Idera Pharmaceuticals Reports Third Quarter 2012 Financial Results

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Balance Sheet Strengthened with Recent $7.0 Million Financing

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Nov. 12, 2012-- Idera Pharmaceuticals, Inc. (Nasdaq: IDRA), a biotechnology company developing Toll-like receptor (TLR) targeted product candidates for the treatment of autoimmune diseases and as vaccine adjuvants, today reported its financial results and business highlights for the third quarter ended September 30, 2012.

Net loss for the three months ended September 30, 2012, was $4.8 million, or $0.17 per diluted share, compared to a net loss of $5.5 million, or $0.20 per diluted share, for the same period in 2011. For the nine-month period, the Company's net loss was $15.9 million, or $0.58 per diluted share, compared to a net loss of $18.6 million, or $0.67 per diluted share, for the same period in 2011.

“During 2012, we have met the key objectives of our autoimmune disease drug development program,” said Sudhir Agrawal, D.Phil., Chief Executive Officer of Idera Pharmaceuticals. “Recently, we completed recruitment of patients with psoriasis in our Phase 2 trial of IMO-3100 and anticipate top-line data for some of the endpoints of this study to be available by year end. In addition, the Investigational New Drug (IND) for our second candidate, IMO-8400, is currently active and we anticipate announcing the initiation of the clinical development for the treatment of lupus as the first indication during November. We expect that data from these studies will inform our decisions on the next steps in the development of our autoimmune disease program.”

“We are pleased to have strengthened the Company’s balance sheet with the recently completed $7 million financing,” said Lou Arcudi, Chief Financial Officer of Idera Pharmaceuticals. “With the proceeds from this financing and the Company’s cash and cash equivalents at the end of the third quarter, Idera is well-positioned to reach key near term milestones in our autoimmune disease program.”

Recent Business and Clinical Highlights

- In the third quarter of 2012, the Company completed enrollment in a Phase 2 randomized, double-blind, placebo-controlled, multi-center clinical trial of IMO-3100 in patients with moderate to severe plaque psoriasis. IMO-3100, a dual antagonist of TLR7 and TLR9, is the lead clinical candidate being developed by the Company initially for the treatment of psoriasis. In this study, 44 patients with moderate to severe plaque psoriasis were randomized 1:1:1 to receive IMO-3100 at 0.16 or 0.32 mg/kg or placebo by subcutaneous injection once weekly for four weeks. Assessments of safety are being performed throughout the treatment and four-week follow-up periods. Psoriasis intensity, using Psoriasis Area Severity Index (PASI), mean focal psoriasis severity and Physician Global Assessment (PGA) scores, will be assessed pre- and post-treatment. Skin biopsies of psoriasis lesions will be obtained to determine mean epidermal thickness prior to treatment and at end of treatment. Analyzed by a central laboratory, the biopsy analysis also includes immunohistologic staining for changes in immune cell infiltrates and cytokine expression. The Company anticipates reporting top-line data for some of the endpoints of the trial by year-end 2012.
- The Company announced in the third quarter of 2012 that its IND application for IMO-8400 with the US Food and Drug Administration (FDA) became active. IMO-8400 is an antagonist of TLRs 7, 8 and 9, which the Company is developing initially for the treatment of lupus. The Company anticipates announcing the initiation of a Phase 1 clinical trial during November 2012 to evaluate the safety and pharmacodynamics of IMO-8400 in healthy subjects. Following successful completion of the escalating single- and multiple-dose Phase 1 study and additional funding, the Company expects to initiate a Phase 2 clinical trial of IMO-8400 in lupus patients.
- In October, the Company made a presentation entitled “Inflammasome Activation is Blocked by Antagonists of Endosomal Toll-Like Receptors: Implications in Treatment of Autoinflammatory Disorders” at the 8th Annual Meeting of the Oligonucleotide Therapeutics Society. In this presentation, new data from preclinical studies showed that in the studies

selective inhibition of Toll-like Receptors (TLRs) 7, 8, and 9, which play a key role in inflammation and immunity, resulted in inhibition of inflammasome activation and induction of Interleukin 1 beta (IL-1β), a pro-inflammatory cytokine that has been shown to be involved in Behçet's disease, non-infectious uveitis, cardiovascular disease, and other auto-inflammatory diseases.

Financial Results

As of September 30, 2012, cash and cash equivalents totaled $8.4 million compared to $24.6 million at December 31, 2011.

In November 2012, the Company raised $7.0 million in gross proceeds through the issuance and sale of preferred stock and warrants. These proceeds are not included in cash and cash equivalents at the end of third quarter 2012.

Research and development expenses for the three months ended September 30, 2012, totaled $3.3 million compared to $3.6 million for the same period in 2011. For the nine-month period, R&D expenses totaled $10.6 million compared to $12.3 million for the same period in 2011.

General and administrative expenses for the three months ended September 30, 2012, totaled $1.5 million compared to $1.9 million for the same period in 2011. For the nine-month period, G&A expenses totaled $5.0 million compared to $6.4 million for the same period in 2011.

