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# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2005, or

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

For transition period from _____.

Commission File Number 001-31918

# 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)* |

**345 Vassar Street**
**Cambridge, Massachusetts 02139**
*(Address of principal executive offices)*

**(617) 679-5500**
*(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 ☑ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

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

| **Common Stock, par value $.001 per share** | **111,029,934** |
|---|---|
| Class | Outstanding as of May 1, 2005 |

**HYBRIDON, INC.**

**FORM 10-Q**

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Hybridon®, IMOxine® and GEM® are our registered trademarks. Amplivax™ and IMO™ are also our trademarks. Other trademarks appearing in this quarterly report are the property of their respective owners.

## PART I — FINANCIAL STATEMENTS

**ITEM 1 – *UNAUDITED FINANCIAL STATEMENTS***

**HYBRIDON, INC. AND SUBSIDIARIES**

**CONSOLIDATED CONDENSED BALANCE SHEETS**

**(UNAUDITED)**

| | MARCH 31, 2005 | DECEMBER 31, 2004 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,696,737 | $ 5,021,860 |
| Short-term investments | 7,390,280 | 9,391,140 |
| Receivables | 209,035 | 293,113 |
| Prepaid expenses and other current assets | 435,598 | 333,316 |
| Total current assets | 11,731,650 | 15,039,429 |
| Property and equipment, net | 321,057 | 351,791 |
| Total Assets | $ 12,052,707 | $ 15,391,220 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 471,815 | $ 354,736 |
| Accrued expenses | 1,109,199 | 1,332,150 |
| Current portion of deferred revenue | 152,537 | 171,287 |
| Total current liabilities | 1,733,551 | 1,858,173 |
| Non-current portion of accrued expenses | 150,000 | 240,000 |
| Deferred revenue, net of current portion | 491,771 | 523,655 |
| Stockholders' equity: | | |
| Preferred stock, $0.01 par value | | |
| Authorized — 5,000,000 shares | | |
| Series A convertible preferred stock | | |
| Designated — 1,500,000 shares | | |
| Issued and outstanding — 655 at March 31, 2005 and December 31, 2004 | 7 | 7 |
| Common stock, $0.001 par value | | |
| Authorized—185,000,000 shares | | |
| Issued and outstanding — 111,009,836 and 110,931,529 shares at March 31, 2005 and December 31, 2004, respectively | 111,010 | 110,932 |
| Additional paid-in capital | 312,109,442 | 311,988,467 |
| Accumulated deficit | (302,516,293) | (299,293,785) |
| Accumulated other comprehensive loss | (9,720) | (14,989) |
| Deferred compensation | (17,061) | (21,240) |
| Total stockholders' equity | 9,677,385 | 12,769,392 |
| Total Liabilities and Stockholders' Equity | $ 12,052,707 | $ 15,391,220 |

**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 MARCH 31, | |
|---|---|---|
| | 2005 | 2004 |
| Alliance revenue | $ 171,285 | $ 645,185 |
| Operating expenses: | | |
| Research and development | 2,598,676 | 2,805,340 |
| General and administrative | 778,336 | 896,641 |
| Stock-based compensation from repriced options (*) | 83,753 | (317,138) |
| Total operating expenses | 3,460,765 | 3,384,843 |
| Loss from operations | (3,289,480) | (2,739,658) |
| Other income (expense): | | |
| Investment income, net | 67,136 | 36,149 |
| Interest expense | — | (29,385) |
| Net loss | (3,222,344) | (2,732,894) |
| Accretion of preferred stock dividends (Note 7) | (164) | (2,675,519) |
| Net loss applicable to common stockholders | $ (3,222,508) | $ (5,408,413) |
| Basic and diluted net loss per share (Note 3) | $ (0.03) | $ (0.04) |
| Basic and diluted net loss per share applicable to common stockholders (Note 3) | $ (0.03) | $ (0.07) |
| Shares used in computing basic and diluted loss per common share | 110,967,025 | 80,972,146 |
| (*) The following summarizes the allocation of stock-based compensation from repriced options: | | |
| Research and development | $ 60,223 | $ (230,369) |
| General and administrative | 23,530 | (86,769) |
| Total | $ 83,753 | $ (317,138) |

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

**HYBRIDON, INC. AND SUBSIDIARIES**

**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**

**(UNAUDITED)**

| | THREE MONTHS ENDED MARCH 31, | |
|---|---|---|
| | **2005** | **2004** |
| **Cash Flows From Operating Activities:** | | |
| Net loss | $(3,222,344) | $(2,732,894) |
| Adjustments to reconcile net loss to net cash used in operating activities - | | |
| Loss on disposal of property and equipment | 2,134 | — |
| Stock-based compensation | 83,753 | (317,138) |
| Depreciation and amortization | 46,945 | 64,163 |
| Issuance of common stock for services rendered | 8,235 | 72,286 |
| Non-cash interest expense | — | 29,385 |
| Changes in operating assets and liabilities - | | |
| Accounts receivable | 84,078 | (462,136) |
| Prepaid expenses and other current assets | (102,282) | (101,485) |
| Accounts payable and accrued expenses | (195,872) | 53,681 |
| Deferred revenue | (50,634) | (31,884) |
| Net cash used in operating activities | (3,345,987) | (3,426,022) |
| **Cash Flows From Investing Activities:** | | |
| Purchase of available for sale securities | — | (4,357,371) |
| Proceeds from sale of available-for-sale securities | 2,000,000 | 2,000,000 |
| Purchase of property and equipment | (8,037) | (2,548) |
| Net cash provided by (used in) investing activities | 1,991,963 | (2,359,919) |
| **Cash Flow From Financing Activities:** | | |
| Issuance costs from financing | — | (15,883) |
| Proceeds from exercise of common stock options and warrants | 28,901 | 95,576 |
| Net cash provided by financing activities | 28,901 | 79,693 |
| Net decrease in cash and cash equivalents | (1,325,123) | (5,706,248) |
| Cash and cash equivalents, beginning of period | 5,021,860 | 7,607,655 |
| Cash and cash equivalents, end of period | $ 3,696,737 | $ 1,901,407 |
| **Supplemental disclosure of non-cash financing and investing activities:** | | |
| Accretion of Series A convertible preferred stock dividends (Note 7) | $ (164) | $ (569,841) |
| Dividend from induced conversion of Series A preferred stock (Note 7) | $ — | $ 3,245,360 |
| Conversion of Series A preferred stock into common stock | $ — | $ 14,370 |
| Issuance of stock for services | $ 8,235 | $ 72,286 |

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

**HYBRIDON, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

**MARCH 31, 2005**

**(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, development and commercialization of novel therapeutics based on synthetic DNA for the treatment of cancer, asthma/allergies and infectious diseases. Hybridon's activities are primarily focused on the development of its immunomodulatory oligonucleotide, or IMO, technology. Hybridon's IMO compounds are synthetic DNA-based sequences that are designed to mimic bacterial DNA and be recognized by a specific protein receptor called Toll-like Receptor 9, or TLR9, which triggers the activation and modulation of the immune system. The Company has also been a pioneer in the development of antisense technology, which uses synthetic DNA to block the production of disease causing proteins at the cellular level. In 2003 and 2004, Hybridon devoted substantially all of its research and development efforts to developing its IMO technology and products and expects to continue to focus its research and development efforts in 2005 and in future years on its IMO technology and products. The Company plans to continue to seek to enter into collaborations with third parties for the development and commercialization of products based on its antisense technology.

Based on its current operating plan, the Company believes that its existing cash, cash equivalents and short-term investments will be sufficient to fund operations midway through the first quarter of 2006. The Company's actual cash requirements will depend on many factors, including particularly the scope and pace of its research and development efforts and its success in entering into strategic alliances.

