As filed with the Securities and Exchange Commission on November 15, 1999

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999, or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from _____.

Commission File Number 0-27352

HYBRIDON, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-3072298
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

155 Fortune Blvd.
Milford, Massachusetts 07157
(Address of principal executive offices)

(508) 482-7500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes |X| No |_|

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of November 12, 1999
Common Stock, par value $.001 per share	16,262,722

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HYBRIDON, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

ASSETS

	September 30, 1999	December 31, 1998
CURRENT ASSETS:		
Cash and cash equivalents	$ 500,179	$ 5,607,882
Accounts receivable	838,852	1,175,441
Prepaid expenses and other current assets	102,185	110,827
Total current assets	1,441,216	6,894,150
PROPERTY AND EQUIPMENT, AT COST:		
Leasehold improvements	11,127,035	11,127,035
Laboratory and other equipment	9,988,579	11,432,435
	21,115,614	22,559,470
Less--Accumulated depreciation and amortization	14,162,190	13,788,979
	6,953,424	8,770,491
OTHER ASSETS:		
Deferred financing costs and other assets	531,423	612,374
Notes receivable from officers	267,200	258,650
	798,623	871,024
	$ 9,193,263	$16,535,665

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY

CURRENT LIABILITIES:		
Current portion of long-term debt	$ 6,078,179	$ 6,070,951
Related party promissory notes payable	1,000,000	--
Accounts payable	2,512,738	2,368,163
Accrued expenses	2,389,804	4,068,679
Total current liabilities	11,980,721	12,507,793
LONG-TERM DEBT, NET OF CURRENT PORTION	413,523	473,094

9% CONVERTIBLE SUBORDINATED NOTES PAYABLE	1,306,000	1,306,000
STOCKHOLDERS' (DEFICIT)EQUITY:		
Preferred stock, $.01 par value- Authorized--5,000,000 shares Series A convertible preferred stock- Designated - 1,500,000 shares Issued and outstanding--641,023 and 641,259 shares at September 30, 1999 and December 31, 1998, respectively (Liquidation preference of $00 at September 30, 1999)	6,410	6,413
Common stock, $.001 par value- Authorized--100,000,000 shares Issued and outstanding - 16,260,731 and 15,304,825 shares, respectively	16,261	15,305
Additional paid-in capital	246,227,811	241,632,024
Accumulated deficit	(249,974,144)	(238,447,837)
Deferred compensation	(783,319)	(957,127)
Total stockholders' (deficit) equity	(4,506,981)	2,248,778
	$ 9,193,263	$ 16,535,665

The accompanying notes are an integral part of these consolidated condensed financial statements.

Hybridon, Inc. and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
REVENUES:				
Product and service revenue	$ 1,577,125	$ 846,746	$ 4,643,842	$ 2,353,435
Research and development	150,000	150,000	450,000	949,915
Interest income	12,540	44,010	81,724	106,457
Royalty and other income	51,970	--	106,950	--
	1,791,635	1,040,756	5,282,516	3,409,807
OPERATING EXPENSES:				
Research and development	3,414,782	5,201,246	10,106,459	17,180,927
General and administrative	884,109	1,503,845	2,946,564	5,817,864
Interest	224,555	296,344	561,949	2,880,307
	4,523,446	7,001,435	13,614,972	25,879,098
Loss from operations	(2,731,811)	(5,960,679)	(8,332,456)	(22,469,291)
EXTRAORDINARY ITEM:				
Gain on conversion of 9% convertible subordinated notes payable	--	--	--	8,876,685
NET LOSS	(2,731,811)	(5,960,679)	(8,332,456)	(13,592,606)
ACCRETION OF PREFERRED STOCK DIVIDENDS	1,075,899	1,026,500	3,193,851	1,647,000

NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	$ (3,807,710)	$ (6,987,179)	$(11,526,307)	$(15,239,606)
BASIC AND DILUTED LOSS PER COMMON SHARE FROM (Note 3):				
LOSS BEFORE EXTRAORDINARY ITEM	$ (0.17)	$ (0.39)	$ (0.54)	$ (2.11)
EXTRAORDINARY ITEM	--	--	--	0.83
NET LOSS PER SHARE	(0.17)	(0.39)	(0.54)	(1.28)
ACCRETION OF PREFERRED STOCK DIVIDENDS	(0.07)	(0.07)	(0.20)	(0.15)
NET LOSS PER SHARE APPLICABLE TO COMMON STOCKHOLDERS	$ (0.24)	$ (0.46)	$ (0.74)	$ (1.43)
SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE (Note 3)	15,984,146	15,254,825	15,653,562	10,648,116

The accompanying notes are an integral part of these consolidated condensed financial statements

HYBRIDON, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended September 30, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (8,332,456)	$(13,592,606)
Adjustments to reconcile net loss to net cash used in operating activities-		
Extraordinary gain on conversion of 9% convertible subordinated notes payable	--	(8,876,685)
Depreciation and amortization	1,825,370	2,419,269
Loss on disposal of fixed assets	--	424,675
Amortization of deferred compensation	576,697	163,044
Amortization of deferred financing costs	80,951	240,611
Changes in operating assets and liabilities-		
Accounts receivable	336,589	(295,966)
Prepaid and other current assets	8,642	557,703
Notes receivable from officers	(8,550)	(8,550)
Accounts payable and accrued expenses	(534,300)	328,673
Net cash used in operating activities	(6,047,057)	(18,639,832)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(8,303)	(340,507)
Proceeds from sale of fixed assets	--	460,000
Net cash (used in) provided by investing activities	(8,303)	119,493

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible preferred stock	--	7,999,960
Net proceeds from issuance of common stock	--	6,876,676
Proceeds from issuance of convertible promissory notes payable	--	4,233,833
Proceeds from related party promissory notes payable	1,000,000	--
Payments on long-term debt and capital leases	(52,343)	(4,236,693)
Decrease in restricted cash and other assets	--	2,327,186
Net cash provided by financing activities	947,657	17,200,962
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,107,703)	(1,319,377)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,607,882	2,202,202

CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 500,179	$ 882,825
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 532,564	$ 1,494,323
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Accretion of Series A convertible preferred stock dividend	$ 3,193,851	$ 1,026,500
Issuance of common stock in lieu of services	$ 1,000,000	$ --
Issuance of Series A convertible preferred stock and attached warrants in exchange for conversion of 9% convertible subordinated notes payable and accrued interest	$ --	$ 51,055,850
Issuance of common stock and attached warrants in exchange for conversion of convertible promissory notes payable	$ --	$ 4,800,000
Issuance of common stock and attached warrants in exchange for conversion of accounts payable and other obligations	$ --	$ 5,934,558
Conversion of Series A convertible preferred stock into shares of common stock	$ 486	$ --

The accompanying notes are an integral part of these consolidated condensedfinancial statements.

Hybridon, Inc. and Subsidiaries

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

(1) ORGANIZATION

Hybridon, Inc. (the Company) was incorporated in the State of Delaware on May 25, 1989. The Company is engaged in the discovery and development of novel genetic medicines based primarily on antisense technology.

Since inception, the Company has been engaged primarily in research and development efforts, development of its manufacturing capabilities and organizational efforts, including recruiting of scientific and management personnel and raising capital. To date, the Company has not received revenue from the sale of biopharmaceutical products developed by it based on antisense technology. In order to commercialize its own products, the Company will need to address a number of technological

challenges and comply with comprehensive regulatory requirements. Accordingly, it is not possible to predict the amount of funds that will be required or the length of time that will pass before the Company receives revenues from sales of any of these products. All revenues received by the Company to date have been derived from collaboration agreements, interest on investment funds and revenues from the custom contract manufacturing of synthetic DNA and reagent products by the Company's Hybridon Specialty Products Division. As a result, although the Company has begun to generate revenues from its contract manufacturing business, the Company is dependent on the proceeds from possible future sales of equity securities, debt financings and research and development collaborations in order to fund future operations.

The Company is currently seeking debt or equity financing in an amount sufficient to support its (operations through at least the end of 1999, and in connection therewith, is in negotiations to obtain such financing. Subsequent to September 30, 1999, the Company obtained approximately $500,000 under a loan agreement (the Loan) from new and existing investors (the New Investors). No later than December 31, 1999, the Loan will be converted, at the option of the New Investors, into either (i) preferred stock or (ii) secured debt, as defined. In addition, the Company has also received approximately $500,000 (and an additional $400,000 in escrow) under the terms of its current debt offering of 8% Notes convertible to common stock at $.60 per share. While the terms of this financing have been agreed to, the parties have not yet finalized the documentation. It is therefore possible that the Company may not consummate this financing and gain use of these funds. The Company does not, however, anticipate any such difficulties. If the Company is unable to obtain additional financing by the end of 1999, it will be forced to obtain funds through arrangements with collaborative partners or others that may require it to relinquish rights to certain of its technologies, product candidates or products which it would otherwise pursue on its own, or terminate operations or seek relief under applicable bankruptcy laws.

On December 3, 1997, the Company was delisted from the Nasdaq Stock Market, Inc. (NASDAQ) because the Company was not in compliance with the continued listing requirements of the NASDAQ National Market. The Company is currently trading on the NASD OTC as a result of the delisting.

(2) UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited consolidated condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and include, in the opinion of management, all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of interim period results. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes, however, that its disclosures are adequate to make the information presented not misleading. The results for the interim periods

presented are not necessarily indicative of results to be expected for the full fiscal year. It is suggested that these financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998, as filed with the Securities and Exchange Commission.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Loss per Common Share

The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Share. Under SFAS No. 128, basic net loss per share applicable to common shareholders is computed using the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is the same as basic net loss per common as the effects of the Company's potential common stock equivalents are antidilutive.

Comprehensive Loss

The Company follows the provisions of SFAS No. 130, Reporting Comprehensive Income. Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. The Company's comprehensive loss is the same as the reported net loss for all periods presented.

Segment Reporting

The Company follows the provisions of SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information. SFAS No. 131 establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be reported in interim financial reports issued to stockholders. SFAS No. 131 also establishes standards for related disclosures about products and services and geographic areas. To date, the Company has viewed its operations and manages its business as principally one operating segment. As a result, the financial information disclosed herein, represents all of the material financial information related to the Company's principal operating segment. All of the Company's revenues are generated in the United States and substantially all assets are located in the United States.

(4) CASH EQUIVALENTS

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents at September 30, 1999 and December 31, 1998 consisted of the following (at amortized cost, which approximates fair market value):

	September 30, 1999	December 31, 1998
Cash and cash equivalents-		
Cash and money market funds	$ 407,966	$3,865,365
Corporate bond	92,213	1,742,517
	$ 500,179	$5,607,882

(5) 9.0% CONVERTIBLE SUBORDINATED NOTES

On April 2, 1997, the Company issued $50,000,000 of 9.0% convertible subordinated notes (the 9% Notes). On May 5, 1998 noteholders holding $48.7 million of principal value of the 9% Notes tendered such notes in exchange for Series A convertible preferred stock, approximately $2,355,000 of accrued interest thereon was converted into shares of Series A convertible preferred stock and warrants to purchase common stock. As of September 30, 1999, there is $1.3 million of 9% Notes outstanding. Under the terms of the 9% Notes, the Company must make semi-annual interest payments on the outstanding principal balance through the maturity date of April 1, 2004. If the 9% Notes are

converted prior to April 1, 2000, the Noteholders are entitled to receive accrued interest from the date of the most recent interest payment through the conversion date. The 9% Notes are convertible at any time prior to the maturity date at a conversion price equal to $35.0625 per share, subject to adjustment under certain circumstances, as defined.

Beginning April 1, 2000, the Company may redeem the 9% Notes at its option for a 4.5% premium over the original issuance price, provided that from April 1, 2000 to March 31, 2001, the 9% Notes may not be redeemed unless the closing price of the common stock equals or exceeds 150% of the conversion price for a period of at least 20 out of 30 consecutive trading days and the 9% Notes redeemed within 60 days after such trading period. The premium decreases by 1.5% each year through March 31, 2003. Upon a change of control of the Company, as defined, the Company will be required to offer to repurchase the 9% Notes at 150% of the original issuance price.

(6) NOTE PAYABLE TO LENDERS

During November 1998, the Company entered into a $6,000,000 note payable with Forum Capital Markets, LLC (Forum) and certain investors associated with Pecks Management Partners Ltd. (collectively, the Lenders). The terms of the note payable are as follows: (i) the maturity is November 30, 2003; (ii) the interest rate is 8%; (iii) interest is payable monthly in arrears, with the principal due in full at maturity of the loan; (iv) the note payable is convertible, at the Lender's option, in whole or in part, into shares of common stock at a rate equal to $2.40 per share; (v) the note includes a minimum liquidity covenant of $2,000,000; and (vi) the note payable may not be prepaid, in whole or in part, at any time prior to December 1, 2000. The Company has received waivers of noncompliance with the minimum tangible net worth covenant and for the minimum liquidity covenant through November 30, 1999. The Company has classified the outstanding balance of $6,000,000 at September 30, 1999 and December 31, 1998 as a current liability in the accompanying consolidated balance sheet at it does not expect to remain in compliance with the financial covenants. In connection with refinancing the note payable to a bank, Forum received $400,000, which was reinvested by Forum to purchase 160,000 shares of common stock with 40,000 attached warrants at an exercise price of $3.00 per share. The Company has recorded the $400,000 as a deferred financing cost, which will be amortized to interest expense over the term of the note. In addition, Forum received warrants to purchase 133,333 shares of common stock of the Company at $3.00 per share. The Company computed the value of the warrants to be $85,433, by using the Black-Scholes option pricing model. The Company has recorded this $85,433 as a deferred financing cost, which will be amortized to interest expense over the term of the note.

(7) RELATED PARTY PROMISSORY NOTES PAYABLE

During September 1999, the Company entered into two $500,000 promissory notes payable with the Company's Chief Executive Officer and President (the Lender). The terms of the promissory notes payable are as follows: (i) the maturity is March 1, 2000, subject to certain conditions, as defined; (ii) interest is payable at the option of the Lender at either (a) 12% payable in cash, or (b) 15% payable in common stock of the Company at $.50 per share; (iii) interest is payable monthly in arrears, beginning October 1, 1999; and (iv) the term note may be prepaid in whole or in part, at anytime without penalty. The promissory notes payable are secured by substantially all tangible and intangible assets of the Company.

