Idera Pharmaceuticals Reports Third Quarter 2008 Financial Results

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CAMBRIDGE, Mass.--(BUSINESS WIRE)--Nov. 6, 2008--Idera Pharmaceuticals, Inc. (Nasdaq: IDRA) today reported financial results for the third quarter and nine months ended September 30, 2008.

"We are pleased that our business strategy is allowing us to advance multiple therapeutic applications of our TLR-targeted drug candidates, through three collaborations and a diverse internal pipeline, with a disciplined use of financial resources," said Sudhir Agrawal, D.Phil., Chief Executive Officer and Chief Scientific Officer. "During the third quarter, our collaborator, Novartis, initiated a Phase 1 clinical study of QAX935, a TLR9 agonist for respiratory diseases developed under our collaboration. In addition, we initiated preclinical development of IMO-3100, a TLR antagonist, for applications in autoimmune diseases."

"We ended the third quarter with $59.1 million in cash, cash equivalents and investments, and our revenue recognized during the third quarter totaled $7.5 million, with revenue for the nine-month period totaling $20.1 million," said Lou Arcudi, Chief Financial Officer. "Our cash position and the strength of our collaboration-based revenues allow us to continue to invest in advancing our internal discovery and development programs."

Third Quarter and Nine Month 2008 Results

Net income for the three months ended September 30, 2008 was $2.0 million, or $0.08 per diluted share, compared to a net loss of $3.2 million, or $0.15 per diluted share, for the same period in 2007. For the nine-month period, the Company's net income was $1.1 million, or $0.04 per diluted share, compared to a net loss of $8.7 million, or $0.41 per diluted share, for the same period in 2007.

Total revenues for the three months ended September 30, 2008 were $7.5 million compared to $2.0 million for the same period in 2007. For the nine-month period, revenues totaled $20.1 million compared to $5.7 million for the same period in 2007. The increase in revenue in both periods primarily reflects license fees and reimbursed expenses recognized under the Company's collaboration agreement with Merck KGaA that became effective February 4, 2008. The increase was also attributable to a $1.0 million milestone payment recognized in the third quarter under the Company's collaboration agreement with Novartis as a result of the initiation of a Phase 1 clinical study of QAX935 by Novartis.

Research and development expenses for the three months ended September 30, 2008 totaled $3.6 million compared to $3.5 million for the same period in 2007. For the nine-month period, R&D expenses totaled $11.9 million compared to $9.3 million for the same period in 2007.

General and administrative expenses for the three months ended September 30, 2008 were $2.3 million compared to $2.0 million for the same period in 2007. For the nine-month period, G&A expenses totaled $8.0 million compared to $6.4 million for the same period in 2007.

At September 30, 2008, cash, cash equivalents and investments totaled approximately $59.1 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.

Drug Development Update

Idera's Drug Development 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 results from this trial during the first half of 2009.

Autoimmune diseases: TLR antagonists

IMO-3100, a novel TLR antagonist, is the Company's lead drug candidate for preclinical development in autoimmune diseases. The Company designed and created IMO-3100 using its chemistry-based drug discovery platform. The Company is defining a development strategy for IMO-3100 in autoimmune diseases and plans to determine the initial clinical indication to pursue with input from members of its Autoimmune Disease Scientific Advisory Board.

In October 2008, the Company presented preclinical data of studies evaluating some of its TLR antagonist compounds in autoimmune diseases at the 4th Annual Meeting of Oligonucleotide Therapeutic Society (OTS) held at the Harvard Medical School Conference Center in Boston, MA.

- "A Synthetic DNA-Based Antagonist of TLR7 and 9 Protects Mice Against TNBS-Induced Colitis" by Daqing Wang, Ph.D., et al.
- "Evaluation of a DNA-Based Toll-Like Receptor Antagonist for the Treatment of Collagen-Induced Arthritis in DBA/1 Mice" by Fu-Gang Zhu, Ph.D., et al.
- "DNA-Based Antagonists of Toll-Like Receptors: Insights Into the Mechanism of Action" by Lakshmi Bhagat, Ph.D., et al.
- "Chemistry of Immunomodulatory Oligonucleotides" by Sudhir Agrawal, D.Phil.

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 October 2008, the Company presented preclinical data from two studies evaluating its TLR7 and TLR8 compounds at the OTS annual meeting.