The Company does not expect to generate significant additional funds internally until it successfully completes development and obtains marketing approval for products, either alone or in collaborations with third parties, which the Company expects will take a number of years. In addition, it has no committed external sources of funds. As a result, in order for the Company to continue to pursue its clinical and preclinical development programs and continue its operations beyond midway through the first quarter of 2006, the Company must raise additional funds from debt, equity financings or from collaborative arrangements with biotechnology or pharmaceutical companies. There can be no assurance that the requisite funds will be available in the necessary time frame or on terms acceptable to the Company. If the Company is unable to raise sufficient funds, the Company may be required to delay, scale back or eliminate some or all of its operating plans and possibly relinquish rights to portions of the Company's technology or products. In addition, increases in expenses or delays in clinical development may adversely impact the Company's cash position and require further cost reductions. No assurance can be given that the Company will be able to operate profitably on a consistent basis, or at all, in the future.

(2) Unaudited Interim Financial Statements

The accompanying unaudited consolidated condensed financial statements included herein have been prepared by the Company in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, 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. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of interim period results have been included. The Company believes that its disclosures are adequate to make the information presented not misleading. Interim results for the three-month period ended March 31, 2005 are not necessarily indicative of results that may be expected for the year ended December 31, 2005. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, which was filed with the Securities and Exchange Commission on March 25, 2005.

(3) Net Loss per Common Share

The following table sets forth the computation of basic and diluted loss per share:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2005 | 2004 |
| Numerator: | | |
| Net loss | $ (3,222,344) | $ (2,732,894) |
| Accretion of preferred stock dividends | (164) | (2,675,519) |
| Numerator for basic and diluted loss per share applicable to common stockholders | $ (3,222,508) | $ (5,408,413) |
| Denominator for basic and diluted loss per share | 110,967,025 | 80,972,146 |
| Loss per share – basic and diluted: | | |
| Net loss per share | $ (0.03) | $ (0.04) |
| Accretion of preferred stock dividends | — | (0.03) |
| Net loss per share applicable to common stockholders | $ (0.03) | $ (0.07) |

Basic net loss per common share is computed using the weighted average number of shares of common stock outstanding during the period. For the three months ended March 31, 2005 and 2004, diluted net loss per share of common stock is the same as basic net loss per share of common stock, as the effects of the Company's potential common stock equivalents are antidilutive. Total antidilutive securities were 32,121,929 and 24,983,929 for the three months ended March 31, 2005 and 2004, respectively. These antidilutive securities include stock options, warrants and convertible preferred stock and are not included in the Company's calculation of diluted net loss per common share. Antidilutive securities for the three months ended March 31, 2004 also included convertible debt instruments on an as-converted basis.

(4) Cash Equivalents and Investments

The Company considers all highly liquid investments with maturities of 90 days or less when purchased to be cash equivalents. Cash and cash equivalents at March 31, 2005 and December 31, 2004 consisted of cash and money market funds.

The Company accounts for investments in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Management determines the appropriate classification of marketable securities at the time of purchase. In accordance with SFAS No. 115, investments that the Company does not have the positive intent to hold to maturity are classified as "available-for-sale" and reported at fair market value. Unrealized gains and losses associated with "available-for-sale" investments are recorded in "Accumulated other comprehensive loss" on the accompanying consolidated balance sheet. The amortization of premiums and accretion of discounts, and any realized gains and losses and declines in value judged to be other than temporary, and interest and dividends are included in "Investment income, net" on the accompanying consolidated statement of operations for all available-for-sale securities. The Company had no "held-to-maturity" investments, as defined by SFAS No. 115, at March 31, 2005 and December 31, 2004. The cost of securities sold is based on the specific identification method. The Company had no realized gains or losses for the three-month periods ended March 31, 2005 and 2004. There were no losses or permanent declines in value included in "investment income" for any securities in the three months ended March 31, 2005 and 2004.

The Company had no long-term investments as of March 31, 2005 and December 31, 2004. Available-for-sale securities are classified as short-term regardless of their maturity date if the Company has them available to fund operations within one year of the balance sheet date. Auction securities are highly liquid securities that have floating interest or dividend rates that reset periodically through an auctioning process that sets rates based on bids. Issuers include municipalities, closed-end bond funds and corporations. These securities can either be debt or preferred shares. The Company's short-term investments consisted of the following at March 31, 2005 and December 31, 2004:

| | March 31, 2005 | December 31, 2004 |
|---|---|---|
| Short-term available-for-sale investments at market value: | | |
| Corporate bonds | $ — | $ 2,004,150 |
| Government bonds | 2,990,280 | 2,986,990 |
| Auction securities | 4,400,000 | 4,400,000 |
| Total | $7,390,280 | $ 9,391,140 |

(5) Property and Equipment

At March 31, 2005 and December 31, 2004, net property and equipment at cost consists of the following:

| | March 31, 2005 | December 31, 2004 |
|---|---|---|
| Leasehold improvements | $ 424,500 | $ 424,500 |
| Laboratory equipment and other | 1,703,723 | 1,804,799 |
| Total property and equipment, at cost | 2,128,223 | 2,229,299 |
| Less: Accumulated depreciation and amortization | 1,807,166 | 1,877,508 |
| Property and equipment, net | $ 321,057 | $ 351,791 |

In the first quarter of 2005, the Company wrote off unused property and equipment that had a gross cost of approximately $109,000 resulting in a loss of approximately $2,000.

(6) Stock-Based Compensation Related to Repriced Options

In September 1999, the Company's Board of Directors authorized the repricing of options to purchase 5,251,827 shares of common stock to $0.50 per share, which represented the market value of the common stock on the date of the repricing. These options are subject to variable plan accounting which requires the Company to remeasure the intrinsic value of the repriced options, through the earlier of the date of exercise, cancellation or expiration, at each reporting date. For the three months ended March 31, 2005, the Company recognized approximately $84,000 as stock compensation expense from repriced options as a result of an increase in the intrinsic value of these options between December 31, 2004 and March 31, 2005. For the three months ended March 31, 2004, the Company recognized a credit of approximately $317,000 for stock compensation from repriced options as a result of a decrease in the intrinsic value of these options between December 31, 2003 and March 31, 2004. As of March 31, 2005 and 2004, respectively, options to purchase 2,371,922 and 2,431,549 shares were subject to variable plan accounting.

(7) Series A Convertible Preferred Stock

On December 4, 2003, the Company's stockholders approved amendments to the Company's Restated Certificate of Incorporation that:

- reduced the liquidation preference of the Company's Series A convertible preferred stock from $100 per share to $1 per share;
- reduced the annual dividend on the Company's Series A convertible preferred stock from 6.5% to 1%; and
- increased the number of shares of the Company's common stock issuable upon conversion of the

Company's Series A convertible preferred stock by 25% over the number of shares that would otherwise be issuable for a 60-day conversion period between December 4, 2003 and February 2, 2004 inclusive.

During the 60-day conversion period, the conversion ratio was increased so that the Series A convertible preferred stockholders could receive approximately 29.41 shares of common stock for each share of Series A convertible preferred stock converted instead of the stated conversion rate of 23.53 shares. The value of the additional shares issued during the 60-day conversion period was recorded as an addition to dividends in the statement of operations at the time of conversion. For the three months ended March 31, 2004 the Company recorded $3.2 million of preferred stock dividends related to the additional shares issued. During the 60-day conversion period, 99.9% of the Series A convertible preferred stock was converted to common stock.