(8) STOCK OPTION REPRICING

In September 1999, the Company's Board of Directors authorized a repricing of all outstanding stock options. Under the terms of the repricing, all current option holders (5,251,827 shares) had their options repriced to an exercise price of $.50 per share. Under Accounting Principles Board Opinion No. 25, the Company is required to use variable plan accounting for these options until their expiration

or exercise.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Hybridon is engaged in the discovery and development of genetic medicines based on antisense technology. Hybridon commenced operations in February 1990 and since that time has been engaged primarily in research and development efforts, developing its manufacturing capabilities and raising capital. In order to commercialize its therapeutic products, Hybridon will need to raise substantial additional funds, as well as to address a number of technological challenges and comply with comprehensive regulatory requirements. All revenues received by Hybridon to date have been derived from collaborative agreements, interest on invested funds and revenues from the custom contract manufacturing of synthetic DNA and reagent products by Hybridon Specialty Products ("HSP").

Hybridon has incurred cumulative losses from inception through September 30, 1999 of approximately $250.0 million. Hybridon has significantly reduced its operating expenses pursuant to a restructuring commenced in the second half of 1997 and completed in 1998. Hybridon expects that, assuming adequate financing can be obtained, its research and development expenses will be significant in 1999 and future years as it pursues its core drug development programs and expects to continue to incur operating losses and have significant capital requirements that it will not be able to satisfy with internally generated funds. As of November 12, 1999, the Company had 45 full-time employees.

RESULTS OF OPERATIONS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998

Hybridon had total revenues of $1.8 million and $1.0 million for the three months ended September 30, 1999 and 1998, respectively, and had total revenues of $5.3 million and $3.4 million for the nine months ended September 30, 1999 and 1998, respectively. Revenues from products and services were $1.6 million and $0.8 million for the three months ended September 30, 1999 and 1998, respectively, and $4.6 million and $2.4 million for the nine months ended September 30, 1999 and 1998, respectively. The increase was primarily the result of increased sales to HSP customers and receipt of service revenues from MethylGene, Inc., an entity in which the Company has an approximately 30% equity interest and OriGenix Technologies, Inc., an entity in which the Company has an approximately 49% equity interest.

Revenues from research and development collaborations were $0.2 million for both the three months ended September 30, 1999 and 1998, and $0.5 million and $0.9 million for the nine months ended September 30, 1999 and 1998, respectively. This decrease was primarily due to a reduction in revenues recorded under a License Agreement with MethylGene, Inc.

Hybridon's research and development expenses were $3.4 million and $5.2 million for the three months ended September 30, 1999 and 1998, respectively, and $10.1 million and $17.2 million for the nine months ended September 30, 1999 and 1998, respectively. The decrease reflects Hybridon's reduction of its operating expenses in 1997 and 1998 pursuant to the restructuring commenced in 1997 and completed in 1998 and the lower levels of cash available for expenditures in 1999. The restructuring included the discontinuation of operations at Hybridon's facilities in Europe, and also resulted in significant reductions in employees and employee-related expenses, clinical and outside testing, consulting, materials and lab expenses.

In addition, the facilities expense included in research and development expenses decreased significantly in 1999 as a result of the relocation of the Company's corporate offices and lab space in July 1998 from Cambridge to Milford, Massachusetts and the sublease of its unused facilities.

Hybridon's general and administrative expenses were $0.9 million and $1.5 million for the three months ended September 30, 1999 and 1998, respectively, and $2.9 million and $5.8 million for the nine months ended September 30, 1999 and 1998, respectively. The decrease reflects Hybridon's reduction of its

operating expenses in 1997 and

1998 pursuant to the restructuring commenced in 1997 and completed in 1998 and which resulted in significant reduction in employees and employee-related expenses and consulting expenses. General and administrative expenses related to business development, public relations and legal and accounting expenses also decreased in 1999.

In addition, the facilities expense included in general and administrative expenses also decreased significantly in 1999 as a result of the relocation of the Company's corporate offices to Milford, Massachusetts in 1998.

Hybridon's patent expenses remained at approximately the same level in 1999 as 1998.

Hybridon's interest expense was $0.2 million and $0.3 million for the three months ended September 30, 1999 and 1998, respectively, and $0.6 million and $2.9 million for the nine months ended September 30, 1999 and 1998, respectively. The decrease is attributable to the exchange of approximately $48.7 million of the 9% convertible subordinated notes (the "9% Notes") issued in the second quarter of 1997 for Series A Preferred Stock on May 5, 1998. In addition, the outstanding balance of borrowings to finance the purchase of property and equipment was reduced in May 1998, resulting in a subsequent reduction in interest expense.

As a result of the above factors, Hybridon incurred net losses from operations of $2.7 million and $6.0 million for the three months ended September 30, 1999 and 1998, respectively, and $8.3 million and $22.5 million for the nine months ended September 30, 1999 and 1998, respectively.

Hybridon had extraordinary income of $8.9 million for the nine months ended September 30, 1998 resulting from the conversion of $48.7 million principal amount of 9% Notes to Series A Convertible Preferred Stock in the second quarter of 1998. As a result of this transaction, the Company reduced its net loss to $13.6 million for the nine months ended September 30, 1998.

Hybridon had accretion of preferred stock dividends of $1.1 million and $1.0 million for the three months ended September 30, 1999 and 1998, respectively, and $3.2 million and $1.6 million for the nine months ended September 30, 1999 and 1998, respectively, to reflect the accrued portion of dividends payable to the holders of Series A Preferred Convertible Stock, resulting in a net loss to common stockholders of $3.8 million and $7.0 million for the three months ended September 30, 1999 and 1998, respectively, and a net loss to common stockholders of $11.5 million and $15.2 million for the nine months ended September 30, 1999 and 1998, respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended September 30, 1999, Hybridon used approximately $6.0 million to fund operating activities. The primary use of cash for operating activities was to fund a portion of Hybridon's operating loss of $8.3 million.

Hybridon had cash and cash equivalents of $0.5 million at September 30, 1999. However, since that date, Hybridon has expended a portion of such cash resources and continues to have substantial obligations to lenders, real estate landlords, trade creditors and others. On November 12, 1999, Hybridon's obligations included a $1.0 million loan described below with E. Andrews Grinstead III, Hybridon's Chairman and President, $1.3 million principal amount of 9% Notes, a $6.0 million loan with Forum Capital Markets, LLC and others (collectively, the "Lenders"), a $0.5 million loan as described below, approximately $0.5 million in 8% Convertible Notes as described below, and approximately $2.3 million of accounts payable. Because of Hybridon's financial condition, many trade creditors are only willing to provide Hybridon with products and services on a cash on delivery basis. The note to the Lenders contains certain financial covenants that require Hybridon to maintain minimum tangible net worth and minimum liquidity. Hybridon is not in compliance with those covenants. However, Forum Capital Markets has granted Hybridon a waiver of compliance with the minimum tangible net worth requirement and the minimum liquidity requirement at September 30, 1999 and has agreed not to require that Hybridon comply with those requirements for any periods commencing October 1, 1999 through November 30, 1999. A representative of the other Lenders has indicated informally to Hybridon

that the other Lenders intend to do likewise, but they have not yet entered into a written agreement to that effect.

On September 1, 1999 and September 27, 1999, Hybridon entered into two six month, $500,000 promissory notes payable and a loan agreement with E. Andrews Grinstead III, Hybridon's Chairman and President. The loan is payable with interest, at the option of the lender, at the rate of either (a) 12% per annum, payable in cash or (b) 15% per annum, payable in Hybridon's common stock at the rate of $0.50 per share. Interest is due and payable monthly in arrears on the first business day of each month commencing on October 1, 1999 until March 1, 2000. The loan agreement provides that it is the intent of the parties that upon the closing of any third party debt financing on or before March 1, 2000, this loan will be converted into a portion of the credit facility made pursuant to such debt financing. If for any reason the third party debt financing does not close on or before March 1, 2000, the lender will have the option (a) to convert the entire loan to a five-year term loan bearing interest at 8% per annum, with the right to receive warrants to purchase in the aggregate 2,100,000 shares of Hybridon common stock at per-share exercise prices of $1.50 (for three-year warrants) and $1.25 (for four-year warrants), subject to downward adjustment, at the one-year anniversary of the warrant issuance date, to the per-share market price of Hybridon's common stock, in the case of the warrants having a $1.50 exercise price, and to 83.3% of the per-share market price of Hybridon's common stock, in the case of the warrants with a $1.25 exercise price, if the market price does not exceed $1.50, (b) to convert the entire loan to a demand loan bearing interest at the lender's option at either (i) 12% per annum, payable in cash or (ii) 15% per annum, payable in Hybridon's common stock at the rate of $0.50 per share, or (c) to declare the entire principal and interest immediately due and payable. The loan may be prepaid without premium or penalty at any time. The loan is secured by substantially all the assets of Hybridon.

During October and November 1999, Hybridon raised approximately %500,000 under a loan agreement with various parties. The loan will be converted, at the lenders' option, into either (a) preferred equity, or (b) secured debt, no later than December 31, 1999, as described below. Hybridon will pay the lenders interest monthly in arrears on the unpaid principal amount of the loan at the rate of 8% per annum, payable in common stock at the rate of $0.50 per share, on the first business day of each month that the loan is outstanding, commencing November 1, 1999. The loan may be prepaid without premium or penalty at any time. Any preferred stock into which such loan is converted will (i) rank senior to existing preferred stock, but junior to all debt, (ii) will be paid a dividend of 8% per annum, payable semi-annually in arrears, which will be payable in Hybridon common stock, priced at the market price on the record date, (iii) will be convertible to Hybridon common stock at the rate of $0.50 per share at any time and (iv) will be callable by Hybridon at any time after three years. Any secured debt into which such loan will be converted will (a) have a five-year term, (b) will bear 8% interest, payable semi-annually in arrears, payable in cash or Hybridon common stock, at Hybridon's option, (c) will be convertible into common stock at $0.60 per share, (d) will be prepayable by Hybridon, in whole or in part, at any time in cash; provided however, that if the loan is prepaid at Hybridon's election during the first three years of the term, Hybridon will issue a number of warrants with an exercise price of $0.60 per share to purchase common stock equal to the number of shares into which the amount prepaid was convertible, (e) will be secured by all assets of Hybridon and (f) will rank pari passu with the current $6.0 million loan held by the Lenders.

During October 1999, Hybridon commenced an offering that will extend through December 1999. If such offering is consummated, the September notes and October loans described above are expected to convert and become part of the offering. The terms of the offering are as follows: (a) three-year term; (b) interest rate of 8%, payable semi-annually in arrears; (c) interest is payable in cash or in additional notes, at Hybridon's option; (d) convertible into common stock at $0.60 per share; (e) prepayable by Hybridon, in whole or in part, at any time in cash; (f) if prepaid at Hybridon's election during the first three years of the term, Hybridon will issue a number of warrants to purchase common stock equal to the number of shares into which the amount prepaid was convertible, with a $0.60 strike price; and (g) secured by substantially all assets. The securities offered have not been and will not be registered under the Securities Act and may not be offered or sold in the U.S. absent registration or an applicable exemption from registration requirements. As of November 15, 1999, Hybridon had received approximately $500,000 (and an additional $400,000 in escrow) under the

terms of this offering. While the terms of this financing have been agreed to, the parties have not yet finalized the documentation. It is therefore possible that Hybridon may not consummate this financing and gain use of these funds. Hybridon does not, however, anticipate any such difficulties.

Hybridon's ability to continue operations in 1999 depends on its success in obtaining new funds in the immediate future. Hybridon is currently seeking debt or equity financing in an amount sufficient to support its operations into 2000, and in connection therewith, is in negotiations with several parties to obtain such financing. However, there can be no assurance that Hybridon will obtain any funds or as to the timing thereof. Hybridon's existing cash resources are expected to be sufficient to fund Hybridon's operations through the end of 1999. If Hybridon is unable to obtain substantial additional new funding by the end of 1999, Hybridon will be required to obtain funds through arrangements with collaborative partners or others that may require it to relinquish rights to

certain of its technologies, product candidates or products which it would otherwise pursue on its own, or terminate operations or seek relief under applicable bankruptcy laws.

HISTORY OF OPERATING LOSSES; UNCERTAINTY OF FUTURE PROFITABILITY

Since inception, Hybridon has incurred significant losses, which it has funded through the issuance of equity securities, debt issuances, sales by HSP, and through research and development collaborations and licensing arrangements.

FUTURE CAPITAL NEEDS; UNCERTAINTY OF ADDITIONAL FUNDING

Even though Hybridon has obtained sufficient cash to fund its operations for the balance of 1999, it will be required to raise substantial additional funds through external sources, including through collaborative relationships and public or private financing, to support its operations throughout 2000 and beyond. Except for research and development funding from Searle under its collaborative agreement with Searle (which is subject to early termination in certain circumstances), Hybridon has no committed external sources of capital, and, as discussed above, expects no product revenues for several years from sales of the therapeutic products that it is developing (as opposed to sales of DNA products and reagents manufactured and sold by HSP).

No assurance can be given that additional funds will be available to fund operations for the balance of 1999 or in future years, or, if available, that such funds will be available on acceptable terms. If additional funds are raised by issuing equity securities, further dilution to then existing stockholders will result. Additionally, the terms of any such additional financing may adversely affect the holdings or rights of then existing stockholders.

Hybridon's future capital requirements will depend on many factors, including continued scientific progress in its research, drug discovery and development programs, the magnitude of these programs, progress with preclinical and clinical trials, sales of DNA products and reagents to third parties by HSP and the margins on such sales, the time and costs involved in obtaining regulatory approvals, the costs involved in filing, prosecuting and enforcing patent claims, competing technological and market developments, Hybridon's ability to establish and maintain collaborative academic and commercial research, development and marketing relationships, its ability to obtain third-party financing for leasehold improvements and other capital expenditures and the costs of manufacturing scale-up and commercialization activities and arrangements.

YEAR 2000; CONTINGENCY PLANS

As has been widely publicized, many computer systems and microprocessors are not programmed to accommodate dates beyond the year 1999. Hybridon's exposure to this year 2000 ("Y2K") problem comes not only from its own internal computer systems and microprocessors, but also from the systems and microprocessors of its key suppliers, including utility companies and payroll services.

