chemistry expertise enables us to create drug candidates for internal development and generates opportunities for multiple collaborative alliances. For more information, visit 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 results obtained in early clinical studies or in preclinical studies such as the studies referred to above will be indicative of results obtained in future clinical trials or warrant additional trials; 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 Company's collaborations with Novartis, Merck & Co., and Merck KGaA will be successful; whether the patents and patent applications owned or licensed by the Company will protect the Company's technology and prevent others from infringing it; whether Idera's cash resources will be sufficient to fund the Company's operations; 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 May 12, 2008, which important factors are incorporated herein by reference. Idera disclaims any intention or obligation to update any forward-looking statements.

Condensed Statements of Operations
(In thousands, except per share data)

	Three Months Ended March 31,	
	2008	2007
	(unaudited)	(unaudited)
Alliance Revenue	$ 4,772	$ 1,829
Operating Expenses		
Research & Development	4,534	2,819
General & Administrative	2,416	1,953
Total Operating Expenses	6,950	4,772
Loss from Operations	(2,178)	(2,943)
Other, net	57	415
Loss before Income Taxes	(2,121)	(2,528)
Income Tax Provision	(50)	-
Net Loss	$(2,171)	$(2,528)
Basic and Diluted Net Loss Per Common Share	$ (0.10)	$ (0.12)
Shares Used In Computing Basic and Diluted Net Loss Per Common Share	21,899	20,787

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

	March 31, 2008	December 31, 2007
	(unaudited)	
Cash, Cash Equivalents And Investments	$61,786	$23,743
Other Assets	4,034	3,971
Total Assets	$65,820	$27,714
Accounts Payable and Accrued Liabilities	$ 3,744	$ 3,067

Notes Payable	-	1,143
Deferred Revenue	51,529	15,785
Stockholders' Equity	10,547	7,719
Total Liabilities & Stockholders' Equity	$65,820	$27,714

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