About TLRs and Idera's Pipeline

Toll-like Receptors (TLRs) play a key role in inflammation and immunity. Of the 10 human TLRs identified to date, Idera is developing compounds targeted to TLRs 3, 7, 8, and 9, which are expressed in different cells and serve unique functions. Using its chemistry-based approach, Idera has created novel drug candidates that modulate immune responses through either activation or inhibition of specific TLRs. Inhibition of specific TLRs may be useful in treating autoimmune disorders, such as systemic lupus erythematosus (SLE), psoriasis, and rheumatoid arthritis, by blocking the induction of multiple cytokines and signaling pathways. Idera's lead clinical candidates for application in autoimmune diseases are IMO-3100, an antagonist of TLR7 and TLR9, and IMO-8400, an antagonist of TLRs 7, 8, and 9.

A characteristic of autoimmune diseases such as SLE and psoriasis is the production of immune complexes with self-nucleic acids. These abnormal immune complexes activate TLRs 7, 8, and 9 and induce multiple cytokines that cause further damage to the body's own tissues and organs, thereby releasing more self-nucleic acids. Thus, a pathologic amplification cycle is established, promoting disease maintenance and progression. In preclinical models of several autoimmune diseases, IMO-3100 and IMO-8400 inhibited TLR-mediated immune responses, broke the cycle of disease maintenance and progression through decreases in Th1, Th17 and inflammasome pathways, and led to improvements in multiple measures of disease

About Psoriasis

Psoriasis is a systemic immune-mediated disorder, characterized by inflammatory skin and joint manifestations. The most common form, plaque psoriasis, appears as raised, red patches covered with a silvery white buildup of dead skin cells. Psoriasis can occur on any part of the body and is associated with other serious health conditions, such as diabetes, heart disease and depression.

Psoriasis is the most prevalent autoimmune disease in the U.S., according to the National Psoriasis Foundation, affecting as many as 7.5 million Americans.

About Systemic Lupus Erythematosus

Lupus is a chronic autoimmune disease where the body's immune system becomes hyperactive and attacks normal healthy tissue. This results in symptoms such as inflammation, swelling, and damage to joints and almost every major organ in the body, including the heart, kidneys, skin, lungs and brain. According to The Lupus Foundation of America, an estimated 1.5 million Americans and at least five million people worldwide have a form of lupus.

About Idera Pharmaceuticals, Inc.

Idera Pharmaceuticals applies its proprietary Toll-like receptor (TLR) drug discovery platform to create immunomodulatory drug candidates and has a clinical development program in autoimmune diseases. Additionally, Idera has a collaboration with Merck & Co. for the use of TLR-targeted candidates as vaccine adjuvants for cancer, infectious diseases and Alzheimer's disease. The Company is also advancing its gene-silencing oligonucleotide (GSO) technology for the purpose of inhibiting the expression of disease-promoting genes. For more information, visit 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 Idera's cash resources will be sufficient to fund the Company's continuing operations and the further development of the Company's autoimmune disease program.; whether results obtained in preclinical studies and early clinical trials, such as the results from the preclinical studies referred to in this release, will be indicative of results obtained in future clinical 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 will be able to license any of its TLR target candidates on a timely basis or at all; whether the Company's collaboration with Merck & Co, Inc., 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; and such other important factors as are set forth under the caption "Risk Factors" in Idera's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 which important factors are incorporated herein by reference. Idera 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,	
	2012	2011	2012	2011
Revenues	$ 3	$ 4	$ 40	$ 45
Operating Expenses				
Research & Development	3,278	3,574	10,595	12,269
General & Administrative	1,477	1,948	5,014	6,400
Total Operating Expenses	4,755	5,522	15,609	18,699
Loss from Operations	(4,752)	(5,518)	(15,569)	(18,624)
Decrease in Fair Value of Warrant Liability	109	-	106	-
Other, net	(26)	29	21	8
Net Loss	(4,669)	(5,489)	(15,442)	(18,616)
Preferred Stock Dividends	160	-	480	-
Net Loss Applicable to Common Stockholders	$ (4,829)	$ (5,489)	$(15,922)	$(18,616)
Basic and Diluted Net Loss Per Common Share Applicable to Common Stockholders	$ (0.17)	$ (0.20)	$ (0.58)	$ (0.67)
Shares Used in Computing Basic and Diluted Net Loss Per Common Share Applicable to Common Stockholders	27,640	27,632	27,639	27,618

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

	September 30, 2012 (Unaudited)	December 31, 2011
Cash and Cash Equivalents	$ 8,352	$ 24,571
Other Assets	723	1,024
Total Assets	$ 9,075	$ 25,595
Total Liabilities	$ 5,419	$ 7,650
Redeemable Preferred Stock	5,921	5,921
Stockholders' (Deficit) Equity	(2,265)	12,024
Total Liabilities, Redeemable Preferred Stock & Stockholders' Equity	$ 9,075	$ 25,595

Source: Idera Pharmaceuticals, Inc.

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