Hybridon believes that all of its internal systems will be Y2K compliant by the end of 1999. Hybridon is currently evaluating all of its internal computer systems and microprocessors in light of the Y2K problem. As part of this process, Hybridon has conducted an inventory of its automated instruments and

other computerized equipment and is contacting applicable vendors for information regarding Y2K compliance. Hybridon will then upgrade or otherwise modify its internal computer systems and microprocessors, to the extent necessary. Testing of all its internal computer systems and microprocessors have been completed. Hybridon does not expect the cost of bringing all systems and microprocessors into Y2K compliance to be material. Approximately 90% of Hybridon's systems either have been found compliant or have already been brought into compliance.

Hybridon's Y2K compliance efforts are in addition to other planned information technology ("IT") projects. While these efforts have caused and may continue to cause delays in other IT projects, Hybridon does not expect that any of these delays will have a significant effect on Hybridon's business or that any of Hybridon's other IT projects will be canceled or postponed to pay for the Y2K upgrades.

With regard to potential supplier Y2K problems, Hybridon has compiled a list of its critical suppliers, and has sent and received back a Y2K questionnaire from each of them in order to permit Hybridon to ascertain the Y2K compliance status of each. Hybridon has not yet uncovered any key supplier Y2K problems that could have a material effect on its business. If through continued monitoring of these suppliers Hybridon becomes aware of any such problems and is not satisfied that those problems are being adequately addressed, it will take appropriate steps to find alternative suppliers.

It has been acknowledged by governmental authorities that Y2K problems have the potential to disrupt global economies, that no business is immune from the potentially far-reaching effects of Y2K problems, and that it is difficult to predict with certainty what will happen after December 31, 1999. Consequently, it is possible that Y2K problems will have a material effect on Hybridon's business even if Hybridon takes all appropriate measures to ensure that it and its key suppliers are Y2K compliant.

It is possible that the conclusions reached by Hybridon from its analysis to date will change, which could cause Hybridon's Y2K cost estimates and target completion dates to change.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

Statements contained in this Report on Form 10-Q may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. For this purpose, any statements herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are based on management's current expectations and involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Hybridon to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These forward looking statements are subject to a number of uncertainties and other factors, many of which are outside Hybridon's control, that could cause Hybridon's actual results to differ materially from those indicated by such statements.

For a more complete discussion of the factors that could cause actual results to differ materially from such forward looking statements, see the discussion thereof contained under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Certain Factors that May Affect Future Results" in Hybridon's Annual Report on Form 10-K for the year ended December 31, 1998, which information is incorporated herein by reference. Hybridon disclaims any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Historically, Hybridon's primary exposures have been related to nondollar-denominated operating expenses in Europe. As of September 30, 1999, Hybridon's assets and liabilities related to nondollar-denominated currencies were not material.

HYBRIDON, INC.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

On September 23, 1999, Hybridon lifted the contractual "lock-up" provision concerning the sale of common stock acquired by certain investors in May 1998.

On September 7, 1999, Hybridon entered into a non-exclusive license agreement with Genzyme Molecular Oncology, a division of Genzyme Corporation ("Genzyme"). Under the license agreement, Hybridon obtained a non-exclusive license to patent rights relating to antisense compounds that interfere with the expression of MDM2, a cancer-related protein, methods for treating cancers with these compounds, and methods for identifying these compounds. These patent rights are exclusively licensed to Genzyme by the Johns Hopkins University. In exchange for the patent rights, Genzyme received an up-front payment. If Hybridon successfully develops therapeutic products through the use of these rights, Genzyme will receive significant milestone payments and royalty payments on product sales.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 Licensing Agreement dated September 7, 1999, between Genzyme Corporation and Hybridon, Inc.

10.2 Form of loan agreement relating to a loan in the amount of $454,901 made to Hybridon, Inc. in October 1999 by various parties.

10.3 Form of promissory note relating to a loan in the amount of $454,901 made to Hybridon, Inc. in October 1999 by various parties.

10.4 Loan Agreement dated as of September 1, 1999, between Hybridon, Inc. and E. Andrews Grinstead III.

10.5 Term promissory note in the amount of $500,000 dated September 1, 1999, by Hybridon, Inc. in favor of E. Andrews Grinstead

III.

10.6 Term promissory note in the amount of $500,000 dated September 27, 1999, by Hybridon, Inc. in favor of E. Andrews Grinstead III.

27.1 Financial Data Schedule (EDGAR)

(b) No current reports on Form 8-K were filed during the three months ended September 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HYBRIDON, INC.

November 15, 1999	/s/ E. Andrews Grinstead, III
Date	E. Andrews Grinstead, III Chairman, President and Chief Executive Officer (Principal Executive Officer)
November 15, 1999	/s/ Robert G. Andersen
Date	Robert G. Andersen Treasurer (Principal Financial and Accounting Officer)

HYBRIDON, INC.

EXHIBIT INDEX

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27.1 Financial Data Schedule (EDGAR)

Confidential materials omitted and filed separately with the
Securities and Exchange Commission.
Asterisks denote omissions.

Exhibit 10.1

LICENSE AGREEMENT

THIS LICENSE AGREEMENT dated as of September 7, 1999 (the "Agreement") is made between Hybridon Inc., a corporation organized under the laws of the State of Delaware ("Hybridon"), and Genzyme Corporation, a corporation organized under the laws of the Commonwealth of Massachusetts ("Genzyme"). Hybridon and Genzyme are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

R E C I T A L S

A. Genzyme controls certain patents and patent applications relating to MDM2 through a license agreement (the "JHU Agreement") dated February 5, 1992 among The Johns Hopkins University ("JHU"), Hoffmann-La Roche Inc. and Genzyme as the successor in interest through the merger of PharmaGenics, Inc. with and into Genzyme.

B. Genzyme has the right, subject to rights retained by the U.S. government and by JHU, to sublicense certain patents and patent applications relating to inhibitory compounds that interfere with the expression of the MDM2 gene, to methods for treating a neoplastic cell or a cell having neoplastic potential through the administration of such compounds, and to methods to identify such compounds.

C. Subject to the terms and conditions of this Agreement, Genzyme is willing to grant and Hybridon wishes to receive a non-exclusive sublicense under such patents and patent applications to make, use and sell Licensed Products (as herein defined) throughout the world.

NOW THEREFORE, in consideration of the premises and of the covenants herein contained, the Parties mutually agree as follows:

ARTICLE 1. DEFINITIONS

For purposes of this Agreement, the terms defined in this Article shall have the meanings specified below. Certain other capitalized terms are defined elsewhere in this Agreement.

1.1. "Affiliate" shall mean any corporation or other entity which controls, is controlled by, or is under common control with a Party. A corporation or other entity shall be regarded as in control of another corporation or entity if it owns or directly or indirectly controls more than fifty percent (50%) of the voting stock or other ownership interest of the other corporation or entity, or if it possesses, directly or indirectly, the power to direct or cause the direction of the management

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Securities and Exchange Commission.
Asterisks denote omissions.

and policies of the corporation or other entity or the power to elect or appoint more than fifty percent (50%) of the members of the governing body of the corporation or other entity.

1.2. "Antisense Technology" shall mean the selective inhibition of protein synthesis at the RNA level. This inhibition is caused by the hybridization of an Oligonucleotide to the complementary sequence of the selected RNA thereby inhibiting gene expression.

1.3. "Collaborative Partner" shall mean a Third Party with which Hybridon enters into an agreement providing for the development and/or commercialization of a Development Candidate.

1.4. "Compound" shall mean ***

1.5. "Development Candidate" shall mean ***

1.6. "Effective Date" shall mean the date appearing on the cover page of this Agreement.

1.7. "First Commercial Sale" shall mean the first transfer of title to a Licensed Product by Hybridon, its Affiliates or a Collaborative Partner to a non-Affiliate for consideration in any arm's length transaction in a country following governmental approval for commercial sale in such country. For the purpose of this definition a transfer of title to reasonable quantities of free samples of Licensed Product or to clinical trial material shall not constitute a First Commercial Sale.

1.8. "FDA" shall mean the United States Food and Drug Administration, any successor agency, or the regulatory authority of a Major Country other than the United States with responsibilities comparable to those of the United States Food and Drug Administration.

1.9. "IND" shall mean the regulatory filing required to initiate human clinical trials in the United States or any other Major Country. If human clinical trials are initiated without a requirement for regulatory filing or approval, an IND shall be deemed to have been filed on the initiation of human clinical trials.

1.10. "Licensed Method" shall mean ***

1.11. "Licensed Product" shall mean ***

1.12. "Major Country" shall mean Germany, France, United Kingdom, the United States, or Japan.

1.13. "NDA" shall mean a New Drug Application, as defined in the United States Food, Drug and Cosmetic Act, or any corresponding foreign application, registration or certification.

1.14. "Net Sales" shall mean that the gross amount invoiced on sales or other dispositions of a Licensed Product by Hybridon and its Affiliates and Collaborative Partners, as applicable, to independent third parties, less the following items (provided that such items are included in the amount invoiced and do not exceed reasonable and customary amounts in the country in which such sale or other disposition occurred): (i) trade, cash, quantity and promotional discounts actually allowed and taken; (ii) excises, sales taxes or other taxes imposed upon and paid with respect to such sales (excluding national, state or local taxes based on income); (iii) freight, insurance and other transportation charges incurred in shipping a Licensed Product to third parties; (iv) amounts repaid or credited by reason of rejections, defects, recalls or returns; and (v) rebates (including pursuant to Medicaid or other governmental programs). Such amounts shall be determined from the books and records of Hybridon and its Affiliates and Collaborative Partners, and maintained in accordance with GAAP. If a Licensed Product is sold, leased, used or otherwise commercially disposed of for value (including, without limitation, disposition in connection with the delivery of other products or services) in a transaction that is not an arm's length sale to an independent third party, then the gross amount invoiced in such transaction shall be deemed to be the gross amount that would have been paid had there been such a sale at the average sale price of such Licensed Product during the applicable royalty reporting period. Net Sales shall also include any consideration received by Hybridon and its Affiliates and Collaborative Partners in respect of the sale, use or other disposition of a Licensed Product in a country prior to the receipt of all regulatory approvals required to commence full commercial sales of such Licensed Product in such country (e.g., sales under " treatment INDs", "named patient sales", "compassionate use sales", or their equivalents), other than the sale, use or other disposition of such Licensed Product in the course of any clinical trial conducted with respect to such Licensed Product.

1.15. "Oligonucleotide" shall mean an oligomer or polymer made up of at least six nucleosides or nucleotides. Oligonucleotide includes RNA or DNA fragments. Oligonucleotides also include mimetics of RNA or DNA that are composed of naturally occurring and/or non-naturally occurring bases. In addition, an oligonucleotide may include modified and/or non-naturally occurring sugars and/or intersugar linkages or the sugars may be partially or completely

absent. Oligonucleotides include structures where adjacent nucleosides are linked together by phosphate groups and/or modified or non-natural internucleoside linkages, including, without limitation, amide linkages to form the internucleoside backbone of the oligonucleotide whether or not such linkages retain a phosphorus atom in the linkage. A nucleotide is a nucleoside that includes a phosphate group covalently linked to the sugar portion of the nucleoside.

1.16. "Patent Rights" shall mean ***

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

1.17. "Phase II Clinical Trial" shall mean the initial clinical testing of a Compound in humans who are patients with a medical condition for which the Compound is being tested with the intention of gaining a preliminary assessment of the efficacy of a Compound in treating such medical condition. If the initial clinical testing of a Compound in humans is in patients with a medical condition for which the Compound is being tested, such testing shall not be deemed a Phase II Clinical Trial unless such testing is followed by a Pivotal Quality Clinical Trial (as herein defined).

1.18. "Pivotal Quality Clinical Trial" shall mean a human clinical trial of a Compound designed to be of a size and statistical significance to support an NDA filing alone or in combination with other studies. If it is unclear whether or not a study design will be sufficient to support an NDA filing (other than by virtue of the uncertainty of efficacy data from that trial), the study will be deemed to be a Pivotal Quality Clinical Trial on the initiation of activities to support an NDA filing. Initiation of a Phase III clinical study will be deemed to be initiation of a Pivotal Quality Clinical Trial.

1.19. "Third Party" shall mean any entity other than Hybridon, Genzyme, their respective Affiliates or Collaborative Partners.

ARTICLE 2. LICENSE GRANTS

2.1. License. Subject to the terms and conditions of this Agreement, Genzyme hereby grants to Hybridon and its Affiliates a nonexclusive, worldwide, royalty-bearing sublicense under the Patent Rights to discover, develop, make, have made, use, import and export, offer for sale, and sell Licensed Products including the right to develop, make, have made and use the Licensed Methods. Such sublicense shall not include the right to grant sublicenses except under the circumstances set forth in Section 2.3.

2.2. Limitations. The Licenses granted under this Article 2 are subject to:

(a) the rights retained by the United States government in accordance with P.L. 96-517, as amended by P.L. 98-620,

(b) the retained rights of JHU to make, have made, provide and use any method, product or composition which is covered by the Patent Rights for its and The Johns Hopkins Health Systems' ("JHHS") non-profit purposes, and

(c) all rights of Genzyme relating to Patent Rights not specifically licensed to Hybridon under this Agreement, as further set forth in Section 2.1.

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

2.3. Right to Sublicense to Collaborative Partners. *** Any Collaboration Agreement shall be consistent with the terms and conditions of this Agreement. Any and all Collaboration Agreement entered into by Hybridon pursuant to Section 2.3 shall expressly: (I) prohibit Collaborative Partner(s) from granting sublicenses (except as permitted above) and (ii) require Collaborative

Partner(s) to accord confidential treatment to Confidential Information consistent with the terms and conditions of Article 6. It is expressly agreed by the Parties that Hybridon shall remain responsible for compliance with the terms of this Agreement. Furthermore, it is understood and agreed that this Section 2.3 shall not give Hybridon, its Affiliates or Collaborative Partners a right to grant sublicenses other than as provided herein.

2.4. No Other Technology Rights. Except as otherwise expressly provided in this Agreement, under no circumstances shall a Party hereto, as a result of this Agreement, obtain any ownership interest in or other right to the patent rights, inventions, trade secrets, copyrights, know-how, data or other intellectual property of the other Party, including items owned, controlled or developed by any Third Party, or transferred by one Party to the other Party at any time pursuant to this Agreement.