The combined effects of the amendments to the Company's Restated Certificate of Incorporation and the Series A convertible preferred stock conversions are as follows:

| | December 3, 2003 | December 31, 2003 | February 2, 2004 |
|---|---|---|---|
| Shares: | | | |
| Series A convertible preferred stock outstanding | 722,727 | 489,205 | 635 |
| Common stock issued upon conversions (cumulative) | — | 6,868,288 | 21,238,028 |
| Common stock outstanding | 63,595,442 | 70,482,570 | 84,900,627 |
| Series A preferred liquidation preference | $ 73,055,654 | $ 494,912 | $ 643 |
| Annual dividend amount | $ 4,697,726 | $ 937,643 | $ 864 |

From January 1, 2004 through March 31, 2004, 488,570 shares of Series A convertible preferred stock were converted into 14,369,740 shares of the Company's common stock at the adjusted conversion ratio. As a result of these conversions, $570,000 of dividends accreted during the year ended December 31, 2003 were reversed during the three month period ended March 31, 2004 because the former holders of these shares of Series A convertible preferred stock were no longer entitled to such dividends once their shares of series A convertible preferred stock were converted into common stock.

As a result of the amendments to the Company's Restated Certificate of Incorporation and the Series A convertible preferred stock conversions, the Series A convertible preferred stock liquidation preference was reduced from $73,055,654 at December 3, 2003 to $494,912 at December 31, 2003 and $643 at March 31, 2004.

(8) Stock-Based Compensation

The Company applies the disclosure-only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*. The Company continues to account for employee stock compensation at intrinsic value, in accordance with Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations, with disclosure of the effects of fair value accounting on net income or net loss and related per share amounts on a pro forma basis.

The pro forma effect of applying SFAS No. 123 for the three months ended March 31, 2005 and 2004 would be as follows:

| | March 31, | |
|---|---|---|
| | 2005 | 2004 |
| Net loss applicable to common stockholders, as reported | $(3,222,508) | $(5,408,413) |
| Less: stock-based compensation expense (income) included in reported net loss | 83,753 | (317,138) |
| Add: stock-based employee compensation expense determined under fair value based method for all awards | (216,072) | (205,735) |
| Pro forma net income (loss) applicable to common stockholders, as adjusted for the effect of applying SFAS No. 123 | $(3,354,827) | $(5,931,286) |
| Basic and diluted net loss per share applicable to common stockholders — As reported | $ (0.03) | $ (0.07) |
| Pro forma | $ (0.03) | $ (0.07) |

The effects on the three months ended March 31, 2005 and 2004 pro forma net loss and net loss per share of expensing the estimated fair value of stock options are not necessarily representative of the effects on reported net income (loss) for the years ended December 31, 2005 and 2004 and future years because of the vesting periods of stock options and the potential for issuance of additional stock options in future periods.

(9) Related Party Transactions

In the three months ended March 31, 2005, the Company paid a director of the Company $5,000 for consulting services.

(10) Comprehensive Income

The following table includes the components of comprehensive income for the three months ended March 31, 2005 and 2004.

| | March 31, 2005 | March 31, 2004 |
|---|---|---|
| Net loss | $ (3,222,344) | $ (2,732,894) |
| Other comprehensive income | 5,269 | 4,847 |
| Total comprehensive loss | $ (3,217,075) | $ (2,728,047) |

Other comprehensive income represents the net unrealized losses on available-for-sale investments.

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

**GENERAL**

We are engaged in the discovery, development and commercialization of novel therapeutics based on synthetic DNA for the treatment of cancer, asthma/allergies and infectious diseases. Our activities are primarily focused on the development of our immunomodulatory oligonucleotide, or IMO, technology. Our IMO compounds are synthetic DNA-based sequences that are designed to mimic bacterial DNA and be recognized by a specific protein receptor called Toll-like Receptor 9, or TLR9, which triggers the activation and modulation of the immune system. We also have been a pioneer in the development of antisense technology, which uses synthetic DNA to block the production of disease causing proteins at the cellular level. In 2004, we devoted substantially all of our research and development efforts to our IMO technology and products and expect to continue to focus our research and development efforts in 2005 and in future years on our IMO technology and products. We plan to continue to seek to enter into collaborations with third parties for the development and commercialization of products based on our antisense technology.

Since we began operations in February 1990, we have been involved primarily in research and development and manufacturing. To date, almost all of our revenues have been from collaborative and license agreements. In addition, we generated revenues from the sale of synthetic DNA and reagent products manufactured by our Hybridon Specialty Products Division, or HSP, prior to our selling HSP in September 2000. The sale of HSP together with the sale of our interest in Methylgene, our first spin-off company, and net proceeds from our Collaboration and License Agreement with Isis Pharmaceuticals, Inc. generated approximately $52.5 million.

We have incurred total losses of $302.5 million through March 31, 2005 and expect to incur substantial operating losses in the future. In order to commercialize our therapeutic products, we need to address a number of technological challenges and to comply with comprehensive regulatory requirements.

**APPLICATION OF CRITICAL ACCOUNTING POLICIES**

This management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates

and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition. Management bases its estimates and judgments on historical experience and on various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We regard an accounting estimate or assumption underlying our financial statements as a "critical accounting estimate" where (i) the nature of the estimate or assumption is material due to the level of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and (ii) the impact of the estimates and assumptions on financial conditions or operating performance is material.

Our significant accounting policies are described in Note 2 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2004. Not all of these significant accounting policies, however, fit the definition of "critical accounting estimates." We believe that our accounting policies relating to revenue recognition, as described under the caption "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2004, fit the definition of "critical accounting estimates and judgments."

**RESULTS OF OPERATIONS**

***Three Months Ended March 31, 2005 and 2004***

*Alliance Revenue*

Total alliance revenue decreased by $474,000, or 73%, from $645,000 for the three months ended March 31, 2004 to $171,000 for the three months ended March 31, 2005. Our revenues for both periods were comprised of revenue earned under various collaboration and licensing agreements for research and development, including reimbursement of third party expenses, license fees, sublicense fees, and royalty payments. The decrease in the first quarter of 2005 primarily reflects the revenue we recognized in the first quarter of 2004 in connection with supplying product to a collaborator for use in clinical trials and milestone revenue we earned in the first quarter of 2004, for which there was not comparable revenue earned in the first quarter of 2005.

*Research and Development Expenses*

Research and development expenses decreased by $206,000, or 7%, from $2,805,000 for the three months ended March 31, 2004 to $2,599,000 for the three months ended March 31, 2005. The decrease in the first quarter of 2005 was primarily attributable to a decrease in compensation and associated recruiting expenses. The decrease also reflects the cost of clinical supplies we incurred in the first quarter of 2004 to supply a collaborator under one of our collaboration and licensing agreements for which there was no comparable expense in the first quarter of 2005. These decreases were offset by our purchase of raw materials in the first quarter of 2005 for the production of clinical drug supplies to be utilized in our ongoing and future clinical trials of IMOxine. Our other research and development costs in both periods relate primarily to the cost of advancing our basic IMO research program and developing our IMO technology. These costs include salaries, allocated overhead, general lab supplies and patent preparation costs and related filing fees.

Our lead drug candidate in our IMO program is HYB2055. We are developing HYB2055 for oncology applications under the name IMOxine. In the three months ended March 31, 2005 and 2004, we incurred approximately $0.7 million and $0.6 million, respectively, in direct external expenses to develop HYB2055. These expenses include payments to independent contractors and vendors for preclinical studies and drug manufacturing and related costs but exclude internal costs such as payroll and overhead. In October 2004, we commenced patient recruitment for an open label, multi-center phase 2 clinical trial of IMOxine as a monotherapy in patients with metastatic or recurrent clear cell renal carcinoma. We plan to recruit a minimum of 46 patients into the first stage of the trial. We are also conducting a phase 1 clinical trial of IMOxine in patients with refractory solid tumor cancers,

which is being conducted at the Lombardi Comprehensive Cancer Center at Georgetown University Medical Center in Washington, D.C. Except for one patient who has received IMOxine treatment in the trial for over one year, treatment under the protocol was completed in June 2004.