- "Synthetic Agonists of Toll-Like Receptor 8 Containing 2'-Deoxy-2'-Fluororibonucleotides" by Tao Lan, Ph.D., et al.
- "Antitumor Activity of RNA-Based Agonists of TLR7 and TLR8 in Combination with Erlotinib and Cetuximab in Non-Small Cell Lung Cancer Xenografts in Mice" by Daqing Wang, Ph.D., et al.

Partnered Drug Development 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 October 2008, the Company announced Phase 2a clinical study results of IMO-2055, a TLR agonist, in patients with metastatic or recurrent renal cell carcinoma.

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.

Under the collaboration, preclinical studies with use of Idera's TLR7, 8 and 9 agonists are ongoing with various vaccine candidates. 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 the 2008 Annual Meeting of the American Association for Cancer Research.

Asthma and Allergies: In collaboration with Novartis International Pharmaceutical, Ltd.

In June 2005, the Company entered into a research collaboration and option agreement and a separate license, development and commercialization agreement with Novartis to discover, develop and potentially commercialize TLR9 agonists that are identified as potential treatments for asthma and allergies.

In September 2008, the Company announced that Novartis initiated a Phase 1 clinical study of QAX935, a novel TLR9 agonist identified under the research collaboration. As a result of the initiation of this Phase 1 clinical study, the Company received a $1.0 million milestone payment from Novartis in October 2008.

In addition, in September 2008, Novartis scientists gave a presentation of preclinical data entitled "Effects of a novel synthetic TLR9 agonist on repeated allergen challenge in allergic monkeys" during the TOLL2008 meeting held in Cascais, Portugal.

Intellectual Property

Several patents were recently issued to the Company:

- US 7,427,405, entitled "Immunostimulatory Oligonucleotide Multimers"
- US 7,407,944, entitled "Modulation of Immunostimulatory Properties of Oligonucleotide-Based Compounds by Optimal Presentation of 5' Ends"
- US 7,405,285, entitled "Immunostimulatory Oligonucleotide Multimers"
- AU 2006203435, entitled "Modulation of Immunostimulatory Activity of Immunostimulatory Oligonucleotide Analogs by Positional Chemical Changes"

Presently, the Company holds over 250 issued patents and pending patent applications world-wide, which cover novel agonists and antagonists of TLRs 7, 8, and 9.

Presentation Time Change at Upcoming Investor Conference

The Company will discuss its TLR-targeted drug discovery and development programs and provide a general corporate overview at the Rodman and Renshaw Annual Global Investment Conference, on Monday, November 10 at 12:25 p.m. at the Palace Hotel in New York City. Please note that the presentation time is subject to change and will be updated on the Company's website at www.iderapharma.com. You can access the live audio webcast and archived replay at www.iderapharma.com.

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 the Company'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 the Company'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 the Company'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 the Company's Quarterly Report on Form 10-Q filed on November 6, 2008, which important factors are incorporated herein by reference. The Company disclaims any intention or obligation to update any forward-looking statements.

Idera Pharmaceuticals, Inc.
Condensed Statements of Operations
(Unaudited)

(In thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue	$7,498	$1,970	$20,135	$5,748
Operating Expenses				
Research & Development	3,580	3,479	11,866	9,288
General & Administrative	2,304	2,033	7,952	6,369
Total Operating Expenses	5,884	5,512	19,818	15,657
Income (Loss) from Operations	1,614	(3,542)	317	(9,909)
Other, net	366	376	828	1,208
Net Income (Loss)	$1,980	$(3,166)	$1,145	$(8,701)
Basic Income (Loss) per Share	$0.09	$(0.15)	$0.05	$(0.41)
Diluted Income (Loss) per Share	$0.08	$(0.15)	$0.04	$(0.41)
Shares Used in Computing Basic Income (Loss) per Share	23,022	21,346	22,428	21,132
Shares Used in Computing Diluted Income (Loss) Per Share	25,779	21,346	25,538	21,132

Idera Pharmaceuticals, Inc.
Balance Sheet Data
(Unaudited)

(In thousands)	September 30, 2008	December 31, 2007
Cash, Cash Equivalents And Investments	$59,114	$23,743
Receivables & Other Assets	5,191	3,971
Total Assets	$64,305	$27,714
Accounts Payable and Accrued Liabilities	$3,472	$3,067
Deferred Revenue	39,896	15,785
Notes Payable	-	1,143
Total Stockholders' Equity	20,937	7,719
Total Liabilities & Stockholders' Equity	$64,305	$27,714

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