2.5. Favored Licensee. Genzyme represents and warrants that it has not granted a license to a commercial Third Party under the Patent Rights on financial terms and conditions which are, taken as a whole, more favorable to such Third Party than those set forth in this Agreement. In the event that Genzyme grants a sublicense to a commercial Third Party under the Patent Rights relating to Oligonucleotides, pursuant to an agreement, the financial terms and conditions of which are, taken as a whole, more favorable to such Third Party than the terms and conditions of this Agreement, Genzyme shall offer Hybridon an option to amend this Agreement to substitute the terms and conditions of such more favorable agreement for the terms and conditions of this Agreement. Hybridon shall make an election to accept the terms and conditions of such more favorable agreement by providing written notice to Genzyme within thirty (30) days after being notified of such more favorable agreement. For purposes of this Section 2.5, the term "financial terms and conditions" shall include, but not be limited to, the payment provisions set forth in Section 3.4 and the provisions regarding infringement and damages set forth in Article 5 hereof.

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

ARTICLE 3. PAYMENTS

3.1. License Fee. ***

3.2. Milestone Payments.

3.2.1. Milestone Payments. In addition to the amounts set forth in Sections 3.1 and 3.3, Hybridon agrees to pay to Genzyme the following amounts upon achievement by Hybridon, its Affiliates or Collaborative Partners of each of the following milestones with respect to a Licensed Product:

Milestone	Amount
***	***
***	***
***	***
***	***
***	***

***

3.2.2. Notice; Payments Due. Hybridon shall promptly notify Genzyme in writing of the achievement of any milestone identifying the date in which it occurred. All payments due to Genzyme from Hybridon pursuant to Section 3.2.1 shall be made within forty-five (45) days after the achievement of the corresponding milestone and are not refundable under any circumstances or creditable against any other amounts due Genzyme under this Agreement.

3.3. Royalties; Reports.

(a) ***

(b) ***

(c) Hybridon shall notify Genzyme in writing of the First Commercial Sale within thirty (30) days after such sale.

(d) Hybridon agrees that beginning with the calendar quarter in which the First Commercial Sale occurs, Genzyme shall receive, within sixty (60) days after the end of such calendar quarter, and each of the first three calendar quarters thereafter, and within ninety (90) days after the end of each calendar year end thereafter: (i) payment of royalties and (ii) a written report showing the information and basis on which the royalties have been calculated; provided, however, that if the First Commercial Sale occurs in the fourth calendar quarter, the first such payment and report shall be made within ninety (90) days after the end of such calendar quarter.

(e) In the event the Licensed Product is sold as part of a Combination Product (as defined below), the Net Sales from the Combination Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales of the Combination Product (as defined in the standard Net Sales definition), during the applicable royalty reporting period, by the fraction, A/A+B where A is the average sale price of the Licensed Product when sold separately in finished form and B is the average sale price of the other active compound(s) and/or ingredient(s) included in the Combination Product when sold separately in finished form, in each case during the applicable royalty reporting period or, if sales of both the Licensed Product and the other Product (s) did not occur in such period, then in the most recent royalty reporting period in which sales of both occurred. In the event that such average sale price can not be determined for both the Licensed Product and all other product (s) included in the Comination Product, Net Sales for the purposes of determining royalty payments shall be calculated by multiplying the Net Sales of the Combination Product by the fraction C/C+D where C is the fair market value of the Licensed Product and D is the fair market value of all other active compound(s) and/or ingredient(s) included in the Combination Product. As used above, the term "Combination Product" means any pharmaceutical product which comprises the Licensed Product and other active compound(s) and/or ingredient(s).

(f) During any period in which a Licensed Product is under development or is being manufactured or commercialized by Hybridon, its Affiliates or Collaborative Partners, as applicable, Hybridon shall deliver to Genzyme written reports within sixty (60) days of the end of each calendar year providing a brief description of the status of research and development activities as well as of any manufacturing and commercializing activities, if any, conducted with respect to such Licensed Products. Such reports shall contain sufficient information to allow Genzyme to monitor Hybridon's compliance with this Agreement and to enable Genzyme to satisfy its reporting obligations to JHU under Section 4.11 of the JHU Agreement, including without limitation the accomplishment of the milestones set forth in Section 3.2. All reports and information provided under this Section 3.3(f) shall be subject to Article 6.

3.4. Payments. All payments due under this Article 3 shall be made in United States dollars by bank wire transfer in immediately available funds to an account designated by Genzyme. If any payments are not made by Hybridon on or before the specified due date, Hybridon will pay interest on the outstanding amounts until paid in full, to the extent permitted

by applicable law, in an amount equal to and fluctuating with the prime rate, as

reported by BankBoston, N.A., Boston, Massachusetts, from time to time until such payment is made.

(a) The license fee, milestone payments and royalties required under Sections 3.1., 3.2., and 3.3. shall be exclusive of any applicable withholding, value added, sales, or other taxes and duties (which, if eligible, will be paid by Hybridon in addition to such payments).

(b) The license fee, milestone payments and royalties payable by Hybridon under Sections 3.1., 3.2., and 3.3. will be paid free and clear of, and without deduction for and on account of tax, unless Hybridon is required by law to make those payments subject to deduction or withholding of tax, in which case the sum paid by Hybridon shall be increased to the extent necessary to ensure that after such deduction or withholding, Genzyme receives an amount equal to the sum which it would have received had not deduction or withholding been required. Where Hybridon is required by law to deduct or withhold on account of tax, it shall use commercially reasonable efforts to obtain from the relevant revenue authorities authorization to make payment of the sums without such deduction or withholding. The Parties undertake to provide all reasonable assistance to each other in obtaining such authorization and, without prejudice to the generality of the foregoing, will submit any forms or take any action as may be reasonably necessary or reasonably requested by the other Party for that purpose.

(c) If Hybridon is required to increase the amount of any payment under the provisions of Section 3.4.(b) as a result of any withholding or deduction required by law and Genzyme receives any amount by way of repayment of the tax that is so deducted or withheld by Hybridon, Genzyme will reimburse, without interest, to Hybridon an amount equal to such repayment.

(d) Subsections (a), (b) and (c) of this Section 3.4 will apply equally to any royalties and other amounts payable under Section 3.3 if Genzyme directs Hybridon to pay those royalties or other amounts directly to a Third Party.

(e) If the Net Sales is in a currency other than U.S. Dollars (a "Foreign Currency Amount"), then, for the purpose of determining the amount of royalties payable hereunder, such Foreign Currency Amount shall be converted into U.S. Dollars at the exchange rate between those two currencies quoted in the Wall Street Journal (Eastern Edition) five (5) business days immediately preceding the date on which such royalties become due. If no such exchange rate is quoted in that edition, such payment shall be converted into U.S. Dollars at the exchange rate between those two currencies most recently quoted in the Wall Street Journal (Eastern Edition). If no such exchange rate has been quoted in the Wall Street Journal (Eastern Edition) at any time during the twelve (12) month period preceding the date on which royalties become due, such Foreign Currency Amount which relates to Net Sales shall be deemed to be

equal to the Net Sales most recently charged by the receiving party in a sale of such Product in U.S. Dollars.

3.5. Records; Audit. Hybridon shall keep, and maintain complete and accurate records of its sales of Licensed Products in accordance with United States generally accepted accounting principles, consistently applied. Hybridon shall require each of its Affiliates and Collaborative Partners to keep and maintain complete and accurate records of any sale of Licensed Products. Such records shall be retained for a period of four (4) years following the applicable royalty reporting period. Hybridon shall permit, and cause each of its Affiliates and Collaborative Partners to permit, independent accountants retained by Genzyme to have access to its records and books for the sole purpose of verifying Net Sales and any royalty due thereon. Such examination shall be conducted during regular business hours and upon reasonable notice, at the auditing Party's own expense and no more than once in each calendar year during the term of this Agreement and once during the four (4) calendar years following the termination hereof. Any adjustment in the amount of royalties due Genzyme on account of overpayment or underpayment of royalties shall be made at the next date when royalty payments are to be made to Genzyme under Section 3.4. Genzyme

shall pay the fees and expenses of the accountant engaged to perform the audit, unless such audit reveals an underpayment of seven and one-half percent (7.5%) or more for the period examined, in which case Hybridon shall pay all reasonable costs and expenses incurred by Genzyme in the course of making such determination, including the fees and expenses of the accountant (i.e., if Hybridon pays "X" in royalties and an audit reveals it should have paid "Y" (the difference, Y-X, being "Z"), then the underpayment percentage equals the product obtained by multiplying (i) the quotient obtained by dividing Z and Y (Z /Y) and (ii) 100).

ARTICLE 4. REPRESENTATIONS, WARRANTIES AND LIMITATIONS; COMPLIANCE

4.1. Authorization. Each Party warrants and represents to the other that it has the legal right and power to enter into this Agreement, to extend the rights granted to the other in this Agreement, and to perform fully its obligations hereunder, and that this Agreement is a valid and binding agreement of such Party, enforceable in accordance with its terms.

4.2. Patent Rights Representations, Warranties and Limitations.

(a) Genzyme represents and warrants that, as of the Effective Date:

(i) it has not made nor will it make any commitments to others in conflict with or in derogation of the rights created by this Agreement;

(ii) to the best of its knowledge, all obligations under 37 C.F.R.ss.1.56 have been satisfied for all patents and patent applications within the Patent Rights;

(iii) the statements set forth in the letter from JHU attached hereto as Appendix B are true and correct; and

(iv) to the best of its knowledge, there are no pending third party patent applications that could form a reasonable basis for a U.S. interference proceeding with the Patent Rights.

(b) Except as otherwise provided herein, nothing herein contained shall be construed as:

(i) a representation or warranty by Genzyme as to the validity or scope of any sublicensed Patent Rights;

(ii) a representation or warranty that any Licensed Product discovered, developed, made, used, imported, exported, sold or otherwise disposed of under the sublicense granted in this Agreement is or will be free from infringement of patents, copyrights, or trademarks of Third Parties; or

(iii) an express or implied warranty of merchantability or fitness for a particular purpose.

(c) In no event will Genzyme or its Affiliates be liable for damages, whether direct, indirect, special, punitive, incidental or consequential, or otherwise in relation to any Licensed Products manufactured or sold by Hybridon, its Affiliates, Collaborative Partners or any distributor. Neither Genzyme nor its Affiliates shall be obligated to defend or hold harmless Hybridon, its Affiliates, Collaborative Partners or any other person against any suit, damage, claim, or demand based on actual or alleged infringement of any patent or other rights owned by a Third Party, or any unfair trade practice resulting from the exercise or use of any right or sublicense granted under this Agreement.

(d) Hybridon will be solely responsible for all guarantees, warranties, conditions, and any representations provided to distributors, customers and end-users in relation to Licensed Products.

4.3. Compliance. Hybridon shall comply, and shall require its Affiliates and Collaborative Partners to comply, with all applicable laws and regulations relative to the development, manufacture and marketing of Licensed Products.

ARTICLE 5. PATENT RIGHTS MAINTENANCE AND INFRINGEMENT

5.1. Prosecution. Subject to the terms of the JHU Agreement, Genzyme shall have the exclusive right to apply for, seek issuance of, maintain, or abandon, any or all of the Patent Rights. In the event that Genzyme receives notice from JHU that any of the Patent Rights will revert to JHU pursuant to Section 5.1(a) of the JHU Agreement, Genzyme shall promptly forward such notice to Hybridon.

5.2. Infringement by Third Parties. Each Party shall promptly notify the other of its knowledge of any potential infringement of the Patent Rights by a Third Party.

(a) Legal Action by Genzyme. Genzyme has the right, but not the obligation, at its sole discretion to bring legal action against a Third Party that it has reasonably determined to have or is infringing its Patent Rights. If Genzyme should bring an action pursuant to this Section 5.2, to recover damages including lost profits or reasonable royalties or injunctive relief, any recovery of monetary damages shall be applied in the following manner: (i) first Genzyme shall recover all lost profits or reasonable royalties, whichever is appropriate; (ii) second Genzyme shall be reimbursed for all out-of-pocket costs and expenses associated with obtaining injunctive relief; and (iii) Genzyme shall be reimbursed for all other out-of-pocket litigation costs or expenses through appeal. Once (i), (ii), and (iii) above have been satisfied in full, any remaining recoveries or reimbursements shall be applied to reimburse Hybridon for its lost profits based on the market share of Hybridon, its Affiliates and Collaborative Partner(s), as applicable.

(b) Legal Action by Hybridon. If within ninety (90) days following receipt of notice from Hybridon setting forth Hybridon's basis to reasonably conclude that Genzyme's Patent Rights are being infringed or have been infringed, or such time as Genzyme otherwise becomes aware of an alleged infringement and Genzyme has not either terminated such infringement or initiated legal action against the infringer or defendant, Genzyme shall, upon written request by Hybridon and with the consent of JHU (which Genzyme shall use reasonable efforts to secure), grant to Hybridon the right (but not the obligation) to bring an action against such infringer. In the event that Hybridon brings such action against a Third Party for infringement of the Patent Rights, pursuant to this Section 5.2, to recover damages including lost profits or reasonable royalties or injunctive relief, any recovery of monetary damages shall be applied in the following manner: (i) first if such action results in Genzyme being a party in the action, Hybridon shall reimburse Genzyme for all out-of-pocket costs and expenses incurred through appeal; (ii) second Hybridon shall recover all out-of-pocket costs and expenses incurred through appeal; and (iii) Hybridon shall recover all lost profits or reasonable royalties, whichever is appropriate. Any recovery by Hybridon under (iii) above, shall be used in the first instance to fulfill Hybridon's payment obligations under Article 3, which obligations shall be based upon

lost Net Sales of Licensed Products which formed the basis for awarding such lost profits or reasonable royalties.

5.3. Infringement of Third Party Rights. Hybridon shall promptly advise Genzyme in writing of any notice or claim of any infringement and of the

commencement of any suit or action for infringement of a Third Party patent made or brought against Hybridon, its Affiliates or Collaborative Partners and based upon the manufacture, use, import and export, and sale or offer to sell of Licensed Products or the practice of Licensed Methods pursuant to the sublicense granted under the Agreement. In such event, Hybridon shall have at all times the right to immediately cease commercialization and/or the right either to:

(i) request that Genzyme enter into negotiations with such Third Party to obtain rights for Hybridon under the Third Party patent;

(ii) request that Genzyme defend such claim, suit or action at Genzyme's expense; or

(iii) terminate this Agreement.