Because these projects are in the early stage of development and given the technological and regulatory hurdles likely to be encountered in the development and commercialization of our products, the future timing and costs of our various research and development programs are uncertain.

*General and Administrative Expenses*

General and administrative expenses decreased by $119,000, or 13%, from $897,000 in the three months ended March 31, 2004 to $778,000 in the three months ended March 31, 2005. The decrease primarily reflects lower compensation costs and lower insurance expenses in the first quarter of 2005. Other than these decreases, general and administrative expenses in the first quarter of 2005 were consistent with general and administrative expenses in the first quarter of 2004. These expenses consisted primarily of salaries, professional legal fees associated with our regulatory filing requirements and business development.

*Stock-Based Compensation*

As a result of our repricing of our stock options in September 1999, some of our outstanding stock options are subject to variable plan accounting which requires us to measure the intrinsic value of the repriced options through the earlier of the date of exercise, cancellation or expiration at each reporting date. For the three months ended March 31, 2005, we incurred stock-based compensation expense of $84,000 in operating results, which resulted from an increase in the intrinsic value of these options from December 31, 2004 to March 31, 2005. For the three months ended March 31, 2004, we recorded a credit of approximately $317,000 as a result of a decrease in the intrinsic value of these options from December 31, 2003 to March 31, 2004. We expect that compensation charges and credits may occur in the future based upon changes in the intrinsic value of our repriced stock options. Since all of the repriced options are fully vested, these compensation charges and credits will cease upon pending adoption of SFAS No. 123 (revised 2004), *"Share-Based Payment"*, which is a revision of SFAS No. 123, *"Accounting for Stock-Based Compensation"*. SFAS No. 123(R) supersedes APB Opinion No. 25, *"Accounting for Stock Issued to Employees"*.

*Investment Income, net*

Investment income increased by approximately $31,000, or 86%, from $36,000 in the three months ended March 31, 2004 to $67,000 in the three months ended March 31, 2005. This increase resulted from higher interest rates on higher cash and investment balances and less premium amortization offsetting interest income in 2005.

*Interest Expense*

We had no interest expense for the three months ended March 31, 2005. For the three months ended March 31, 2004, interest expense of approximately $29,000 related to the 9% Notes which matured and were repaid in full on April 1, 2004.

*Preferred Stock Dividends*

Accretion of preferred stock dividends decreased by approximately $2,676,000, or 100%, from $2,676,000 for the three months ended March 31, 2004 to nearly zero for the three months ended March 31, 2005. The decrease for the three-month period was primarily attributable to the conversions of Series A convertible preferred stock into common stock in the fourth quarter of 2003 and the first quarter of 2004. The conversion took place in accordance with an amendment to our Restated Certificate of Incorporation approved by our stockholders on December 4, 2003 that increased the number of shares of our common stock issuable upon conversion of our series A convertible preferred stock by 25% over the number of shares that would otherwise have been issuable upon conversion during a 60-day conversion period. The value of the additional shares issued during the 60-day conversion period was recorded as an addition to dividends in the statement of operations at the time of conversion.

For the three months ended March 31, 2004, we recorded approximately $3,245,000 of preferred stock dividends related to the additional shares issued in connection with the conversion of Series A convertible preferred stock into common stock. This additional $3,245,000 dividend was partially offset by a reversal of $570,000 of dividends that were accreted in the fourth quarter of 2003 with respect to these shares but were reversed during the three months ended March 31, 2004 because the former holders of these shares of Series A convertible preferred stock were no longer entitled to such dividends once their shares of Series A convertible preferred stock were converted into common stock.

*Net Loss Applicable to Common Stockholders*

As a result of the factors discussed above, our net loss applicable to common stockholders amounted to $3,223,000 for the three months ended March 31, 2005, as compared to $5,408,000 for the three months ended March 31, 2004.

**LIQUIDITY AND CAPITAL RESOURCES**

*Sources of Liquidity*

We require cash to fund our operating expenses, to make capital expenditures and to pay debt service. Historically, we have funded our cash requirements primarily through the following:

- equity and debt financing;
- license fees and research funding under collaborative and license agreements;
- interest income; and
- lease financings.

We have also funded our cash requirements through the following:

- manufacturing of synthetic DNA and reagent products within HSP prior to its sale in 2000;
- the sale of HSP for which we received a total of $15.0 million in 2000 and 2001; and
- the sale of our shareholding in MethylGene Inc. for which we received net proceeds of $6.9 million in 2001.

*Cash Flows*

As of March 31, 2005, we had approximately $11,087,000 in cash, cash equivalents and short-term investments, a decrease of approximately $3,326,000 from December 31, 2004.

We used $3,346,000 of cash for operating activities during the three months ended March 31, 2005, principally to fund our research and development expenses and our general and administrative expenses. The $3,346,000 primarily consists of our net loss of $3,222,000 for the period, as adjusted for the increase in our prepaid expenses reflecting annual insurance premiums paid at the beginning of the year and our accrued expenses reflecting charges for raw materials purchased for future manufacturing of our drug products.

Net cash provided by investing activities reflects the proceeds of $2,000,000 that we received from the sale of “available-for-sale” securities in the three months ended March 31, 2005.

Net cash provided by financing activities reflects the approximately $29,000 we received from the exercise of stock options during the three months ended March 31, 2005.

As of March 31, 2005, we had no outstanding indebtedness.

*Funding Requirements*

Based on our current operating plan, we believe that our existing cash, cash equivalents and short-term investments will be sufficient to fund operations midway through the first quarter of 2006. Our actual cash requirements will depend on many factors, including particularly the scope and pace of our research and development efforts and our success in entering into strategic alliances.

We do not expect to generate significant additional funds internally until we successfully complete development and obtain marketing approval for products, either alone or in collaboration with third parties, which we expect will take many years. In addition, we have no committed external sources of funds. As a result, in order for us to continue to pursue our clinical and preclinical development programs and continue operations beyond midway through the first quarter of 2006, we will need to raise additional funds from debt, equity financings or from collaborative arrangements with biotechnology or pharmaceutical companies. There can be no assurance that the requisite funds will be available in the necessary time frame or on terms acceptable to us. Should we be unable to raise sufficient funds, we may be required to significantly curtail our operating plans and possibly relinquish rights to portions of our technology or products. In addition, increases in expenses or delays in clinical development may adversely impact our cash position and require further cost reductions. No assurance can be given that we will be able to operate profitably on a consistent basis, or at all, in the future. We believe that the key factors that will affect our internal and external sources of cash are:

- the success of our clinical and preclinical development programs;
- the receptivity of the capital markets to financings by biotechnology companies; and
- our ability to enter into strategic collaborations with biotechnology and pharmaceutical companies and the success of such collaborations.

We may not be successful in generating funds internally or from external sources on a timely basis, on acceptable terms or at all. If we are unable to obtain additional funds in the future, we may be required to delay, scale back or eliminate some or all of our research and development programs.

*Contractual Obligations*

We have contractual obligations in the form of employment agreements, operating leases and consulting and collaboration agreements.