Genzyme shall not be obligated to enter into negotiations with such Third Party to obtain rights for Hybridon under the Third Party patent nor obligated to defend such claim, suit or action. If Genzyme, in its sole discretion, elects to enter into negotiations with such Third Party to obtain rights for Hybridon under the Third Party patent or if Genzyme, in its sole discretion, elects to undertake at its own expense the defense of any such claim, suit or action, Hybridon shall render Genzyme all reasonable assistance that may be required by Genzyme in the negotiations or in the defense of such claim, suit or action. Genzyme has the primary right to control the defense of any such claim, suit or action by counsel of its own choice, and Hybridon shall have the right, at its own expense, to be represented in any such claim, suit or action in respect of which Hybridon is a defendant by counsel of its own choice. The Parties agree to cooperate reasonably in any such defense. Notwithstanding the foregoing, if Genzyme has not within ninety (90) days (or such lesser period of time as is necessary to avoid entry of a default judgment against Genzyme or Hybridon) from the date of receipt of a request from Hybridon, either entered into negotiations with such Third Party to obtain rights for Hybridon under the Third Party patent or initiated legal action to defend such claim, suit or action, then Hybridon shall have the right, upon written notice to Genzyme, to enter such negotiations or defend such claim, suit or action. Hybridon shall be entitled to deduct all reasonable out-of-pocket costs and expenses, including legal fees, incurred in entering into such negotiations or defending such claim, suit or action from royalties due Genzyme after commencement of such action and until such expenses are fully recouped by Hybridon.

5.4. Suit Relating to Patent Rights. Notwithstanding the provisions of Sections 5.2(b) and 5.3 above, if at any time Hybridon receives notice of any claim, suit or action by a Third Party relating to the Patent Rights (or the validity, scope or enforceability thereof), Hybridon shall promptly notify Genzyme in writing. Genzyme shall have the right, exercisable in its sole discretion, to assume and control the defense of such claim, suit or action at its own expense and using counsel of its own choice. Hybridon shall have the right, at its own expense, to be represented in any such claim, suit or action in respect of which Hybridon is a defendant by counsel of its own choice. The Parties agree to cooperate reasonably in any such defense. If, however, Genzyme has not within ninety (90) days from the date of receipt of notice from Hybridon, either entered into negotiations with such Third Party or initiated legal action to defend such claim, suit or action, then Hybridon shall have the right, upon written notice to Genzyme, to enter such negotiations or defend such claim, suit or action. Hybridon shall be entitled to deduct all reasonable expenses, including legal fees, incurred in entering into such negotiations or defending such claim, suit or action from royalties due Genzyme after commencement of such action and until such expenses are fully recouped by Hybridon. Hybridon shall not settle or compromise any such claim, suit or action without the written consent of Genzyme, which consent shall not be unreasonably withheld or delayed.

ARTICLE 6. CONFIDENTIALITY

6.1. Confidential Information.

(a) As used in this Agreement, the term "Confidential Information" means any technical or business information furnished by one Party ("Disclosing Party") to the other Party ("Receiving Party") in connection with this Agreement and specifically designated as confidential. Such Confidential Information may include, without limitation, the trade secrets, know-how, inventions, formulations, compositions, technical data or specifications, testing methods, business or financial information, research and development activities, product and marketing plans, and customer and supplier information. Confidential Information that is disclosed in writing shall be marked with the legend "CONFIDENTIAL". Confidential Information that is disclosed orally or visually shall be documented in a written notice prepared by the Disclosing Party and delivered to the Receiving Party within thirty (30) days of the date of disclosure. Such notice shall summarize the Confidential Information disclosed to the Receiving Party and reference the time and place of disclosure.

(b) The Receiving Party shall and shall cause its employees engaged in the performance of this Agreement to: (a) maintain all Confidential Information in strict confidence, except that the Receiving Party may disclose or permit the disclosure of any Confidential Information to its directors, officers, employees, consultants, and advisors who are obligated to maintain the confidential nature of such Confidential Information and who need to know such Confidential Information to perform this Agreement; (b) use all Confidential Information solely

for purposes performing this Agreement; and (c) reproduce the Confidential Information only to the extent necessary to perform this Agreement, with all such reproductions being considered Confidential Information.

(c) The obligations of the Receiving Party under Section 6.1(b) shall not apply to Confidential Information to the extent that the Receiving Party can demonstrate by written documentation that such applicable Confidential Information: (a) was in the public domain prior to the time of its disclosure under this Agreement; (b) entered the public domain after the time of its disclosure under this Agreement through means other than an unauthorized disclosure resulting from an act or omission by the Receiving Party; (c) was independently developed or discovered by the Receiving Party after the time of its disclosure under this Agreement; (d) is or was disclosed to the Receiving Party at any time, whether prior to or after the time of its disclosure under this Agreement, by a Third Party having no fiduciary relationship with the Disclosing Party and having no obligation of confidentiality with respect to such Confidential Information; or (e) is required to be disclosed to comply with applicable laws or regulations, or with a court or administrative order, provided that the Disclosing Party receives, to the extent practicable, prior written notice of such disclosure and that the Receiving Party takes all reasonable and lawful actions to obtain confidential treatment for such disclosure and, if possible, to minimize the extent of such disclosure.

(d) Upon the termination by either Party of this Agreement, the Receiving Party shall return to the Disclosing Party all originals, copies, and summaries of documents, materials, and other tangible manifestations of Confidential Information in the possession or control of the Receiving Party, except for one copy which may be kept in the Receiving Party's legal archives. The obligations set forth in this Agreement shall remain in effect for a period of five (5) years after receipt of the Confidential Information by the Receiving Party.

(e) The Receiving Party agrees that any breach of its obligations under this Section 6.1 may cause irreparable harm to the Disclosing Party; therefore, the Disclosing Party shall have, in addition to any remedies available at law, the right to seek equitable relief to enforce this Agreement.

6.2. Terms of this Agreement. The Parties agree that the public announcement of the execution of this Agreement shall be in the form of a mutually acceptable press release and, from and after the publication date of such press release, each Party shall be entitled to make or publish any statement limited to the contents of such press release. The Parties further

agree to seek confidential treatment for the filing of this Agreement with the Securities and Exchange Commission, if such filing is required, and shall agree upon the content of the request for confidential treatment made by each Party in respect of such filing. Except as permitted by the foregoing provisions or as otherwise required by law, Hybridon and Genzyme each agree not to disclose any terms or conditions of this Agreement to any Third Party without the prior consent

of the other Party; provided, however, that (i) Genzyme shall have the right to provide a copy of this Agreement to JHU and (ii) Hybridon shall have the right to provide a copy of this Agreement to Collaborative Partner(s) which have agreed to treat this Agreement as Confidential Information under this Article 6.

ARTICLE 7. INDEMNIFICATION AND INSURANCE

7.1. Hybridon Indemnity Obligations. Hybridon agrees to defend, indemnify and hold Genzyme, its Affiliates and their respective directors, officers, employees and agents and their respective successors, heirs and assigns, and JHU, JHHS and its subsidiary corporations, their present and former trustees, officers, inventors of Patent Rights, agents, faculty, employees, students, treating and consulting physicians harmless from and against any losses, costs, claims, damages, liabilities or expenses (including reasonable attorneys' and professional fees and other expenses of litigation) (collectively, "Liabilities") arising, directly or indirectly, out of or in connection with Third Party claims, suits, actions, demands or judgments, including, without limitation, personal injury and product liability matters, suits, actions, or demands relating to (i) any Licensed Product developed, manufactured, used, sold or otherwise distributed by or on behalf of Hybridon, its Affiliates, Collaborative Partners, or other designees (including without limitation, product liability claims) or (ii) the use of the Patent Rights by or on behalf of Hybridon, its Affiliates, Collaborative Partners or other designees, except in each case, to the extent such Liabilities resulted from a material breach of this Agreement by Genzyme or negligence or intentional misconduct on the part of Genzyme.

7.2. Insurance. Hybridon, its Affiliates or Collaborative Partner(s) shall maintain appropriate product liability insurance or self-insurance with respect to the development, manufacture and sale of Licensed Products by Hybridon, its Affiliates, Collaborative Partner(s) or other designees in such amount as such entity customarily maintains with respect to the development, manufacture and sale of its other products. Hybridon, its Affiliates or Collaborative Partner(s) shall maintain such insurance for so long as it continues to manufacture or sell the Licensed Products and shall name Genzyme, JHU, and JHHS as additional insureds, and thereafter for so long as such entity maintains insurance for itself covering such manufacture or sales.

ARTICLE 8. TERM AND TERMINATION

8.1 Term. The term of this Agreement shall commence on the Effective Date and continue until the expiration of all royalty obligations under Section 3.3 of this Agreement.

8.2. Termination. This Agreement may be terminated in the following circumstances:

8.2.1. For Convenience. Hybridon may terminate this Agreement at any time upon ninety (90) days' written notice to Genzyme.

8.2.2. Upon Breach. Upon any material breach of this Agreement by either Party (in such capacity, the "Breaching Party"), the other Party (in such capacity, the "Non-Breaching Party") may terminate this Agreement by providing sixty (60) days written notice to the Breaching Party, specifying the material breach. The termination shall become effective at the end of the sixty (60) day period unless: (a) the Breaching Party cures such breach during such sixty (60) day period, (b) if such breach is not susceptible to cure within sixty (60) days of the receipt of written notice of the breach, the Breaching Party is diligently pursuing a cure, or (c) the Breaching Party has commenced dispute resolution pursuant to Section 9.6 prior to the expiration of the sixty (60) day cure period (in which event, such termination shall not be effective unless the Arbitration Panel determines that the Party in breach has materially breached or defaulted in the performance of any of its material obligations hereunder); provided, however, in the case of a failure to pay any amount due hereunder, such default may be the basis of termination thirty (30) business days following the date that notice of such default was provided to the Breaching Party.

8.2.3. Upon Bankruptcy. Either Party may terminate this Agreement immediately if the other Party (in such capacity, the "Bankrupt Party"): (i) applies for or consents to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admits in writing its inability to pay its debts generally as they mature, (iii) makes a general assignment for the benefit of its creditors, (iv) is dissolved or liquidated in full or in part, (v) commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consents to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, (vi) takes any action for the purpose of effecting any of the foregoing, or (vii) becomes the subject of an involuntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect that is not dismissed within sixty (60) calendar days of commencement.

8.2.4. Accrued Rights and Obligations. Termination or expiration of this Agreement for any reason shall not release any Party hereto from any liability which, at the time of such termination or expiration, has already accrued to the other Party or which is attributable to a period prior to such termination or expiration, nor preclude either Party from pursuing any rights and remedies it may have hereunder or at law or in equity which accrued or are based upon any event occurring prior to such termination or expiration.

8.2.5. Sublicenses.

(a) In the event that the sublicense granted under the JHU Agreement to Genzyme is terminated, any granted sublicense to Hybridon and its Affiliates under this Agreement shall remain in full force and effect, provided that Hybridon and its Affiliates: (i) are not then in breach of this Agreement, and (ii) agree to be bound to JHU as licensor under the terms and conditions of this Agreement.

(b) In the event that the sublicense granted under this Agreement to Hybridon and its Affiliates is terminated, or upon the occurrence of any event which results in Hybridon becoming a Bankrupt Party, any granted sublicense to Collaborative Partner(s) shall remain in full force and effect, provided that such Collaborative Partner(s) (i) are not then in breach of their respective Collaborative Agreement(s) and (ii) agree to be bound to Genzyme as licensor under the terms and conditions of this Agreement.

8.2.6. Survival. The provisions of Articles 1, 6 and 7 and Sections 3.2.2 (limited solely to the obligation to make final payment of any amounts accrued prior to expiration or termination), 3.3 (limited solely to the obligation to submit final report), 3.4, 3.5, 8.2.4, 8.2.5, 8.2.6, 9.4, 9.5 and 9.6 shall survive the expiration or termination of this Agreement.

ARTICLE 9. MISCELLANEOUS

9.1. Force Majeure. Neither Party shall be held liable or responsible to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including without limitation, fire, floods, embargoes, war, acts of war (whether war is declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority or the other Party.

9.2. Assignment. This Agreement may not be assigned or otherwise transferred by any Party without the consent of the other Party; provided, however, that each Party may, without such consent, assign its rights and obligations under this Agreement (i) in connection with a corporate reorganization, to any member of an affiliated group, all or substantially all of the equity interest of which is owned and controlled by such Party or its direct or indirect parent corporation, or (ii) in connection with a merger, consolidation or sale of substantially all of such Party's assets to an unrelated Third Party; provided, however, that such Party's rights and obligations under this Agreement shall be assumed by its successor in interest in any such transaction and shall not be transferred separate from all or substantially all of its other business assets, including those business assets that are the subject of this Agreement. Any purported

assignment in violation of the preceding sentence shall be void. Any permitted assignee shall assume all obligations of its assignor under this Agreement.

9.3. Severability. Each Party hereby agrees that it does not intend to violate any public policy, statutory or common laws, rules, regulations, treaty or decision of any government agency or executive body thereof of any country or community or association of countries. Should one or more provisions of this Agreement be or become invalid, the Parties hereto shall substitute, by mutual consent, valid provisions for such invalid provisions which valid provisions in their economic effect are sufficiently similar to the invalid provisions that it can be reasonably assumed that the Parties would have entered into this Agreement with such valid provisions. In case such valid provisions cannot be agreed upon, the invalidity of one or several provisions of this Agreement shall not affect the validity of this Agreement as a whole, unless the invalid provisions are of such essential importance to this Agreement that it is to be reasonably assumed that the Parties would not have entered into this Agreement without the invalid provisions.

9.4. Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by one of the Parties hereto to the other shall be in writing, delivered personally or by facsimile (and promptly confirmed by personal delivery or courier) or courier, postage prepaid (where applicable), addressed to such other Party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and shall be effective upon receipt by the addressee.