**FORWARD-LOOKING STATEMENTS**

This quarterly report contains 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. All statements, other than statements of historical facts, included or incorporated in this report regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words “believes,” “anticipates,” “estimates,” “plans,” “expects,” “intends,” “may,” “projects,” “will,” and “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated or implied by forward-looking statements. These important factors include those set forth below under “Risk Factors.” These factors and the other cautionary statements made in this quarterly report should be read as being applicable to all related forward-looking statements whenever they appear in this quarterly report. In addition, any forward-looking statements represent our estimates only as of the date that this quarterly report is filed with the SEC and should not be relied upon as representing our estimates as of any subsequent date.

We do not assume any obligation to update any forward-looking statements. We disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**RISK FACTORS**

The following important factors could cause actual results to differ from those indicated by forward-looking statements made by us in this quarterly report on Form 10-Q and elsewhere from time to time.

**Risks Relating to Our Financial Results and Need for Financing**

***We have incurred substantial losses and expect to continue to incur losses. We will not be successful unless we reverse this trend.***

We have incurred losses in every year since our inception, except for 2002 when our recognition of revenues under a license and collaboration agreement resulted in us reporting net income for that year. As of March 31, 2005, we had incurred operating losses of approximately $302.5 million. We expect to continue to incur substantial operating losses in future periods. These losses, among other things, have had and will continue to have an adverse effect on our stockholders' equity, total assets and working capital.

We have received no revenues from the sale of drugs. To date, almost all of our revenues have been from collaborative and license agreements and the sale of manufactured synthetic DNA and reagent products by our Hybridon Specialty Products Division prior to our selling that division in September 2000. We have devoted substantially all of our efforts to research and development, including clinical trials, and we have not completed development of any drugs. Because of the numerous risks and uncertainties associated with developing drugs, we are unable to predict the extent of any future losses, whether or when any of our products will become commercially available, or when we will become profitable, if at all.

***We will need additional financing, which may be difficult to obtain. Our failure to obtain necessary financing or doing so on unattractive terms could adversely affect our discovery and development programs and other operations.***

We will require substantial funds to conduct research and development, including preclinical testing and clinical trials of our drugs. We will also require substantial funds to conduct regulatory activities and to establish commercial manufacturing, marketing and sales capabilities. We believe that, based on our current operating plan, our existing cash and cash equivalents and short-term investments, will be sufficient to fund our cash requirements midway through the first quarter of 2006. However, we could reduce planned activities if we need to conserve such funds. We will need to raise additional funds to operate our business beyond such time. We believe that the key factors that will affect our ability to raise cash are:

- the success of our clinical and preclinical development programs;
- the receptivity of the capital markets to financings by biotechnology companies; and
- our ability to enter into strategic collaborations with biotechnology and pharmaceutical companies and the success of such collaborations.

Additional financing may not be available to us when we need it or may not be available to us on favorable terms. We could be required to seek funds through arrangements with collaborators or others that may require us to relinquish rights to some of our technologies, drug candidates or drugs which we would otherwise pursue on our own. In addition, if we raise additional funds by issuing equity securities, our then existing stockholders will experience dilution. The terms of any financing may adversely affect the holdings or the rights of existing stockholders. If we are unable to obtain adequate funding on a timely basis or at all, we may be required to significantly curtail one or more of our discovery or development programs. For example, we significantly curtailed

expenditures on our research and development programs during 1999 and 2000 because we did not have sufficient funds available to advance these programs at planned levels.

**Risks Relating to Our Business, Strategy and Industry**

***We are depending heavily on the success of our lead drug candidate, IMOxine, which is in clinical development. If we are unable to commercialize this product, or experience significant delays in doing so, our business will be materially harmed.***

We are investing a significant portion of our time and financial resources in the development of our lead drug candidate, IMOxine. We anticipate that our ability to generate product revenues will depend heavily on the successful development and commercialization of this product. The commercial success of this product will depend on several factors, including the following:

- successful completion of clinical trials;
- receipt of marketing approvals from the FDA and equivalent foreign regulatory authorities;
- establishing commercial manufacturing arrangements with third party manufacturers;
- launching commercial sales of the product, whether alone or in collaboration with others; and
- acceptance of the product in the medical community and with third party payors.

Our efforts to commercialize this product are at an early stage, as we are currently conducting a phase 1 clinical trial of this product candidate in patients with refractory solid tumor cancers and a phase 2 clinical trial in patients with metastatic or recurrent clear cell renal carcinoma. If we are not successful in commercializing this product, or are significantly delayed in doing so, our business will be materially harmed.

***If our clinical trials are unsuccessful, or if they are significantly delayed, we may not be able to develop and commercialize our products.***

We may not be able to successfully complete any clinical trial of a potential product within any specified time period. In some cases, we may not be able to complete the trial at all. Moreover, clinical trials may not show our potential products to be both safe and efficacious. Thus, the FDA and other regulatory authorities may not approve any of our potential products for any indication.

In order to obtain regulatory approvals for the commercial sale of our products, we will be required to complete extensive clinical trials in humans to demonstrate the safety and efficacy of our drug candidates. We may not be able to obtain authority from the FDA or other equivalent foreign regulatory agencies to complete these trials or commence and complete any other clinical trials.

The results from preclinical testing of a drug candidate that is under development may not be predictive of results that will be obtained in human clinical trials. In addition, the results of early human clinical trials may not be predictive of results that will be obtained in larger scale, advanced stage clinical trials. A failure of one or more of our clinical trials can occur at any stage of testing. Further, there is to date little data on the long-term clinical safety of our lead compounds under conditions of prolonged use in humans, nor on any long-term consequences subsequent to human use. We may experience numerous unforeseen events during, or as a result of, preclinical testing and the clinical trial process that could delay or prevent our ability to receive regulatory approval or commercialize our products, including:

- regulators or institutional review boards may not authorize us to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- our preclinical tests or clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional preclinical testing or clinical trials or we may abandon projects that we expect may not be promising;
- we might have to suspend or terminate our clinical trials if the participating patients are being exposed to unacceptable health risks;
- regulators or institutional review boards may require that we hold, suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements;
- the cost of our clinical trials may be greater than we currently anticipate; and
- the effects of our products may not be the desired effects or may include undesirable side effects or the products may have other unexpected characteristics.

As an example, in 1997, after reviewing the results from the clinical trial of GEM91, a 1st generation antisense compound and our lead drug candidate at the time, we determined not to continue the development of GEM91 and suspended clinical trials of this product candidate.

The rate of completion of clinical trials is dependent in part upon the rate of enrollment of patients. The rate of enrollment in our ongoing phase 2 clinical trial of IMOxine has thus far been slower than anticipated and may delay the completion of trial beyond the time we expected. Patient accrual is a function of many factors, including:

- the size of the patient population,
- the proximity of patients to clinical sites,
- the eligibility criteria for the study,
- the nature of the study,
- the existence of competitive clinical trials and
- the availability of alternative treatments.

Our product development costs will increase if we experience delays in our clinical trials. We do not know whether planned clinical trials will begin as planned, will need to be restructured or will be completed on schedule, if at all. Significant clinical trial delays also could allow our competitors to bring products to market before we do and impair our ability to commercialize our products.

***We face substantial competition which may result in others discovering, developing or commercializing drugs before or more successfully than us.***

The biotechnology industry is highly competitive and characterized by rapid and significant technological change. We face, and will continue to face, intense competition from organizations such as pharmaceutical and biotechnology companies, as well as academic and research institutions and government agencies. Some of these organizations are pursuing products based on technologies similar to our technologies. Other of these organizations have developed and are marketing products, or are pursuing other technological approaches designed to produce products, that are competitive with our product candidates in the therapeutic effect these competitive products have on diseases targeted by our product candidates. Our competitors may discover, develop or commercialize products or other novel technologies that are more effective, safer or less costly than any that we are developing. Our competitors may also obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours.

Many of our competitors are substantially larger than we are and have greater capital resources, research and development staffs and facilities than we have. In addition, many of our competitors are more experienced than we are in drug discovery, development and commercialization, obtaining regulatory approvals and drug manufacturing and marketing.

We anticipate that the competition with our products and technologies will be based on a number of factors including product efficacy, safety, availability and price. The timing of market introduction of our products and competitive products will also affect competition among products. We expect the relative speed with which we can develop products, complete the clinical trials and approval processes and supply commercial quantities of the products to the market to be important competitive factors. Our competitive position will also depend upon our ability to attract and retain qualified personnel, to obtain patent protection or otherwise develop proprietary products or processes and to secure sufficient capital resources for the period between technological conception and commercial sales.

***Because the products that we may develop will be based on new technologies and therapeutic approaches, the market may not be receptive to these products upon their introduction.***

The commercial success of any of our products for which we may obtain marketing approval from the FDA or other regulatory authorities will depend upon their acceptance by the medical community and third party payors as clinically useful, cost-effective and safe. Many of the products that we are developing are based upon technologies or therapeutic approaches that are relatively new and unproven. The FDA has only granted marketing approval for one product based on antisense technology which is currently being marketed by another company for the treatment of cytomegalovirus retinitis, an infectious disease, in patients with AIDs. The FDA has not granted marketing approval to any products based on IMO technology and no such products are currently being marketed. As a result, it may be more difficult for us to achieve regulatory approval or market acceptance of our products. Our efforts to educate the medical community on these potentially unique approaches may require greater resources than would be typically required for products based on conventional technologies or therapeutic approaches. The safety, efficacy, convenience and cost-effectiveness of our products as compared to competitive products will also affect market acceptance.

***Competition for technical and management personnel is intense in our industry, and we may not be able to sustain our operations or grow if we are unable to attract and retain key personnel.***

Our success is highly dependent on the retention of principal members of our technical and management staff, including Sudhir Agrawal. Dr. Agrawal serves as our President, Chief Scientific Officer and Chief Executive Officer. Dr. Agrawal has extensive experience in the pharmaceutical industry, has made significant contributions to the field of nucleic acid chemistry and is named as an inventor on over 200 patents and patent applications worldwide. Dr. Agrawal provides the scientific leadership for our research and development activities and directly supervises our research staff. The loss of Dr. Agrawal's services would be detrimental to our ongoing scientific progress and the execution of our business plan.

We are a party to an employment agreement with Dr. Agrawal, but this agreement may be terminated by us or Dr. Agrawal for any reason or no reason at any time upon notice to the other party. We do not carry key man life insurance for Dr. Agrawal.

Furthermore, our future growth will require hiring a significant number of qualified technical and management personnel. Accordingly, recruiting and retaining such personnel in the future will be critical to our success. There is intense competition from other companies and research and academic institutions for qualified personnel in the areas of our activities. If we are not able to continue to attract and retain, on acceptable terms, the qualified personnel necessary for the continued development of our business, we may not be able to sustain our operations or grow.

**Regulatory Risks**

***We may not be able to obtain marketing approval for products resulting from our development efforts.***

All of the products that we are developing or may develop in the future will require additional research and development, extensive preclinical studies and clinical trials and regulatory approval prior to any commercial sales. This process is lengthy, often taking a number of years, is uncertain and is expensive. Since our inception, we have conducted clinical trials of a number of compounds. In 1997, we determined not to continue clinical development of GEM91, our lead product candidate at the time. Currently, we are conducting clinical trials of IMOxine, our lead IMO drug candidate.

We may need to address a number of technological challenges in order to complete development of our products. Moreover, these products may not be effective in treating any disease or may prove to have undesirable or unintended side effects, unintended alteration of the immune system over time, toxicities or other characteristics that may preclude our obtaining regulatory approval or prevent or limit commercial use.

***We are subject to comprehensive regulatory requirements, which are costly and time consuming to comply with; if we fail to comply with these requirements, we could be subject to adverse consequences and penalties.***

The testing, manufacturing, labeling, advertising, promotion, export and marketing of our products are subject to extensive regulation by governmental authorities in Europe, the United States and elsewhere throughout the world.

In general, submission of materials requesting permission to conduct clinical trials may not result in authorization by the FDA or any equivalent foreign regulatory agency to commence clinical trials. In addition, submission of an application for marketing approval to the relevant regulatory agency following completion of clinical trials may not result in the regulatory agency approving the application if applicable regulatory criteria are not satisfied, and may result in the regulatory agency requiring additional testing or information.

Any regulatory approval of a product may contain limitations on the indicated uses for which the product may be marketed or requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Any product for which we obtain marketing approval, along with the facilities at which the product is manufactured, any post-approval clinical data and any advertising and promotional activities for the product will be subject to continual review and periodic inspections by the FDA and other regulatory agencies.

Both before and after approval is obtained, violations of regulatory requirements may result in:

- the regulatory agency's delay in approving, or refusal to approve, an application for approval of a product;
- restrictions on such products or the manufacturing of such products;
- withdrawal of the products from the market;
- warning letters;
- voluntary or mandatory recall;
- fines;
- suspension or withdrawal of regulatory approvals;
- product seizure;
- refusal to permit the import or export of our products;
- injunctions or the imposition of civil penalties; and
- criminal penalties.

***We have only limited experience in regulatory affairs and our products are based on new technologies; these factors may affect our ability or the time we require to obtain necessary regulatory approvals.***

We have only limited experience in filing the applications necessary to gain regulatory approvals. Moreover, the products that result from our research and development programs will likely be based on new technologies and new therapeutic approaches that have not been extensively tested in humans. The regulatory requirements governing these types of products may be more rigorous than for conventional drugs. As a result, we may experience a longer regulatory process in connection with obtaining regulatory approvals of any product that we develop.

**Risks Relating to Collaborators**

***We need to establish collaborative relationships in order to succeed.***

An important element of our business strategy includes entering into collaborative relationships for the development and commercialization of products based on our discoveries. We face significant competition in seeking appropriate collaborators. Moreover, these arrangements are complex to negotiate and time-consuming to document. We may not be successful in our efforts to establish collaborative relationships or other alternative arrangements.

The success of collaboration arrangements will depend heavily on the efforts and activities of our collaborators. Our collaborators will have significant discretion in determining the efforts and resources that they will apply to these collaborations. The risks that we face in connection with these collaborations include the following:

- disputes may arise in the future with respect to the ownership of rights to technology developed with collaborators;
- disagreements with collaborators could delay or terminate the research, development or commercialization of products, or result in litigation or arbitration;
- we may have difficulty enforcing the contracts if one of our collaborators fails to perform;
- our collaborators may terminate their collaborations with us, which could make it difficult for us to attract new collaborators or adversely affect the perception of us in the business or financial communities;
- collaborators have considerable discretion in electing whether to pursue the development of any additional drugs and may pursue technologies or products either on their own or in collaboration with our competitors that are similar to or competitive with our technologies or products that are the subject of the collaboration with us; and
- our collaborators may change the focus of their development and commercialization efforts. Pharmaceutical and biotechnology companies historically have re-evaluated their priorities following mergers and consolidations, which have been common in recent years in these industries. The ability of our products to reach their potential could be limited if our collaborators decrease or fail to increase spending relating to such products.