If to Hybridon:	Hybridon Inc. 155 Fortune Boulevard Milford, Massachusetts 01757 Attention: Chairman, Chief Executive Officer and President
with a copy to:	Hybridon Inc. 155 Fortune Boulevard Milford, Massachusetts 01757 Attention: Vice President and General Counsel
If to	Genzyme Corporation

Genzyme: P.O. Box 9322
15 Pleasant Street Connector
Framingham, Massachusetts 01701-9322
Attention: President, Genzyme Molecular Oncology

with a copy to: Genzyme Corporation
One Kendall Square, Building 1400
Cambridge, Massachusetts 02139-1562
Attention: Chief Legal Officer

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

9.5. Governing Law and Venue. The Parties hereby consent to the jurisdiction and venue of the state and federal courts in the Commonwealth of Massachusetts. This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts, without regard to its conflicts of law principles.

9.6. Dispute Resolution.

9.6.1. General. Any disputes arising between the Parties relating to, arising out of or in any way connected with this Agreement or any term or condition hereof, or the performance by any Party of its obligations hereunder, whether before or after termination of this Agreement (a "Dispute"), which is not settled by the Parties within thirty (30) days after notice of such Dispute is given by one Party to the other in writing shall be referred to the Chief Legal Officer of Genzyme and the Chief Executive Officer of Hybridon who are authorized to settle such Disputes on behalf of their respective companies ("Senior Executives"). The Senior Executives will meet for negotiations within thirty (30) days of the end of the 30-day negotiation period referred to above, at a time and place mutually acceptable to both Senior Executives. If the Dispute has not been resolved within thirty (30) days after the end of the 30-day negotiation period referred to above (which period may be extended by mutual agreement), subject to any rights to injunctive relief and unless otherwise specifically provided for herein, any Dispute will be finally resolved by binding arbitration as provided in Section 9.6.2.

9.6.2. Arbitration. Any arbitration hereunder shall be conducted under the commercial rules of the American Arbitration Association. Each such arbitration shall be conducted in the English language by a panel of three arbitrators (the "Arbitration Panel"). Each of Hybridon and Genzyme shall appoint one arbitrator to the Arbitration Panel and the third arbitrator shall be appointed by the two arbitrators appointed by Hybridon and Genzyme. The Arbitration Panel shall be convened upon delivery of written notice by one Party to the other following expiration of the time periods provided in Section 9.6.1 that the notifying Party intends to institute arbitration proceedings. Any such arbitration shall be held in Boston, Massachusetts. The Arbitration Panel shall have the authority to grant specific performance, and to allocate between the Parties the costs of arbitration in such equitable manner as it shall determine. Judgment upon the award so rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of any award and an order of enforcement, as the case may be.

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

9.7. Entire Agreement. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes any prior understanding. All express or implied agreements and understandings, either oral or written, heretofore made are expressly merged in and made a part of this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by both Parties hereto.

9.8. Headings. The captions to the several Articles and Sections hereof

are not a part of this Agreement, but are merely guides or labels to assist in locating and reading the several Articles and Sections hereof.

9.9. Compliance with Law. Each Party agrees to comply with all federal, state, and local laws and regulations applicable to the sublicenses granted under this Agreement, including without limitation the Toxic Substances Control Act (15 U.S.C. ss. 2601 et seq.) and implementing regulations (in particular, 40 C.F.R. ss. 720.36 [Research and Development Exemption]), the Food, Drug, and Cosmetic Act (21 U.S.C. ss. 301 et seq.) and implementing regulations, and all United States export laws and regulations. Each Party assumes sole responsibility for any violation of such laws or regulations by it or any of its Affiliates.

9.10. Use of Genzyme's Trademarks. Hybridon agrees that it shall have no right or license to use any trademark of Genzyme.

9.11. Use of The Johns Hopkins University Names. Hybridon agrees that it shall have no right or license to use the names, likeness, or logos of The Johns Hopkins University or any of its schools or divisions of The Johns Hopkins Health Systems or any of its constituent parts and affiliated hospitals and companies, or any contraction or derivative thereof or the names of The Johns Hopkins University's faculty members, employees, and students in any press releases, general publications, advertising, marketing, promotional or sales literature without prior written consent from an authorized official of The Johns Hopkins University.

9.12. Product Marking. Hybridon shall mark and shall require Affiliates and Collaborative Partners to mark all packaging containing Licensed Products and/or items relating to the practice of the Licensed Method with the number of the applicable patents licensed hereunder in accordance with the laws of the country in which such items are distributed.

9.13. Independent Contractors. It is expressly agreed that each of the Parties shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture or agency. No Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other, without the prior consent of the other Party to do so.

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

9.14. Waiver. The waiver by either Party hereto of any right hereunder or the failure to perform or a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

9.15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Confidential materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

HYBRIDON INC.

By: (signed)

Name: E. Andrews Grinstead III
Title: Chairman, CEO and President

GENZYME CORPORATION

By: (signed)

Name: Thomas J. DesRosier
Title: Senior Vice President,
Chief Patent Counsel

Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote omissions.

Appendix A - Patent Rights

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Confidential materials omitted and filed separately with the Securities and Exchange Commission.
Asterisks denote omissions.

Appendix B

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LOAN AGREEMENT

LOAN AGREEMENT ("Agreement") dated as of October ____, 1999, is entered into by and among HYBRIDON, INC. (the "Borrower"), a Delaware corporation having its principal place of business at 155 Fortune Boulevard, Milford, Massachusetts 01757 and _____, with an address at _____, (the "Lenders").

W I T N E S S E T H:

WHEREAS, the Borrower has requested and the Lenders have agreed to make a loan to the Borrower in an aggregate principal amount of _____ Dollars and 00/100 (US$_____), the ("Loan") on the terms, and subject to the conditions set forth herein;

NOW, THEREFORE, IT IS AGREED that, in consideration of the premises and mutual agreements contained herein, the parties hereby agree as follows:

SECTION 1. THE LOAN.

1.1 Loan. Subject to and upon the terms and conditions set forth herein, Lenders agree to make the Loan to Borrower on October _____, 1999 in an aggregate principal amount of _____ Dollars and 00/100 (US$_____) (the "Loan"). At the Borrower's request, the Lenders may, but are not required to, make additional advances (up to a maximum of an additional US$_____) to the Borrower under this Agreement. Any such additional advances shall also be deemed to be part of the Loan hereunder.

1.2 Senior Indebtedness. The Lender and the Borrower intend that the Loan constitutes "Senior Indebtedness" under the Borrower's 9% Convertible Secured Notes due 2004.

1.3 Conversion of Loan. The parties agree that the Loan will be converted, at the Lenders' option, into either (a) preferred equity, or (b) secured debt, in each case on substantially the terms described in Exhibit A hereto, no later than December 31, 1999 (the "Conversion"). The Lenders shall notify the Borrower regarding which Conversion option (i.e. preferred equity or secured debt) it elects not later than December 17, 1999. At the Borrower's request, the Conversion may be effected prior to December 31, 1999, in which case the Borrower shall notify the Lenders (the "Conversion Notice") at least five (5) business days prior to the proposed Conversion date. Lenders shall have two (2) business days from the date of the Conversion Notice to notify the Borrower which Conversion option it elects.

SECTION 2. INTEREST RATE AND OTHER CHARGES.

2.1 Interest. (a) Borrower shall pay the Lenders interest monthly, in arrears, on the unpaid principal amount of the date the Conversion is effected (the "Conversion Date") at the rate of eight per cent (8%) per annum, payable in common stock of the Borrower at the rate of fifty cents (US$0.50) per share. Any common stock of the Borrower issued pursuant to this Section 2.1 shall bear an appropriate securities law legend and, at the request of Borrower, the issuance thereof shall be subject to the Lenders' execution and delivery of an appropriate private placement agreement.

(b) Interest shall accrue from and including the Closing Date and to but excluding the Conversion Date (or the date upon which the principal balance is paid in full) and shall be payable as provided above on the first business day of each month that the Loan is outstanding, commencing November 1, 1999 and upon any repayment (to the extent accrued on the amount being repaid), and at the Conversion Date.

(c) All computations of interest hereunder shall be made on the basis of a 360-day year consisting of 12 30-day months.

2.2 Excess Interest. In no event whatsoever shall the interest rate and other charges charged hereunder exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination,

deem applicable hereto. In the event that a court determines that the Lenders have received interest or other charges hereunder in excess of the highest permissible rate applicable thereto, the Lenders shall promptly refund the amount thereof to Borrower, and the provisions hereof shall be deemed amended to provide for such permissible rate.

SECTION 3. PRINCIPAL PAYMENTS AND REPAYMENTS.

3.1 Repayment and Conversion. The Loan shall be repaid as provided in this Section 3.1 or converted as provided in Section 1.3 above. Borrower may repay the Loan in whole or in part without premium or penalty at any time. Repayments of the Loan may not be re-borrowed. All repayments of the Loan or any portion thereof shall be made together with the payment of all interest accrued on the amount repaid through the date of such payment.

3.2 [Reserved]

3.3 Notices. Borrower shall give the Lenders five (5) days' prior written notice of each repayment of the Loan or any portion thereof. Each notice of repayment shall specify the amount of the Loan to be repaid and the date of repayment.

3.4 Payments Without Deductions. Borrower shall pay principal, interest, and all other amounts payable hereunder, or under the Note, without any deduction whatsoever, including, but not limited to, any deduction for any setoff or counterclaims

whatsoever, provided that with respect to withholding taxes Borrower may make such deductions as may be required by law if Lender fails to deliver a Form W-9 to Borrower.

SECTION 4. LEGAL EXPENSES AND SETOFF

4.1 (a) The Borrower agrees to pay on demand reasonable attorneys' fees of the Lenders in connection with the enforcement of the this Agreement and the Notes, whether in any action, suit or litigation, any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally or otherwise.

(b) The Borrower agrees not to assert any claim against any Lender or any of its affiliates, or any of its directors, officers, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential, or punitive damages arising out of or otherwise relating to any of the transactions contemplated herein or in the Notes.

(c) If the Borrower fails to pay when due any costs, expenses or other amounts payable by it under this Agreement, such amount may be paid on behalf of the Borrower by the Lenders in their sole discretion.

(d) The Borrower's obligations under this Section 4.1 shall survive any termination of this Agreement and the payment in full of the obligations hereunder, and are in addition to and not in substitution of any of its obligations in this Agreement or the Notes.

4.2 Right of Setoff. Upon the occurrence and during the continuance of any Event of Default each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all amounts such Lender may owe to Borrower pursuant to any agreement or otherwise to and in reduction of the obligations hereunder, irrespective of whether such Lender shall have made any demand under this Agreement or the Notes and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such setoff and application; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Lenders and their Affiliates under this Section 4.2 are in addition to other rights and remedies (including, without limitation, other rights of setoff) that the Lenders and their Affiliates may have.

SECTION 5. TERM.

The term of this Agreement commences on the Closing Date and shall extend through the date upon which all the Borrower's obligations hereunder and under

the Notes have been fulfilled.

SECTION 6. EVENTS OF DEFAULT

6.1 If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of, or interest on, the Loan, or the Borrower shall fail to make any other payment under this Agreement or the Notes, in each case when the same becomes due and payable and such failure continues unremedied for fifteen days after such amount was due and payable;

(b) the Borrower shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or the Borrower shall take any corporate action to authorize any of the actions set forth above in this Section 6.1; or

(c) any provision of this Agreement or the Notes shall for any reason cease to be valid and binding on or enforceable against the Borrower in any material respect, or the Borrower shall so state in writing;

then, and in any such event, the Lenders may, by notice to the Borrower, declare the Loan, all interest thereon and all other amounts payable under this Agreement and the Notes to be forthwith due and payable, whereupon the Loan, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, the Loan, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind.

Each Lender shall also have all of its rights and remedies under applicable law.

SECTION 7. DEFINITIONS.

7.1 Defined Terms. The following terms shall have the definitions set forth below.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the voting stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock, by contract or otherwise.

"Closing" means the funding of the Loan by the Lenders pursuant to this Agreement.

"Closing Date" means the date upon which the Lenders fund the Loan

pursuant to this Agreement.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Event of Default" has the meaning specified in Section 6.

"Notes" shall mean the Promissory Notes, dated of even date herewith, in the original aggregate principal amount of_____ dollars (US$_____), of the Borrower and payable to the Lenders, evidencing amounts outstanding under the Loan, as the same may be amended, extended, renewed, restated or replaced from time to time.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

SECTION 8. MISCELLANEOUS.

8.1 Certain Waivers. All obligations hereunder shall be payable by Borrower as provided for herein and, in full, at the termination of this Agreement; Borrower waives presentment and protest of any instrument and notice thereof, notice of default and, to the extent permitted by applicable law, all other notices to which Borrower might otherwise be entitled.

8.2 No Waiver by the Lenders. The Lenders' failure to exercise any right, remedy or option under this Agreement or any supplement or other agreement between the Lenders and Borrower or delay by the Lenders in exercising the same will not operate as a waiver. No waiver by the Lenders will be effective unless in writing and then only to the extent stated. No waiver by the Lenders shall affect their right to require strict

performance of this Agreement. The Lenders' rights and remedies will be cumulative and not exclusive.

8.3 Binding on Successor and Assigns. All terms, conditions, promises, covenants, provisions and warranties shall inure to the benefit of and bind the Lenders' and Borrower's respective representatives, successors and assigns.

8.4 Severability. If any provision of this Agreement shall be prohibited or invalid under applicable law, it shall be ineffective only to such extent, without invalidating the remainder of this Agreement.

8.5 Amendments; Assignments. This Agreement may not be modified, altered or amended, except by an agreement in writing signed by Borrower and the Lenders. Borrower may not sell, assign or transfer any interest in this Agreement or any other Loan Document, or any portion thereof, including, without limitation, any of Borrower's rights, title, interests, remedies, powers and duties hereunder or thereunder.

8.6 Integration. This Agreement, together with the Notes, reflect the entire understanding of the parties with respect to the transactions contemplated hereby.

8.7 Governing Law; Jurisdiction and Venue. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Massachusetts applicable to contracts made and to be performed entirely within such State.

8.8 Survival. All of the representations and warranties of Borrower contained in this Agreement shall survive the execution, delivery and acceptance thereof by the parties. No termination of this Agreement or of any guaranty of the obligations hereunder shall affect or impair the powers, obligations, duties, rights, representations, warranties or liabilities of the parties hereto and all shall survive such termination.

8.9 Notices. Any notice required hereunder shall be in writing and addressed to the Borrower and the Lenders at their addresses set forth at the beginning of this Agreement. Notices hereunder shall be deemed received on the

earlier of receipt, whether by mail, personal delivery, facsimile, overnight courier or otherwise, or three (3) days after deposit in the United States mail, postage prepaid.

8.10 Captions. The Section titles contained in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

8.11 Injunctive Relief. Borrower recognizes that, in the event Borrower fails to perform, observe or discharge any of its obligations under this Agreement, any remedy of law may prove to be inadequate relief to the Lenders. Therefore, the Lenders, if they so request, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

8.12 Counterparts; Telecopy Execution. This Agreement may be executed in any number of separate counterparts, each of which, when taken together, shall constitute one and the same agreement, admissible into evidence, notwithstanding the fact that all parties have not signed the same counterpart. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile shall also deliver a manually executed counterpart of this Agreement, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding affect of this Agreement.

8.13 Construction. The parties acknowledge that each party and its counsel have reviewed and participated in the preparation of this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

8.14 Time of Essence. Time is of the essence for the performance by Borrower of the obligations set forth in this Agreement.

8.15 MUTUAL WAIVER OF RIGHT TO JURY TRIAL. THE LENDERS AND BORROWER EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO: (i) THIS AGREEMENT; OR (ii) ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN THE LENDERS AND BORROWER; OR (iii) ANY CONDUCT, ACTS OR OMISSIONS OF THE LENDERS OR BORROWER OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH THE LENDERS OR BORROWER; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

8.16 AGENT. In the event more than one Person is named as Lender hereunder, each such Person, as a Lender hereunder, hereby appoints Amer Tabbah as its agent ("Agent") with full authority to take any action and to execute any instrument in the place and stead of such Lender to the same extent as the Lender may do or take hereunder, and any notices or other communications required to be given by the Borrower to the Lender shall be satisfied by the provision of same to the Agent.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be duly executed as of the day and year first above written.

HYBRIDON, INC.

By:

Name: Robert G. Andersen
Title: Vice President, Operations and Planning

[New Lenders]

By:

Amer Tabbah, Attorney-in-Fact

EXHIBIT A

HYBRIDON, INC.

CONVERSION PROVISION

Lenders will have the option to invest in two different financing vehicles as described below.

A. PREFERRED STOCK (MAXIMUM TEN MILLION DOLLARS [US$10MM])

- Rank senior to existing preferred stock, but junior to all debt.
- Dividend rate will be eight per cent (8%), payable semi-annually in arrears.
- Dividend is payable in Hybridon common stock, priced at market on the record date.
- Convertible to common at fifty cents (US$0.50) per share at any time.
- Callable by Hybridon at any time after three (3) years.

B. SECURED DEBT (MAXIMUM FIVE MILLION DOLLARS [US$5MM])

- Five (5) year term.
- Interest rate of eight per cent (8%), payable semi-annually in arrears.
- Interest is payable in cash or Hybridon common stock, at the Company's option. If paid in stock, the stock will be priced at market on the interest due date.
- Convertible into common stock at sixty cents (US$0.60) per share.
- Prepayable by Hybridon, in whole or in part, at any time in cash.
- If prepaid at Hybridon's election during the first three years of the term, Hybridon will issue a number of warrants to purchase common stock equal to the number of shares into which the amount prepaid was convertible, with a sixty cent (US$0.60) strike price.
- Secured by all assets.
- Ranks pari passu with the current six million dollars (US$6MM) loan.

THE TERMS OF THIS PROMISSORY NOTE ARE SUBJECT TO THE TERMS OF A SUBSCRIPTION AGREEMENT AND A LOAN AGREEMENT, COPIES OF WHICH ARE AVAILABLE FROM HYBRIDON, INC. THE SECURITIES REPRESENTED BY THIS PROMISSORY NOTE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENSE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE SECURITIES ACT. ANY SUCH TRANSFER MAY ALSO BE SUBJECT TO COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS AND THE LAWS OF OTHER APPLICABLE JURISDICTIONS.

PROMISSORY NOTE

US$_____ October ____, 1999
Milford, Massachusetts

FOR VALUE RECEIVED, the undersigned, Hybridon, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to _____ (the "Payee"), or his assigns, the principal sum of _____ Dollars (US$_____), together with interest thereon from the date hereof on the unpaid principal balance hereunder at the rate (the "Rate of Interest") (calculated on the basis of a 360-day year of twelve 30-day months) of eight percent (8%) per annum, payable in common stock of the Payee at the rate of fifty cents (US$0.50) per share. Interest on this Note shall be due and payable monthly in arrears on the first business day of each month commencing on November 1, 1999. Notwithstanding the foregoing, this Note may be revised or extended as provided in the Loan Agreement of even date herewith between the Maker and the Payee ("Loan Agreement"). All amounts due hereunder shall be subject to conversion into preferred stock of the Maker or secured debt, at the option of the Payee, as provided in the Loan Agreement. All cash payments under this Note shall be made in lawful money of the United States in immediately available funds. Any common stock of the Maker issued under this Note shall bear an appropriate securities law legend and, at the request of the Maker, the issuance thereof shall be subject to the Payee's execution and delivery of an appropriate private placement agreement.

Maker may repay all or any portion of the principal amount outstanding hereunder without premium or penalty at any time. All repayments of the principal amount

outstanding hereunder or any portion thereof shall be made together with the payment of all interest accrued on the amount repaid through the date of such repayment.

If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Maker shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Maker seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or the Maker shall take any corporate action to authorize any of the actions set forth above; or

(b) the Maker shall fail to pay any principal or interest hereunder, in each case when the same becomes due and payable, and such failure continues unremedied for fifteen days after such amount was due and payable; or

(c) an "Event of Default" as defined in the Loan Agreement shall occur and be continuing,

then, all unpaid principal of and interest on this Note shall become immediately due and payable, without presentment, demand, protest or further notice of any kind, and the Payee may proceed to protect and enforce its rights hereunder by an action at law, suit in equity or other appropriate proceeding, in the Payee's sole discretion.

In the event of any failure to make a full and timely payment of any amount due under this Note, or if any other event rendering the entire unpaid principal amount of this Note immediately due and payable shall occur, the Maker will pay to the Payee reasonable attorneys' fees incurred by Payee in connection with any action relating to collection of this Note.

No course of dealing and no delay or failure on the part of the Payee in exercising any right, power or remedy hereunder shall operate as a waiver thereof or otherwise prejudice any of the Payee's rights, powers and remedies, and no single or partial exercise of a right, power or remedy shall preclude a further exercise thereof or the exercise of another right, power or remedy. The Maker hereby waives presentment for payment, demand, protest, notice of dishonor and nonpayment, and all other notices and demands in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note. The Maker shall not have any right to offset any payments due to the Payee hereunder against any amounts claimed to be owed to Payee hereunder or otherwise, but shall be required to continue to make all payments to the Payee when due hereunder.

This Note shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to the conflict of laws principles thereof. Any provisions hereof which may prove unenforceable under any law shall not affect the validity of any other provisions hereof.

The Maker hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Note or the negotiation, administration, performance or enforcement hereof.

This Note may not be altered or amended except by a writing duly signed by the party against whom such alteration or amendment is sought to be enforced. All of the terms and provisions of this Note shall be applicable to and binding upon each and every maker, holder, endorser, surety, guarantor and all other persons who are or may become liable for the payment hereof and their respective successors or assigns.

IN WITNESS WHEREOF, the undersigned has duly caused this Note to be executed and delivered as of the date and year first above written.

HYBRIDON, INC.

By: _____

Name: Robert G. Andersen
Title: Vice President, Operations and Planning

LOAN AGREEMENT ("Agreement") dated as of September 1, 1999, is entered into by and among HYBRIDON, INC. (the "Borrower"), a Delaware corporation having its principal place of business at 155 Fortune Boulevard, Milford, Massachusetts 01757 and E. Andrews Grinstead III, residing at 33 Edgehill Road, Brookline, Massachusetts 02445, (the "Lenders").

W I T N E S S E T H:

WHEREAS, the Borrower has requested and the Lenders have agreed to make a loan to the Borrower in an aggregate principal amount of Five Hundred Thousand Dollars and 00/100 ($500,000), the ("Loan") on the terms, and subject to the conditions set forth herein;

NOW, THEREFORE, IT IS AGREED that, in consideration of the premises and mutual agreements contained herein, the parties hereby agree as follows:

SECTION 1. THE LOAN.

1.1 Loan. Subject to and upon the terms and conditions set forth herein, Lenders agree to make the Loan to Borrower on September 1, 1999 in an aggregate principal amount of Five Hundred Thousand Dollars and 00/100 ($500,000) (the "Loan"). At the Borrower's request, the Lenders may, but are not required to, make additional advances (up to a maximum of an additional $500,000) to the Borrower under this Agreement. Any such additional advances shall also be deemed to be part of the Loan hereunder.

1.2 Senior Indebtedness. The Lender and the Borrower agree that the Loan constitutes "Senior Indebtedness" under the Borrower's 9% Convertible Secured Notes due 2004.

1.3 Letter of Intent. It is the intent of the parties that, upon the closing of any third party debt financing which closes on or before March 1, 2000, including the Letter of Intent Transaction, the Loan will be converted into a portion of the credit facility made pursuant to such debt financing. If for any reason, however, a third party debt financing does not close on or before March 1, 2000, the Lenders shall have the option (a) to convert the entire Loan to a five-year term loan (maturing on August 31, 2004) substantially on the terms set forth in the Letter of Intent, in which event the Borrower shall issue to the Lenders the warrants which the Lenders would have otherwise received if the Loan had been made as part of the Letter of Intent Transaction, (b) to convert the entire Loan to a demand loan bearing interest at the rates provided in Section 2 below or (c) to declare the entire principal balance, together with accrued but unpaid interest thereon, immediately due and payable.

SECTION 2. INTEREST RATE AND OTHER CHARGES.

2.1 Interest. (a) Borrower shall pay the Lenders interest monthly, in arrears, on the unpaid principal amount of the Loan until the Loan has been paid in full at the following rate: at the option of the Lender, either (a) 12% per annum, payable in cash or (b) 15% per annum, payable in common stock of the Borrower at the rate of fifty cents ($0.50) per share. Any common stock of the Borrower issued pursuant to this Section 2.1 shall bear an appropriate securities law legend and the issuance thereof shall be subject to the Lender's execution and delivery of an appropriate private placement agreement.

(b) Interest shall accrue from and including the Closing Date to but excluding the date of any repayment and shall be payable, in cash or in common stock, as provided above, on the first business day of each month that the Loan is outstanding, commencing October 1, 1999 and upon any prepayment (to the extent accrued on the amount being prepaid), and at maturity.

(c) All computations of interest hereunder shall be made on the basis of a 360-day year consisting of 12 30-day months.

2.2 Excess Interest. In no event whatsoever shall the interest rate and other charges charged hereunder exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that a court determines that the Lenders have received interest or other charges hereunder in excess of the highest

permissible rate applicable thereto, the Lenders shall promptly apply such excess to the Obligations in such order as the Lenders shall determine in their discretion or refund the amount thereof to Borrower, and the provisions hereof shall be deemed amended to provide for such permissible rate.

SECTION 3. PRINCIPAL PAYMENTS AND PREPAYMENTS.

3.1 Repayment. Except as provided in Section 1.3 above, Borrower shall pay to the Lenders the principal amount of the Loan, less any principal prepayments made pursuant to the terms of this Agreement, on or before March 1, 2000.

3.2 Prepayments. Borrower may prepay the Loan in whole or in part without premium or penalty at any time. Prepayments of the Loan may not be re-borrowed. All prepayments of the Loan or any portion thereof shall be made together with the payment of all interest accrued on the amount repaid through the date of such prepayment.

3.3 Notices. Borrower shall give the Lenders ten days' prior written notice of each prepayment of the Loan. Each notice of prepayment shall specify the amount of the Loan to be prepaid and the date of prepayment.

3.4 Payments Without Deductions. Borrower shall pay principal, interest, and all other amounts payable hereunder, or under any Loan Document, without any deduction whatsoever, including, but not limited to, any deduction for any setoff or counterclaims

whatsoever, provided that with respect to withholding taxes Borrower may make such deductions as may be required by law if Lender fails to deliver a Form W-9 to Borrower.

SECTION 4. COSTS AND EXPENSES, INDEMNITY AND SETOFF

4.1 (a) The Borrower agrees to pay on demand all costs and expenses of the Lenders in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally or otherwise (including, without limitation, the fees and expenses of counsel for the Lenders with respect thereto).

(b) The Borrower agrees to indemnify and hold harmless the Lenders and each of their respective Affiliates, officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims that may be asserted against, and any and all damages, claims, losses, liabilities, deficiencies, judgments, costs and expenses of any kind (including, without limitation, amounts paid in settlement, court costs, reasonable fees and expenses of counsel and other professionals) (collectively, "Indemnified Liabilities") that may be incurred by or awarded against, any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with this Agreement or any other Loan Document, or the exercise of any right or remedy hereunder, in each case whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law of public policy, the Borrower will contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnified Parties or any of them. The Borrower also agrees not to assert any claim against any Lender or any of its affiliates, or any of its directors, officers, employees, attorneys or agents, on any theory of liability, for special, indirect, consequential, punitive or other damages arising out of or otherwise relating to any of the transactions contemplated herein or in any other Loan Document.

(c) If the Borrower fails to pay when due any costs, expenses or

other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of the Borrower by the Lenders in their sole discretion.

(d) The Borrower's obligations under this Section 4.1 shall survive any termination of this Agreement and the payment in full of the Obligations, and are in addition to and not in substitution of any of its obligations in this Agreement or the other Loan Documents.

4.2 Right of Setoff. Upon the occurrence and during the continuance of any Event of Default each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all amounts any Lender may owe to Borrower pursuant to any agreement or otherwise to and in reduction of the Obligations hereunder, irrespective of whether such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such setoff and application; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender and its Affiliates under this Section 4.2 are in addition to other rights and remedies (including, without limitation, other rights of setoff) that such Lender and its Affiliates may have.

SECTION 5. TERM.