Given these risks, it is possible that any collaborative arrangements into which we enter may not be successful. Previous collaborative arrangements to which we were a party with F. Hoffmann-La Roche and G.D. Searle & Co. both were terminated prior to the development of any product. The failure of any of our collaborative relationships could delay our drug development or impair commercialization of our products.

**Risks Relating to Intellectual Property**

***If we are unable to obtain patent protection for our discoveries, the value of our technology and products will be adversely affected.***

Our patent positions, and those of other drug discovery companies, are generally uncertain and involve complex legal, scientific and factual questions.

Our ability to develop and commercialize drugs depends in significant part on our ability to:

- obtain patents;
- obtain licenses to the proprietary rights of others on commercially reasonable terms;
- operate without infringing upon the proprietary rights of others;
- prevent others from infringing on our proprietary rights; and
- protect trade secrets.

We do not know whether any of our patent applications or those patent applications which we license will result in the issuance of any patents. Our issued patents and those that may issue in the future, or those licensed to us, may be challenged, invalidated or circumvented, and the rights granted thereunder may not provide us proprietary protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies or duplicate any technology developed by us. Because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any of our products can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thus reducing any advantage of the patent.

Because patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in the scientific literature often lag behind actual discoveries, neither we nor our licensors can be certain that we or they were the first to make the inventions claimed in issued patents or pending patent applications, or that we or they were the first to file for protection of the inventions set forth in these patent applications.

***Third parties may own or control patents or patent applications and require us to seek licenses, which could increase our development and commercialization costs, or prevent us from developing or marketing products.***

We may not have rights under some patents or patent applications related to our products. Third parties may own or control these patents and patent applications in the United States and abroad. Therefore, in some cases, to develop, manufacture, sell or import some of our products, we or our collaborators may choose to seek, or be required to seek, licenses under third party patents issued in the United States and abroad or under patents that might issue from United States and foreign patent applications. In such an event, we would be required to pay license fees or royalties or both to the licensor. If licenses are not available to us on acceptable terms, we or our collaborators may not be able to develop, manufacture, sell or import these products.

***We may lose our rights to patents, patent applications or technologies of third parties if our licenses from these third parties are terminated. In such an event, we might not be able to develop or commercialize products covered by the licenses.***

We are party to ten royalty-bearing license agreements under which we have acquired rights to patents, patent applications and technology of third parties. Under these licenses we are obligated to pay royalties on net sales by us of products or processes covered by a valid claim of a patent or patent application licensed to us. We also are required in some cases to pay a specified percentage of any sublicense income that we may receive. These licenses impose various commercialization, sublicensing, insurance and other obligations on us. Our failure to comply with these requirements could result in termination of the licenses. These licenses generally will otherwise remain in effect until the expiration of all valid claims of the patents covered by such licenses or upon earlier termination by the parties. The issued patents covered by these licenses expire at various dates ranging from 2006 to 2022. If one or more of these licenses is terminated, we may be delayed in our efforts, or be unable, to develop and market the products that are covered by the applicable license or licenses.

***We may become involved in expensive patent litigation or other proceedings, which could result in our incurring substantial costs and expenses or substantial liability for damages or require us to stop our development and commercialization efforts.***

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the biotechnology industry. We may become a party to various types of patent litigation or other proceedings regarding intellectual property rights from time to time even under circumstances where we are not practicing and do not intend to practice any of the intellectual property involved in the proceedings. For instance, in 2002, we became involved in an interference declared by the United States Patent and Trademark Office, or USPTO, involving a patent application exclusively licensed by us from University of Massachusetts Medical Center, or UMMC, and three patents issued to the National Institutes of Health, or NIH. In January 2005, we and UMMC entered into an Interference Settlement Agreement with the NIH. In addition, in 2003, we became involved in an interference declared by the USPTO involving another patent exclusively licensed to us from UMMC and a patent application assigned jointly to the University of Montreal and The Massachusetts Institute of Technology. On August 6, 2004, the USPTO entered judgment in favor of the patent application jointly assigned to the University of Montreal and The Massachusetts Institute of Technology and against certain claims of the patent exclusively licensed to us from UMMC. We are neither practicing nor intending to practice the intellectual property involved in either of the interference proceedings in which we are involved.

The cost to us of any patent litigation or other proceeding, including the interferences referred to above, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the cost of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. If any patent litigation or other proceeding is resolved against us, we or our collaborators may be enjoined from developing, manufacturing, selling or importing our drugs without a license from the other party and we may be held liable for significant damages. We may not be able to obtain any required license on commercially acceptable terms or at all.

Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

**Risks Relating to Product Manufacturing, Marketing and Sales and Reliance on Third Parties**

***Because we have limited manufacturing experience, we are dependent on third-party manufacturers to manufacture products for us. If we cannot rely on third-party manufacturers, we will be required to incur significant costs and devote significant efforts to establish our own manufacturing facilities and capabilities.***

We have limited manufacturing experience and no commercial scale manufacturing capabilities. In order to continue to develop our products, apply for regulatory approvals and ultimately commercialize products, we need to develop, contract for or otherwise arrange for the necessary manufacturing capabilities.

We currently rely upon third parties to produce material for preclinical and clinical testing purposes and expect to continue to do so in the future. We also expect to rely upon third parties to produce materials that may be required for the commercial production of our products.

There are a limited number of manufacturers that operate under the FDA's current good manufacturing practices regulations capable of manufacturing our products. As a result, we may have difficulty finding manufacturers for our products with adequate capacity for our needs. If we are unable to arrange for third party manufacturing of our products on a timely basis, or to do so on commercially reasonable terms, we may not be able to complete development of our products or market them.

Reliance on third party manufacturers entails risks to which we would not be subject if we manufactured products ourselves, including:

- reliance on the third party for regulatory compliance and quality assurance,

- the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control,
- the possibility of termination or nonrenewal of the agreement by the third party, based on its own business priorities, at a time that is costly or inconvenient for us,
- the potential that third party manufacturers will develop know-how owned by such third party in connection with the production of our products that is necessary for the manufacture of our products, and
- reliance upon third party manufacturers to assist us in preventing inadvertent disclosure or theft of our proprietary knowledge.

We purchased oligonucleotides for preclinical and clinical testing from Avecia at a preferential price under a supply agreement, which expired in March 2004. We have continued to purchase all of the oligonucleotides we are using in our ongoing clinical trials and pre-clinical testing from Avecia. The terms of the agreement have been extended until such time as a new agreement is negotiated. If Avecia determines not to accept any purchase order for oligonucleotides or we are unable to enter into a new manufacturing arrangement with Avecia or a new contract manufacturer on a timely basis or at all, our ability to supply the product needed for our clinical trials could be materially impaired.

***We have no experience selling, marketing or distributing products and no internal capability to do so.***

If we receive regulatory approval to commence commercial sales of any of our products, we will face competition with respect to commercial sales, marketing and distribution. These are areas in which we have no experience. To market any of our products directly, we would need to develop a marketing and sales force with technical expertise and with supporting distribution capability. In particular, we would need to recruit a large number of experienced marketing and sales personnel. Alternatively, we could engage a pharmaceutical or other healthcare company with an existing distribution system and direct sales force to assist us. However, to the extent we entered into such arrangements, we would be dependent on the efforts of third parties. If we are unable to establish sales and distribution capabilities, whether internally or in reliance on third parties, our business would suffer materially.