The term of this Agreement commences on the Closing Date and shall extend through the date upon which all Obligations have been fulfilled.

SECTION 6. EVENTS OF DEFAULT

6.1 If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of, or interest on, the Loan, or the Borrower shall fail to make any other payment under any Loan Document, in each case when the same becomes due and payable and such failure continues unremedied for fifteen days after such amount was due and payable;

(b) the Borrower shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or the Borrower shall take any corporate action to authorize any of the actions set forth above in this Section 6.1; or

(c) any provision of any Loan Document shall for any reason cease to be valid and binding on or enforceable against the Borrower in any material respect, or the Borrower shall so state in writing;

then, and in any such event, the Lenders may, by notice to the Borrower, declare the Loan, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Loan, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower;

provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, the Loan, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

Each Lender shall also have all of its rights and remedies under applicable law.

SECTION 7. DEFINITIONS.

7.1 Defined Terms. The following terms shall have the definitions set forth below.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the voting stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock, by contract or otherwise.

"Closing" means the funding of the Loan by the Lenders pursuant to this Agreement.

"Closing Date" means the date of the Closing.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Event of Default" has the meaning specified in Section 6.

"Letter of Intent Transaction" means the transaction described in the draft Letter of Intent (the "Letter of Intent"), a copy of which is attached hereto as Exhibit A.

"Loan Documents" means, collectively, this Agreement, the Note, the Security Agreement, any other note or notes executed by Borrower and payable to Lender, and any other agreement entered into in connection with this Agreement, together with all amendments, changes, extensions, modifications, refinancings, refundings, renewals, replacements, restatements, or supplements, of or to any of the foregoing.

"Note" shall mean that certain Promissory Note, dated of even date herewith, in the original aggregate principal amount of $500,000, of the Borrower and payable to the Lender, evidencing amounts outstanding under the Loan, as the same may be amended, extended, renewed, restated or replaced from time to time.

"Obligations" means all present and future loans, advances, debts, liabilities, obligations, covenants, duties and indebtedness at any time owing by Borrower to the Lenders, whether evidenced by this Agreement, any note or other instrument or document, whether arising from an extension of credit, opening of a letter of credit, banker's acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment and any participation by the Lenders in Borrower's debts owing to others), absolute or contingent, due or to become due, and all interest, charges, expenses, fees, attorneys, fees and any other sums chargeable to Borrower hereunder or under any other agreement with Lender.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Security Agreement" means the Security Agreement of even date herewith between the Borrower and the Lenders.

SECTION 8. MISCELLANEOUS.

8.1 Certain Waivers. All Obligations shall be payable by Borrower as provided for herein and, in full, at the termination of this Agreement; Borrower waives presentment and protest of any instrument and notice thereof, notice of default and, to the extent permitted by applicable law, all other notices to which Borrower might otherwise be entitled.

8.2 No Waiver by the Lenders. The Lenders failure to exercise any right, remedy or option under this Agreement or any supplement or other agreement between the Lenders and Borrower or delay by the Lenders in exercising the same will not operate as a waiver. No waiver by the Lenders will be effective unless in writing and then only to the extent stated. No waiver by the Lenders shall affect it right to require strict performance of this Agreement. The Lenders' rights and remedies will be cumulative and not exclusive.

8.3 Binding on Successor and Assigns. All terms, conditions, promises, covenants, provisions and warranties shall inure to the benefit of and bind the Lenders and Borrower's respective representatives, successors and assigns.

8.4 Severability. If any provision of this Agreement shall be prohibited or invalid under applicable law, it shall be ineffective only to such extent, without invalidating the remainder of this Agreement.

8.5 Amendments; Assignments. This Agreement may not be modified, altered or amended, except by an agreement in writing signed by Borrower and the Lenders. Borrower may not sell, assign or transfer any interest in this Agreement or any other Loan Document, or any portion thereof, including, without limitation, any of Borrower's rights, title, interests, remedies, powers and duties hereunder or thereunder.

8.6 Integration. This Agreement, together with the other Loan Documents, reflect the entire understanding of the parties with respect to the transactions contemplated hereby.

8.7 Governing Law; Jurisdiction and Venue. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Massachusetts applicable to contracts made and to be performed entirely within such State.

8.8 Survival. All of the representations and warranties of Borrower contained in this Agreement shall survive the execution, delivery and acceptance thereof by the parties. No termination of this Agreement or of any guaranty of the Obligations shall affect or impair the powers, obligations, duties, rights, representations, warranties or liabilities of the parties hereto and all shall survive such termination.

8.9 Notices. Any notice required hereunder shall be in writing and addressed to the Borrower and the Lenders at their addresses set forth at the beginning of this Agreement. Notices hereunder shall be deemed received on the earlier of receipt, whether by mail, personal delivery, facsimile, overnight courier or otherwise, or three (3) days after deposit in the United States mail, postage prepaid.

8.10 Captions. The Section titles contained in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

8.11 Injunctive Relief. Borrower recognizes that, in the event Borrower fails to perform, observe or discharge any of its Obligations under this Agreement, any remedy of law may prove to be inadequate relief to the Lenders. Therefore, the Lenders, if they so request, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

8.12 Counterparts; Telecopy Execution. This Agreement may be executed in any number of separate counterparts, each of which, when taken together, shall constitute one and the same agreement, admissible into evidence, notwithstanding the fact that all parties have not signed the same counterpart. Delivery of an executed counterpart of this Agreement by telefacsimile shall be

equally as effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile shall also deliver a manually executed counterpart of this Agreement, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding affect of this Agreement.

8.13 Construction. The parties acknowledge that each party and its counsel have reviewed and participated in the preparation of this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

8.14 Time of Essence. Time is of the essence for the performance by Borrower of the Obligations set forth in this Agreement.

8.15 MUTUAL WAIVER OF RIGHT TO JURY TRIAL. THE LENDERS AND BORROWER EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO: (i) THIS AGREEMENT; OR (ii) ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN THE LENDERS AND BORROWER; OR (iii) ANY CONDUCT, ACTS OR OMISSIONS OF THE LENDERS OR BORROWER OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH THE LENDERS OR BORROWER; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be duly executed as of the day and year first above written.

HYBRIDON, INC.

By: _____

Name Robert G. Andersen
Title: Vice President, Operations and Planning

_____
E. Andrews Grinstead III

TERM PROMISSORY NOTE

$500,000 September 1, 1999
Milford, Massachusetts

FOR VALUE RECEIVED, the undersigned, Hybridon, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to E. Andrews Grinstead III (the "Payee"), or his assigns, the principal sum of Five Hundred Thousand Dollars ($500,000), together with interest thereon from the date hereof at the following rate (the "Rate of Interest") (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance hereunder: at the option of the Lender, either (a) 12% per annum, payable in cash or (b) 15% per annum, payable in common stock of the Payee at the rate of fifty cents ($0.50) per share. Interest on this Note shall be due and payable monthly in arrears on the first business day of each month commencing on October 1, 1999 until March 1, 2000. Notwithstanding the foregoing, this Note may be revised or extended as provided in the Loan Agreement of even date herewith between the Maker and the Payee ("Loan Agreement"). All cash payments under this Note shall be made in lawful money of the United States in immediately available funds. Any common stock of the Maker issued under this Note shall bear an appropriate securities law legend and the issuance thereof shall be subject to the Payee's execution and delivery of an appropriate private placement agreement.

Maker may prepay all or any portion of the principal amount outstanding hereunder without premium or penalty at any time. All prepayments of the principal amount outstanding hereunder or any portion thereof shall be made together with the payment of all interest accrued on the amount repaid through the date of such prepayment.

If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Maker shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Maker seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or the Maker shall take any corporate action to authorize any of the actions set forth above; or

(b) any event or condition shall occur which results in the acceleration of the maturity of any indebtedness of the Maker; or

(c) the Maker shall fail to pay any principal or interest hereunder, in each case when the same becomes due and payable, and such failure continues unremedied for fifteen days after such amount was due and payable; or

(d) an "Event of Default" as defined in the Loan Agreement shall occur and be continuing,

then, all unpaid principal of and interest on this Note shall become immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Maker, and the Payee may proceed to protect and enforce its rights hereunder by an action at law, suit in equity or other appropriate proceeding, in the Payee's sole discretion. The Maker shall forthwith notify the Payee, in writing, of the occurrence of any event which is, or with the passage of time would be, an Event of Default.

In the event of any failure to make a full and timely payment of any amount due under this Note, or if any other event rendering the entire unpaid principal amount of this Note immediately due and payable shall occur, the Maker will pay to the Payee such further amount as shall be sufficient to cover all costs and expenses directly or indirectly incurred in connection with any action relating to collection of this Note and/or the enforcement of the Payee's rights with respect to, or the administration, supervision, preservation, protection of, or realization upon, any property securing payment hereof (including expenses incurred in the defense of counterclaims whether or not related to this Note), including but not limited to attorneys' fees, expenses and disbursements.

No course of dealing and no delay or failure on the part of the Payee in exercising any right, power or remedy hereunder shall operate as a waiver thereof or otherwise prejudice any of the Payee's rights, powers and remedies, and no single or partial exercise of a right, power or remedy shall preclude a further exercise thereof or the exercise of another right, power or remedy. The Maker hereby waives presentment for payment, demand, protest, notice of dishonor and nonpayment, and all other notices and demands in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note. The Maker shall not have any right to offset any payments due to the Payee hereunder against any amounts claimed to be owed to Payee hereunder or otherwise, but shall be required to continue to make all payments to the Payee when due hereunder.

This Note shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to the conflict of laws principles thereof. Any provisions hereof which may prove unenforceable under any law shall not affect the validity of any other provisions hereof.

The Maker hereby irrevocably waives all right to trial by jury in any action,

proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Note or the negotiation, administration, performance or enforcement hereof.

This Note may not be altered or amended except by a writing duly signed by the party against whom such alteration or amendment is sought to be enforced. All of the terms and provisions of this Note shall be applicable to and binding upon each and every maker, holder, endorser, surety, guarantor and all other persons who are or may become liable for the payment hereof and their respective successors or assigns.

IN WITNESS WHEREOF, the undersigned has duly caused this Note to be executed and delivered as of the date and year first above written.

HYBRIDON, INC

By: _____

Name: Robert G. Andersen
Title: Vice President, Operations and Planning

TERM PROMISSORY NOTE

$500,000 September 27, 1999
Milford, Massachusetts

FOR VALUE RECEIVED, the undersigned, Hybridon, Inc., a Delaware corporation (the "Maker"), hereby promises to pay to E. Andrews Grinstead III (the "Payee"), or his assigns, the principal sum of Five Hundred Thousand Dollars ($500,000), together with interest thereon from the date hereof at the following rate (the "Rate of Interest") (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance hereunder: at the option of the Lender, either (a) 12% per annum, payable in cash or (b) 15% per annum, payable in common stock of the Payee at the rate of fifty cents ($0.50) per share. Interest on this Note shall be due and payable monthly in arrears on the first business day of each month commencing on October 1, 1999 until March 1, 2000. Notwithstanding the foregoing, this Note may be revised or extended as provided in the Loan Agreement dated September 1, 1999 between the Maker and the Payee ("Loan Agreement"). All cash payments under this Note shall be made in lawful money of the United States in immediately available funds. Any common stock of the Maker issued under this Note shall bear an appropriate securities law legend and the issuance thereof shall be subject to the Payee's execution and delivery of an appropriate private placement agreement.

Maker may prepay all or any portion of the principal amount outstanding hereunder without premium or penalty at any time. All prepayments of the principal amount outstanding hereunder or any portion thereof shall be made together with the payment of all interest accrued on the amount repaid through the date of such prepayment.

If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Maker shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Maker seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or the Maker shall take any corporate action to authorize any of the actions set forth above; or

(b) any event or condition shall occur which results in the acceleration of the maturity of any

indebtedness of the Maker; or

(c) the Maker shall fail to pay any principal or interest hereunder, in each case when the same becomes due and payable, and such failure continues unremedied for fifteen days after such amount was due and payable; or

(d) an "Event of Default" as defined in the Loan Agreement shall occur and be continuing,

then, all unpaid principal of and interest on this Note shall become immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Maker, and the Payee may proceed to protect and enforce its rights hereunder by an action at law, suit in

equity or other appropriate proceeding, in the Payee's sole discretion. The Maker shall forthwith notify the Payee, in writing, of the occurrence of any event which is, or with the passage of time would be, an Event of Default.

In the event of any failure to make a full and timely payment of any amount due under this Note, or if any other event rendering the entire unpaid principal amount of this Note immediately due and payable shall occur, the Maker will pay to the Payee such further amount as shall be sufficient to cover all costs and expenses directly or indirectly incurred in connection with any action relating to collection of this Note and/or the enforcement of the Payee's rights with respect to, or the administration, supervision, preservation, protection of, or realization upon, any property securing payment hereof (including expenses incurred in the defense of counterclaims whether or not related to this Note), including but not limited to attorneys' fees, expenses and disbursements.

No course of dealing and no delay or failure on the part of the Payee in exercising any right, power or remedy hereunder shall operate as a waiver thereof or otherwise prejudice any of the Payee's rights, powers and remedies, and no single or partial exercise of a right, power or remedy shall preclude a further exercise thereof or the exercise of another right, power or remedy. The Maker hereby waives presentment for payment, demand, protest, notice of dishonor and nonpayment, and all other notices and demands in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note. The Maker shall not have any right to offset any payments due to the Payee hereunder against any amounts claimed to be owed to Payee hereunder or otherwise, but shall be required to continue to make all payments to the Payee when due hereunder.

This Note shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to the conflict of laws principles thereof. Any provisions hereof which may prove unenforceable under any law shall not affect the validity of any other provisions hereof.

The Maker hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Note or the negotiation, administration, performance or enforcement hereof.

This Note may not be altered or amended except by a writing duly signed by the party against whom such alteration or amendment is sought to be enforced. All of the terms and

provisions of this Note shall be applicable to and binding upon each and every maker, holder, endorser, surety, guarantor and all other persons who are or may become liable for the payment hereof and their respective successors or assigns.

IN WITNESS WHEREOF, the undersigned has duly caused this Note to be executed and delivered as of the date and year first above written.

HYBRIDON, INC.

By: _____

Name: Robert G. Andersen
Title: Vice President, Operations and Planning

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