***If third parties on whom we rely for clinical trials do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our products and our business may suffer.***

We do not have the ability to independently conduct the clinical trials required to obtain regulatory approval for our products. We depend on independent clinical investigators, contract research organizations and other third party service providers in the conduct of the clinical trials of our products and expect to continue to do so. For example, we have contracted with PAREXEL International to manage our Phase 2 clinical trials of IMOxine. We rely heavily on these parties for successful execution of our clinical trials, but do not control many aspects of their activities. We are responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with standards, commonly referred to as good clinical practices, for conducting, recording and reporting clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements. Third parties may not complete activities on schedule or may not conduct our clinical trials in accordance with regulatory requirements or our stated protocols. The failure of these third parties to carry out their obligations could delay or prevent the development, approval and commercialization of our products. If we seek to conduct any of these activities ourselves in the future, we will need to recruit appropriately trained personnel and add to our infrastructure.

***If we are unable to obtain adequate reimbursement from third party payors for any products that we may develop or acceptable prices for those products, our revenues and prospects for profitability will suffer.***

Most patients will rely on Medicare and Medicaid, private health insurers and other third party payors to pay for their medical needs, including any drugs we may market. If third party payors do not provide adequate coverage or reimbursement for any products that we may develop, our revenues and prospects for profitability will suffer. Congress recently enacted a limited prescription drug benefit for Medicare recipients in the Medicare Prescription Drug and Modernization Act of 2003. While the program established by this statute may increase demand for our products, if we participate in this program, our prices will be negotiated with drug procurement organizations for Medicare beneficiaries and are likely to be lower than we might otherwise obtain. Non-Medicare third party drug procurement organizations may also base the price they are willing to pay on the rate paid by drug procurement organizations for Medicare beneficiaries.

A primary trend in the United States healthcare industry is toward cost containment. In addition, in some foreign countries, particularly the countries of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take six to 12 months or longer after the receipt of regulatory marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost effectiveness of our product candidates or products to other available therapies. The conduct of such a clinical trial could be expensive and result in delays in commercialization of our products.

Third party payors are challenging the prices charged for medical products and services, and many third party payors limit reimbursement for newly-approved healthcare products. In particular, third party payors may limit the indications for which they will reimburse patients who use any products that we may develop. Cost control initiatives could decrease the price we might establish for products that we may develop, which would result in lower product revenues to us.

***We face a risk of product liability claims and may not be able to obtain insurance.***

Our business exposes us to the risk of product liability claims that is inherent in the manufacturing, testing and marketing of human therapeutic drugs. Although we have product liability and clinical trial liability insurance that we believe is adequate, this insurance is subject to deductibles and coverage limitations. We may not be able to obtain or maintain adequate protection against potential liabilities. If we are unable to obtain insurance at acceptable cost or otherwise protect against potential product liability claims, we will be exposed to significant liabilities, which may materially and adversely affect our business and financial position. These liabilities could prevent or interfere with our commercialization efforts.

**Risks Relating to an Investment in Our Common Stock**

***Our corporate governance structure, including provisions in our certificate of incorporation and by-laws, our stockholder rights plan and Delaware law, may prevent a change in control or management that stockholders may consider desirable.***

Section 203 of the Delaware General Corporation Law and our certificate of incorporation, by-laws and stockholder rights plan contain provisions that might enable our management to resist a takeover of our company or discourage a third party from attempting to take over our company. These provisions include:

- a classified board of directors,
- limitations on the removal of directors,
- limitations on stockholder proposals at meetings of stockholders,
- the inability of stockholders to act by written consent or to call special meetings, and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval.

These provisions could have the effect of delaying, deferring, or preventing a change in control of us or a change in our management that stockholders may consider favorable or beneficial. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors and take other corporate actions. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

***Our stock price has been and may in the future be extremely volatile. In addition, because an active trading market for our common stock has not developed, our investors' ability to trade our common stock may be limited. As a result, investors may lose all or a significant portion of their investment.***

Our stock price has been volatile. During the period from January 1, 2003 to March 31, 2005, the closing sales price of our common stock ranged from a high of $1.69 per share to a low of $0.41 per share. The stock market has also experienced significant price and volume fluctuations, and the market prices of biotechnology companies in particular have been highly volatile, often for reasons that have been unrelated to the operating performance of particular companies. The market price for our common stock may be influenced by many factors, including:

- results of clinical trials of our product candidates or those of our competitors;
- the regulatory status of our product candidates;
- failure of any of our product candidates, if approved, to achieve commercial success;
- the success of competitive products or technologies;
- regulatory developments in the United States and foreign countries;
- developments or disputes concerning patents or other proprietary rights;
- the departure of key personnel;
- variations in our financial results or those of companies that are perceived to be similar to us;
- our cash resources;
- the terms of any financing conducted by us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors and issuance of new or changed securities analysts' reports or recommendations; and
- general economic, industry and market conditions.

In addition, our common stock has historically been traded at low volume levels and may continue to trade at low volume levels. As a result, any large purchase or sale of our common stock could have a significant impact on the price of our common stock and it may be difficult for investors to sell our common stock in the market without depressing the market price for the common stock or at all.

As a result of the foregoing, investors may not be able to resell their shares at or above the price they paid for such shares. Investors in our common stock must be willing to bear the risk of fluctuations in the price of our common stock and the risk that the value of their investment in our stock could decline.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Historically, our primary exposures have been related to nondollar-denominated operating expenses in Europe. As of March 31, 2005, we have no assets and liabilities related to nondollar-denominated currencies.

We maintain investments in accordance with our investment policy. The primary objectives of our investment activities are to preserve principal, maintain proper liquidity to meet operating needs and maximize yields. Although our investments are subject to credit risk, our investment policy specifies credit quality standards for our investments and limits the amount of credit exposure from any single issue, issuer or type of investments. We do not own derivative financial investment instruments in our investment portfolio.

Based on a hypothetical ten percent adverse movement in interest rates, the potential losses in future earnings, fair value of risk sensitive financial instruments, and cash flows are immaterial, although the actual effects may differ materially from the hypothetical analysis.

**ITEM 4. CONTROLS AND PROCEDURES**

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our chief executive officer and our chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2005. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2005, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Changes in Internal Controls*. No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the fiscal quarter ended March 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**HYBRIDON, INC.**

**PART II**

**OTHER INFORMATION**

**ITEM 6. EXHIBITS**

The list of Exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index immediately preceding such Exhibits, and is incorporated herein by this reference.

**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**

Date: May 10, 2005

/s/ Sudhir Agrawal
Sudhir Agrawal
President, Chief Executive Officer, Chief Scientific Officer and Director
(Principal Executive Officer)

Date: May 10, 2005

/s/ Robert G. Andersen
Robert G. Andersen
Chief Financial Officer and Vice President of Operations
(Principal Financial and Accounting Officer)

## Exhibit Index

| Exhibit No. | |
|---|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULES 13a-14 AND 15d-14, AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Sudhir Agrawal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hybridon, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Not Applicable]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SUDHIR AGRAWAL
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Sudhir Agrawal
Chief Executive Officer

Dated: May 10, 2005

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULES 13a-14 AND 15d-14, AS ADOPTED PURSUANT TO SECTION 302 OF SARBANES-OXLEY ACT OF 2002

I, Robert G. Andersen certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hybridon, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Not Applicable]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT G. ANDERSEN
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Robert G. Andersen
Chief Financial Officer

Dated: May 10, 2005

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Hybridon, Inc. (the "Company") for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sudhir Agrawal, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to Hybridon, Inc. and will be retained by Hybridon, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ SUDHIR AGRAWAL
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Sudhir Agrawal
Chief Executive Officer

Date: May 10, 2005

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Hybridon, Inc. (the "Company") for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert G. Andersen, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to Hybridon, Inc. and will be retained by Hybridon, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ ROBERT G. ANDERSEN
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Robert G. Andersen
Chief Financial Officer

Date: May 10, 2005